

Mr. Bridges' statement, that it is not denied that an advance of £340,000 was made by the Bank, is scarcely reconcilable with the positive evidence of Mr. Murdoch on that point, supported as that evidence is by the memorandum published as Appendix No. 4. The unworthy suggestion that in my memorandum I had avoided giving any particulars of that sum will require no explanation to the Committee, who will remember that I was requested to make a statement with a view to being examined thereupon, and who are no doubt aware that the Hon. Major Atkinson was in possession of the fullest information on the subject.

Treasury, 19th October, 1875.

C. T. BATKIN,
Secretary to Treasury.

APPENDIX No. 14.

Produced at Meeting, 20th October, 1875.

Bank of Australasia, Inspector's Office, Wellington,
19th October, 1875.

SIR,—

When attending the Committee, by appointment, this morning, I learned with regret that time did not permit of their examining me further, but that I was at liberty to put in writing any additional information that I might wish to give regarding the banking arrangements of the Government, and that any communication would appear as an Appendix to the evidence, if sent in within a few hours.

I avail myself of that permission to make hurriedly a few observations.

First.—As to my evidence hitherto, as printed, many of the questions and answers at the end are evidently confused, and I think it necessary to refer to my letter printed in the Appendix, in order to set myself right with the Committee; and, further, now to append, without comment, a statement, (extracted from the *Government Gazettes*) showing certain average balances at the Bank of New Zealand for the quarters ending March 1873, 1874, and 1875, respectively, which will afford the information asked for at my hands. See Appendix No. 7.

BANK OF NEW ZEALAND AVERAGES, extracted from *Government Gazette*.

Quarter ending	Circulation.	Government Deposits.	Public Deposits.	Total Deposits and Circulation.	Advances.	Coin and Bullion.
	£	£	£	£	£	£
March 1873 ...	346,266	508,620	1,611,116	2,466,002	2,239,100	587,003
„ 1874 ...	414,232	1,151,004	1,831,525	3,396,762	3,463,776	665,825
„ 1875 ...	461,613	925,065	2,028,941	3,415,618	4,168,134	459,904

Secondly.—I wish to draw the attention of the Committee to the extraordinary fact that the memorandum of agreement, which has been presented to both Houses of Parliament, to the Committee themselves, to witnesses, and also to counsel in London, as embodying the arrangements under which the banking business of the New Zealand Government is conducted by the Bank of New Zealand, differs from the actual agreement existing between the parties, in one particular, at least, of vital importance to the proper conduct of this inquiry—namely, as pointed out by Mr. Batkin in reviewing my answer to question 459, the actual arrangement in respect to the London account is, that the Bank should have the benefit of the deposit of all balances of the New Zealand Government, not only in New Zealand but in London, provided “that the same terms are allowed for those balances as were granted by other banks.”

One of the chief, if not the chief, points remitted to the Committee in the order of reference is whether the conditions with the Bank “imperatively required that so large a sum as between three and four millions should be deposited with one institution,” and the most important of all the questions put to me was No. 459, above referred to. Through ignorance of the provision now disclosed, I answered that the Bank could compel the deposit of all Government moneys. I should, of course, answer very differently now. I notice also that many questions bearing on the same point were put to Mr. Murdoch, day by day, and his answers to No. 7, 13, and others would certainly lead to the inference that he likewise was unaware of the provision. And other witnesses expressly stated that their knowledge of the arrangements was confined to the terms shown in Mr. Batkin's memorandum, otherwise they would probably have given different expression to their views. The importance of this omission will thus, I am sure, not be under-estimated by the Committee when summing up.

Thirdly.—Mr. Batkin, in criticising my answer to No. 491—which of course was intended to refer to a repayment and not to an advance—states, by implication, that no portion of the amount of £340,000, unaccounted for in the Treasurer's Financial Statement, was devoted to the repayment of money advanced by the Bank of New Zealand prior to the floating of the Four Million Loan; but Mr. Murdoch, in answer to question No. 45, states that the Government's (unsecured) drafts on the Loan Agents for £200,000 or £300,000 had been negotiated prior to the negotiation of the loan; and, I think, the Committee would find, if looking into the matter, that the £110,000 for commission and discount, stated by Mr. Batkin to have been deducted from the £3,167,571, was not so deducted, but that at least £200,000 for repayments to the Bank of New Zealand was so. If this prove the case, it would seem, by Mr. Stafford's question No. 492, that the Committee have been under a misapprehension as to the amount of unsecured advances made by the Bank of New Zealand; and that at least £230,000, instead of £30,000, had been so advanced before the floating of the loan. By their numerous