

Mr. E. W. Morrah.
8th Sept., 1875.

475. As a matter of fact have you any reason to believe that any portion of the deposits were remitted to the colony?—Judging from the Bank returns I should think a great deal of the money must have been used in the colony.

476. In what way did the Bank returns evidence that?—The principal way I should deduce that would be from the fact that during twelve months the Bank of New Zealand had increased their advances very considerably, and I think the fair inference is that they had increased their advances in anticipation of receiving this money.

477. During which twelve months?—The twelve months antecedent to the 31st of March last. During that time the Bank of New Zealand increased their advances by £700,000.

478. But the authority to raise the loan was not given twelve months before the 31st of March?—No, but that is the increase in their average advances during the twelve months.

479. The Bank could not have calculated upon that loan twelve months before the 31st of March?—I simply say that I deduce all this.

480. *Sir F. D. Bell.*]—If you were the banker, would you not have deduced that from the Financial Statement of that year to raise the loan, and from the action immediately taken in London of raising the Four Million Loan?—The only doubt I should have would be as to whether the loan would float. If I thought it would float I should take measures accordingly.

481. If you thought the loan would be floated, would you not have considered, as the Banker, that it was right to extend your business as the Bank of New Zealand did?—I can hardly say that, one banker might think so and another might not. One is sanguine, another is cautious.

482. You assume that would have been the guiding point?—I think that is a fair deduction to draw.

483. *Hon. E. W. Stafford.*—As a matter of fact the loan was not negotiated till February 1875, and the authority to raise an additional loan was not given till August, 1874. Yet you say that during the twelve months preceding 31st March, 1875, the business of the Bank of New Zealand had been very largely extended?—Their advances in the colony had, with no corresponding increase in their deposits.

484. Have you any figures to lay before the Committee, showing the relative increase in their advances as compared with the twelve months antecedent to that?—No.

485. What was your impression as to the proportionate increase? Was it 50 per cent?—A great deal more than that, I think. It was in the proportion of £20,000 to £700,000. I am speaking of the averages for the year ending 31st March, 1875.

486. The Committee understands you to state that in the twelve months the amount of the increase in their advance was much more than 50 per cent. greater than the amount of their advances in the antecedent twelve months?—I think so, speaking from memory.

487. And with reference to the deposits in the same two periods, you consider that the increase in deposits and circulation taken together bore the relation of £20,000 to £700,000?—Yes, but—

488. I want to know what was the relative increase in the deposits in the twelve months preceding the 31st March, 1875, as compared with the deposits in the twelve months antecedent to that period?—I cannot say without the *Government Gazette*.

489. The increase in deposits and circulation was only £20,000?—That is all.

490. *Mr. Johnston.*]—Have you any idea where the Bank got the money prior to the issue of the loan?—I do not know. Perhaps its advances consisted of advances made to Government in anticipation of raising the loan.

491. *Hon. E. W. Stafford.*]—The Government got an advance from the Bank of England of £600,000?—Yes, but at the same time there is about £340,000 still to be accounted for, and I conclude that is the sum advanced by the Bank of New Zealand.

492. We have it in evidence from the Inspector of the Bank of New Zealand, that the unsecured advances never exceeded £30,000?—I do not know whether it is relevant, but I have taken the trouble to look into the Treasurer's Financial Statement of this year, and I have found that there is £340,000 not accounted for in that statement.

THURSDAY, 16TH SEPTEMBER, 1875.

Mr. BRIDGES, Director and Acting General Manager of the National Bank of New Zealand :
Examination continued.

Mr. Bridges.

16th Sept., 1875.

(The evidence given by Mr. Bridges at a previous sitting was read.)

493. *The Chairman.*] The Committee is to understand that you think better terms could be obtained by the Government, either by tendering or by employing the Associated Banks?—By employing the Associated Banks, unquestionably.

494. You see no difficulty in the way of employing the Associated Banks?—None at all.

495. That course is pursued in Victoria, I believe?—Yes; and it is found to work well.

496. But the circumstances of this colony differ materially from those of Victoria, in this way: That in Victoria business is more central—it is more confined to the capital town; whilst here it spreads and ramifies into every locality throughout the whole colony, and there is no one particular place where the business of the country generally is done. Would not that make a material difference if the banks here were associated in keeping the Government account, compared with the circumstances of Victoria?—No; the only difference is that there is one large centre in Victoria, while there is not one here.

497. With respect to your own Bank, have you branches in every part of New Zealand, so as to enable you to conduct any considerable part of the Government account if you had it?—No; nor have some of the other banks doing business in the colony; but there would be no difficulty on that score.

498. How do you suppose that a division could be managed—that each bank should take a specific portion of the account?—That would be a matter of arrangement between the banks.