

## Enclosure 3 in No. 7.

The Hon. Sir J. VOGEL to the MANAGER, Bank of New Zealand.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
7th April, 1875.

SIR,—

I have the honor to acknowledge the receipt of your letter of March 30th, in reply to mine of 16th.

2. Your letter contains a very interesting statement of the various modes of advances upon securities in the London market. I note with satisfaction the practice of your Bank to prefer lending your surplus funds upon securities of the highest class, even at a sacrifice of interest, rather than upon those of a more speculative character.

3. Respecting the three propositions you make, I may dismiss the first, by saying that it would be foreign to the proper functions of the Government to enter into an arrangement which, though probably more profitable, would virtually throw upon the Government the whole responsibility for the safety of the investments.

4. Your second proposition, for a fixed rate of interest, amounts to a speculative decision upon the part both of the Government and the Bank: that is to say, if the rate of interest should materially rise, the Government would be a loser, whilst, should there be a material fall in the rate, the Bank would be a loser. In any event, the arrangement could not be satisfactory to both parties to it. Where the rate of interest is subject to such constant variation as it is in the London market, a fixed rate would be open to the objections I have pointed out. In the colony a fixed rate is adopted; but there the price of money is less subject to change.

5. The third proposition I will entertain, if you will so modify it as to make it apply to all the Government balances of the loan in your hands during the year ending, say, 5th April, 1876. I cannot undertake positively to fix with your Bank £1,500,000 for six and twelve months as proposed; but the proceeds of the loan will only be withdrawn from you to meet the purposes for which the loan is applicable; and your average balance during the ensuing year will certainly be not less than that which your letter points to—namely, £1,500,000 during the first six months, and half that amount during the next six months.

I have, &amp;c.,

The Manager, Bank of New Zealand, Old Broad Street.

JULIUS VOGEL.

## Enclosure 4 in No. 7.

The MANAGER, Bank of New Zealand, to the Hon. Sir J. VOGEL.

SIR,—

Bank of New Zealand, London, 15th April, 1875.

I have the honor to acknowledge the receipt of your letter of the 7th instant, which has been submitted to the London Board of this Bank.

I am requested to inform you, in reply, that the directors agree to the modifications in their third proposal, as suggested by your paragraph No. 5.

I am, &amp;c.,

F. LARKWORTHY,

The Hon. J. Vogel, C.M.G., 87, Gloucester Place, Portman Square.

Managing Director.

## Enclosure 5 in No. 7.

The Hon. Sir J. VOGEL to the AGENT-GENERAL.

SIR,—

London, 16th April, 1875.

The Colonial Treasurer has the honor to inform the Agent-General that he has arranged with the Bank of New Zealand here to increase, for one year, from 5th April, 1875, the rate of interest upon moneys of the Government deposited with the Bank; and that, instead of paying interest 1 per cent. less than the current rate of the Bank of England, the Bank of New Zealand will, during the year specified, pay interest only  $\frac{3}{4}$  per cent. less than the Bank of England rate.

It is desirable that the officer who checks the Government account with the Bank should be informed of this arrangement.

I have, &amp;c.,

The Agent-General for New Zealand.

JULIUS VOGEL.

## Enclosure 6 in No. 7.

The LOAN AGENTS to the Hon. Sir J. VOGEL.

SIR,—

London, 20th April, 1875.

In consequence of the purchasers of the recent £4,000,000 Loan having paid up, under discount, the instalments in anticipation of the due date, the amount at present standing to the credit of the New Zealand Public Account at the Bank of New Zealand is £2,228,482.

We have anxiously considered the propriety of keeping so large an amount at any one Bank, and by way of precaution we propose, acting under the powers vested in us by Governor's warrant of the 18th day of January, 1873, to divide the amount, by placing portions of it on deposit with some of the large joint-stock Banks, such as the London and Westminster and London Joint Stock.

Before doing so, however, we desire to take advantage of your presence in this country, by requesting you to be so good as to inform us whether you see any objection to the course we propose.

A copy of the warrant and of the letter which accompanied it, is herewith enclosed.

We have, &amp;c.,

P. G. JULYAN,

I. E. FEATHERSTON.

W. C. SARGEANT.

The Hon. Sir J. Vogel.

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