

to the credit of an account, as provided for by the Act of 1872, and such account has been drawn upon from time to time by the nominees in the warrant as occasion has required, for the purposes of the New Zealand Government.

It appears by a Treasury minute that in 1873 an arrangement was come to between the Treasury in the colony and the A. B. C. Bank, whose head office is there, of which the following is a copy:—

“As presented to both Houses of the General Assembly by command of His Excellency. Memorandum of Arrangements under which Banking Business of the New Zealand Government is conducted by the A. B. C. Bank.

The arrangements under which the banking business of the New Zealand Government is conducted by the A. B. C. Bank are as follows:—

“*The Colonial Account.*”

“All moneys lodged to credit of the Public Account at the several branches of the A. B. C. Bank throughout the colony are transferred every Monday to the credit of the Public Account at the Wellington Branch, where they are withdrawn for expenditure as required.

“Interest is credited on the average balance of the account at the rate of 4 per cent. when the balance is under £50,000, and at 3 per cent. on the daily balance when above that amount.

“*The London Account.*”

“All moneys received in London are paid into the ‘New Zealand Public Account’ at the A. B. C. Bank, whence they are withdrawn for expenditure as required. Interest is credited on the daily balances of this account at the rate of 1 per cent. below the current Bank of England rate of discount for the time being.

“*Overdrafts.*”

“Interest is charged on debit balances at the rate of 6 per cent. when such balance is less than £50,000, and 7 per cent. when above that sum, with proviso that if the discount rate of the Bank of England shall continue for two months in excess of 6 per cent., then an increase in the above rates shall be allowed for the whole period during which such excess is maintained, equal to the difference between 6 per cent. and the Bank of England rates.

“*Remittances.*”

“All remittances on Government account between the provinces of New Zealand are made at par.

“All remittances between New Zealand and the Australian Colonies are made by draft at fifteen days at par.

“Remittances at shorter dates at one-half the current rates charged to the public.

“All remittances to London are made by draft at sixty days at par.

“Remittances at shorter dates at a half per cent. below the current rate, but never below par.

“*General Provisions.*”

“The Bank is to be the bankers for the Government until the arrangement be determined by six months’ previous notice. All balances belonging to the Government are to be kept at the A. B. C. Bank.

“C. T. BATKIN,

“Secretary to the Treasury.”

“Treasury, 2nd August, 1873.”

It will be observed that this minute contains no provision as to transmission of moneys from England to the colony, and that it seems not to have reference to any moneys raised in England, but only to “balances,” which it is considered mean those on ordinary revenue accounts.

It is understood that the Colonial Treasurer, who is now in England, has without any previous communication thereon with the nominees in the warrant, made some arrangement with the President or Managing Director of the English branch of the A. B. C. Bank for the payment of a larger rate of interest on certain large sums raised in England for the Government, and now in the hands of the Bank, than is mentioned in the Treasury minute, or than is ordinarily allowed by banks; and any interference with such an arrangement, by withdrawing moneys from the Bank, might cause a loss of such increased interest to the colony as well as probably a loss to the Bank, and a consequent claim upon the colony for compensation.

These moneys can only be dealt with by cheques signed by the nominees in the warrant, or any two of them, and in the ordinary way they would only operate upon the account as the requirements or instructions of the Colonial Government may render necessary.

They have considered that, by virtue of the Act of 1872 and of the warrant given to them thereunder, they have been appointed Agents for managing in London the Public Account of the colony, and that their authority could not be interfered with or controlled, except by some act of equal solemnity to that which constituted it. But having regard to the large sum now in the A. B. C. Bank, the nominees under the warrant are desirous to be advised as to the nature and extent of their duties and responsibilities under such warrant.

Nothing has been done towards appointing any Bank or Banks under the warrant, except writing the letter to the A. B. C. Bank of 19th March, 1873.

The nominees in the warrant do not receive any payment from the New Zealand Government in respect of the matters therein referred to; but Mr. Featherston receives a salary as Agent-General of the Colony, and Sir P. Julyan and Mr. Sargeaunt, as Crown Agents for the Colonies, receive certain commissions in respect of payments of interest on loans raised for the colony.

Counsel is requested to advise—