

212. No portion of this million you speak of was for payment in London?—No; for bills drawn here for payment in the colony. And we shall have to continue for some months longer drawing at the rate of from £150,000 to £200,000 a month.

213. For cash payments within the colony?—Yes.

214. At what rate of exchange did you get the bills?—One-eighth discount.

215. For a sixty days' draft?—Yes. The money is placed to our credit on the day that the mail leaves here. We usually give the bill the day before.

216. Do you not think there ought to be some reciprocity between the Government and its banker, so that the Bank should be bound to make advances to the Government, if necessary, at a fixed rate?—Yes, I think there would be no harm in that, certainly; but I presume that, if the Bank did come to some arrangement, it would take it out of the Government in some other form. I mean that, if the present arrangements are fair all round, if we demanded an extraordinary concession from them, we should have to pay for it in some other way.

217. At present there is no arrangement with the Bank for overdrafts—that is to say, the Bank is not compelled to give an overdraft to the Government?—No; except this: that the Government, keeping their account there, have a great pull on the Bank, because they can say, "We will take away our account if you do not treat us fairly."

218. *The Chairman.*] But not without giving six months' notice?—No.

219. *Mr. Pearce.*] Do you not think six months too long to require to cancel the agreement?—Well, I should not have thought so; but if the Government had not found, after the experience of a good many years, that the whole thing had worked satisfactorily, I should have been inclined to say it was too long. No difficulty has yet arisen.

220. *The Chairman.*] Would not such an arrangement as that enable the Bank, if it chose, to embarrass the Government in this way: Supposing you wanted an advance for a particular purpose, and the Bank refused this advance, you, having to give six months' notice of the termination of the agreement, would not be able to go to any other bank, and you might be placed in great difficulty through the Bank not giving you an overdraft which you might want for a particular purpose?—That is possible, but I do not think it is probable, because the Government account is too valuable for the Bank to run the risk of losing it.

221. Supposing that the Bank, instead of being a financial institution, only turned itself into a political institution, it might materially interfere with a Government that it did not happen to like?—I do not think so. I have no doubt that another bank under these circumstances would immediately advance what was wanted.

222. But that would be contrary to the agreement? You could not take away the account?—You could not take away the account, but you could certainly obtain the advance.

223. *Hon. E. W. Stafford.*] If the Bank refused to do a certain branch of business, you could legitimately go to another bank?—Yes.

224. *Mr. Pearce.*] Supposing that the Bank of New Zealand refused to give the Government an overdraft of £100,000, and the Government went to another bank and asked for an advance of £100,000, would you not under the agreement be obliged to pay that £100,000 into the Bank of New Zealand?—Well, that is really a question for the lawyers. For my own part, I should not pay it in. I would take the risk, and ask the House to back me up.

225. But within the strict agreement you would be obliged to pay that money into the Bank of New Zealand?—I should say not. I should say the agreement was broken if reasonable accommodation was not given to the Government.

226. In what way would the agreement be broken if the Bank is under no obligation to give advances?—I take it that the Bank is under an implied obligation. The original agreement has been varied from time to time to a very large extent, and a great deal now is no doubt a matter of understanding.

227. Is there any understanding that the Government shall have advances if necessary?—I cannot say what the Bank understands, but if the Government wanted an advance, I should expect the Bank to make it.

228. But there being nothing in the agreement absolutely binding the Bank to give accommodation to the Government if necessary, would it not be well to make the notice for the cancelling of the agreement between the Government and the Bank shorter?—Perhaps it might; but, as I have said, the experience of a considerable number of years has shown that the Bank has always been prepared to meet the Government in a liberal spirit.

229. *Hon. E. W. Stafford.*] As a matter of fact, has the Government ever asked the Bank for an overdraft and been refused?—Never to my knowledge.

230. You have only been acting as Treasurer for a short time?—Yes, only for a short time.

231. The Bank of New Zealand was not, to your knowledge, asked to make this advance which the Bank of England made?—

232. *Mr. Johnston.*] Can you say on what date the warrants to borrow the £660,000 on the imperially indorsed debentures were sent to the Crown Agents?—

*(The Hon. Major Atkinson asked for time to supply answers to both questions.)*

233. I suppose the Crown Agents have sent out to the Government from time to time very full reports of their negotiations with respect to the raising of the Four Million Loan?—Yes.

234. Did they give any reason for calling up the whole of the loan in such a short time?—The only reason they gave was that the Treasurer (Sir J. Vogel) told them the colony required it; at least that is as far as I know.

235. Does it not seem that a larger price would have been obtained had the time for payment been extended over a longer period?—Of course I am not sufficiently acquainted with the ins and outs of the London money market to know that, but I understand that the best loans are never put on the market in that way.