

Mr. T. M. STEWART to the Hon. the COLONIAL TREASURER, Wellington.

SIR,—

Bank New Zealand, Wellington, 6th January, 1869.

Referring to the correspondence which has recently passed between the Government and the Bank regarding the transmission of interest and sinking fund to London, I beg to state that the cessation of the Panama Mail Service has so materially altered the conditions under which the Bank undertook to make these remittances, that, in order to carry out the spirit of the agreement on an equitable basis, some modification of the terms has become necessary.

The experience of the past two years has clearly shown that communication between Wellington and London *viâ* Panama could be relied on within fifty days. Under the most favourable circumstances, we cannot expect to communicate by the Suez route in less than sixty days, and for the present, while there is no regularly subsidized steamer to Australia, we cannot have intercourse with London under sixty-five days. I need not point out to you that the time during which shipments of gold are *in transitu* between the two points is an important element in determining the cost of exchange, and tells materially against the Suez route when large remittances have to be made. Another item of consequence is the difference of freight in the transmission of bullion, amounting to $\frac{1}{4}$ per cent. more *viâ* Melbourne and Suez than *viâ* Panama.

The payments to be made by the Government in London mature on the 1st and the 15th of the month, and your proposal is that the money should be paid in Wellington three months prior to the due date. The alteration which I would respectfully suggest is that the whole amount for each month be paid here on the 1st. This would give an advantage to the Bank of fourteen days on each payment due on the 15th, while those payable on the 1st would be transmitted on your own terms. It will be evident that this change in the terms is by no means proportionate to the unfavourable character of the conditions under which the Bank has now to conduct the Government exchange operations with London; and, taking all the circumstances of the case into consideration, I trust you will perceive that the modification I propose is not unreasonable. One recommendation not to be overlooked is that it would greatly simplify the settling of the payments, and dispense with any reference to the particular day on which the English mail may close in Wellington.

I have, &c.,

T. M. STEWART,

Manager.

The Hon. the Colonial Treasurer, Wellington.

The ASSISTANT TREASURER to Mr. T. M. STEWART.

SIR,—

Treasury, Wellington, 11th January, 1869.

I am instructed by the Colonial Treasurer to acknowledge your letter of the 6th instant, and to inform you that your proposal contained therein is accepted, as being consistent with the spirit of the previous arrangement, subject only to this modification, that should a mail service *viâ* Panama be re-established, then payments are to be made to the Bank in Wellington three months previous to the date at which interest and sinking fund is due in London.

The amount payable in London on the 15th April will be paid to you (in this instance) on the 15th instant.

I have, &c.,

J. WOODWARD,

Assistant Treasurer.

T. M. Stewart, Esq., Manager, Bank of New Zealand.

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