

notice given to the other; but no such notice shall be given until the expiration of six calendar months from the date of taking over the Government Account. The agreement shall be subject to the following conditions, viz.

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Treasury, 4th April, 1876.

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JULIUS VOGEL, Colonial Treasurer.

No. 5.

The INSPECTOR, Bank of Australasia, to the Hon. the COLONIAL TREASURER.

SIR,— Bank of Australasia (Inspector's Office), Wellington, 4th April, 1876.

In response to your printed invitation for tenders for the banking business of the Government of New Zealand, such tenders to be sent in on or before the 20th instant, I have the honor to inform you, thus early, that it is not the intention of this Bank to make any offer for the account, for the following reasons (among others), viz.:—

1. That it is, at least, a debatable point whether the weight of evidence given before the Public Accounts Committee is not strongly in favour of distributing the Government business between the several Banks in association, instead of giving it to a single institution.

2. That the report of such Committee was only presented to Parliament at the last moment before adjournment, and has not yet received the deliberate consideration of members.

3. That the Conditions are such, especially the 22d, as virtually to preclude this Bank and others from competing on equal terms with the present custodian of the account.

4. That public policy, no less than a spirit of fair dealing towards the recognized financial institutions of the country, which have all a large amount of capital invested in New Zealand, demands a distribution of the Government business.

I would respectfully point out that, as half a year will have shortly elapsed since the Committee recommended that six months' notice should be given forthwith to determine the agreement with the Bank of New Zealand, and such notice has not yet been given, there is no known valid reason for hurrying the matter now, when Parliament is about to meet, and might desire to have an opportunity of reviewing a report so fraught with importance to the best interests of New Zealand.

When, therefore, it becomes known to the Government that one of the most powerful Banks in the country declines to tender under existing conditions, and that others may adopt the same course for similar reasons, so reducing competition to a minimum, if not enabling the institution with the largest number of branches to obtain the Government Account on its own terms, I would fain hope that the time for receiving tenders will be extended until an opportunity has been afforded to the new Parliament of considering the whole matter.

I am not entitled to request this as the mouthpiece of others; but such a concession would, I feel assured, be regarded by all the "uncovenanted" banks as a slight measure of reparation for the injustice done them—no doubt, unwittingly—in placing the proceeds of the four million loan in the Bank of New Zealand without subjecting that institution to competition, as provided for in their agreement with the Government, which, as you are doubtless now aware, differs materially from the memorandum of such agreement furnished by the Secretary of the Treasury.

I have, &c.

E. W. MORRAH,
Inspector, N.Z.

The Hon. the Colonial Treasurer, Wellington.

No. 6.

SECRETARY to CABINET to the SUPERINTENDENT, Bank of Australasia.

SIR,— Wellington, New Zealand, 6th April, 1876.

I am directed by Ministers in Cabinet to enclose to you the copy of a letter, under date the 4th instant, addressed by the Inspector of your Bank in New Zealand to the Colonial Treasurer of this colony. *See No. 5.*

The Government, to whom the Colonial Treasurer referred Mr. Morrah's letter, determined that the attention of the Bank authorities should be called to it, and that it should be pointed out to them that it would be impossible for this Government to deal with any Bank which allowed its representative to feel himself at liberty to write in such terms.

David C. McArthur, Esq., Superintendent, Bank of Australasia,
Collins Street West, Melbourne.

I have, &c.,
G. S. COOPER.

No. 7.

SECRETARY to COLONIAL TREASURER to the INSPECTOR, Bank of Australasia.

SIR,— General Government Offices, Wellington, 13th April, 1876.

I have been directed by the Colonial Treasurer to inform you that he has received your letter of the 4th April.

Its tone and nature were such that he thought it necessary to refer it to Cabinet; and it was there decided to call the attention of the Bank authorities to the document.

E. W. Morrah, Esq., Inspector, Bank of Australasia,
Wellington.

I have, &c.,
E. FOX.