

Mr. D. L. Murdoch. during eleven months, of an average balance of £300,000 for which they paid no interest; and moreover, they had very considerable sums in London on which they allowed interest at the rate of 1 per cent. below the Bank of England rate.

25th Aug., 1875. 103. *The Hon. Mr. Stafford.*] I believe you have got the report of the Committee that lately sat in New South Wales, and in which, I think, these terms are incorporated?—I have.

Appendix 3. 104. Have you any objection to hand that in to the Committee for their information and guidance?—None whatever. [Witness handed the report to the Chairman.]

105. *Sir F. D. Bell.*] The statement you have just made tends to show that the terms which the Bank of New Zealand gives to the Government of this colony are far more favourable than the terms which the Governments of Victoria and New South Wales receive?—Very much so. The banks in Victoria, as I stated yesterday, do not perform for the Government of Victoria the service which the Bank of New Zealand performs for the Government here. In fact, the Government of Victoria incur a cost of about £20,000 a year on Paymasters, &c., and the Bank of New Zealand saves this Government the money they would have to expend on such officers. In New South Wales I believe the same system prevails. From my recollection while an officer of the Bank of New South Wales, I do not think that the country accounts of the Government were kept in the Bank. I have not been able to lay my hands on the documents showing the payments to these Paymasters. There may have been some arrangement come to by which the Bank of New South Wales does the work of the Government. My belief is that the system of Paymasters does exist, but their salaries are put in the estimates under another name. A great deal of the work of the Government has been thrown on the Bank of New Zealand during the last three years. I suppose this is owing to the abolition of the paymaster-system. We were asked to undertake the duty, and we did so.

106. *Mr. J. Shephard.*] Taking the receipts you mentioned yesterday was simply getting people to sign cheques?—Yes, and identifying them.

107. Assuming that a payment has to be made at some distance from the seat of Government at Wellington, at a place where there is a branch of the Bank, does the Treasurer's cheque take the form of a cheque upon that branch, or a cheque upon the Government account at Wellington?—Money is remitted to meet the cheque at the place where the money is payable.

108. It is a cheque on the branch?—Yes.

109. It is for the bank to make the payment?—Yes.

110. *The Hon. E. W. Stafford.*] Supposing a payment has to be made, say at Invercargill, the Government have to pay the money into the Bank here, and ask the Bank to pay it at Invercargill. At any rate, the Government does not buy a draft, but simply informs the Bank that the payment has to be made?—Yes.

111. They leave the Bank to find the means?—Yes.

112. *Mr. J. Shephard.*] A great deal of trouble is given to the Bank by that arrangement, but naturally you will see that the whole of the salaries of the Paymasters are not saved to the Government, because it must lead to a considerable amount of work here that was previously done by the Paymasters?—A large portion of it is saved.

THURSDAY, 26TH AUGUST, 1875.

Mr. Bridges. Mr. BRIDGES, Director, and Acting General Manager of the National Bank of New Zealand, examined.
6th Aug., 1875. 113. *The Chairman.*] You are the Chief Officer of the National Bank?—I am a Director of the National Bank, but at present am performing the duties of the General Manager. I represent the Bank in the colony.

114. I believe you were formerly Manager of the Bank of New Zealand here?—I was.

115. And you are consequently acquainted with the banking arrangements between the Government and the Bank of New Zealand?—Yes; up to the time I left in January, 1873.

Appendix No. 1. 116. At that time were you aware of the arrangements that have been embodied in the return placed before the House?—The agreement was made in August, 1873.

[The Chairman here handed witness the return, and requested him to read it.]

117. I think there is no material alteration, except that the 1 per cent. on interest in London has been reduced to $\frac{3}{4}$ per cent. below the current Bank of England rate?—There was no arrangement previous to this.

[In reply to Mr. J. Shephard, witness stated that the reduction in the rate of interest was only of a temporary character.]

118. Looking to that agreement generally, do you consider that a fair and reasonable arrangement exists between the Bank of New Zealand and the Government?—No; certainly not.

119. In what way do you think it is not so? What are the points?—There are two important omissions. One is as to the transmission of money from London to the colony. The present arrangement is a most unfair one. By it drafts are purchased here at $\frac{1}{3}$ per cent. discount for sixty days' bills.

120. Do you think that an unfair arrangement?—Yes; any bank would deal more favourably.

121. What terms do you think any other bank would give?—At present, in London, the ordinary banking rate for the sale of drafts on the colony—which amounts to the same thing—is 60 days' sight at par, and on demand $1\frac{1}{2}$ per cent. premium. The money would be paid here on demand at par; and if at 60 days' sight, the Government would obtain $1\frac{1}{2}$ per cent. premium. Of course they would lose the interest for the time, but that would not be an equivalent. The $2\frac{3}{4}$ per cent. interest is not so good as the $1\frac{1}{2}$ per cent. premium for 60 days.

122. Is there any other point in that arrangement which you think is not as fair as it might be?—I do not think it was so intended by this agreement. All moneys received in London are paid into the Bank in London.

123. Do you think that under that agreement the Bank were entitled to the large amount of money they had on hand?—No; I do not think the wording of the agreement would lead any one to suppose that the Bank were entitled to receive so large a deposit.