

No. 38.

The SUPERINTENDENT, Bank of Australasia, to SECRETARY to CABINET.

Bank of Australasia,

SIR,—

Superintendent's Office, Melbourne, 24th April, 1876.

I have the honor to acknowledge the receipt of your communication of the 6th instant, enclosing copy of a letter addressed to the Colonial Treasurer of New Zealand by this Bank's chief representative in that colony, relative to the tenders called for the conduct of the banking business of the New Zealand Government, and intimating to me 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."

In reply, I beg to be permitted to state that, after having carefully perused the copy letter enclosed to me, I trust I may be held excused if I fail to comprehend the meaning of the expression, "such terms," in regard to it, and most respectfully request to be informed what portion of the letter the Government takes exception to.

I have, &c.,

D. C. McARTHUR, Superintendent.

G. S. Cooper, Esq., the Office of the Hon. the Colonial Treasurer,
Wellington, New Zealand.

No. 39.

SECRETARY to CABINET to the INSPECTOR, Bank of Australasia.

SIR,—

Colonial Secretary's Office, Wellington, 17th May, 1876.

In reply to your letter of the 24th April, I have been directed by the Government to state that, since you are unable to see the impropriety of your representative's letter, they understand that you adopt it, although he has since made an apology for and expressed his wish to withdraw it.

2. No stronger argument against a system of Associated Banks could be found than is supplied by the fact of the Bank which is so intensely anxious for the arrangement, adopting such a tone in addressing the Government. When Mr. Morrah takes upon himself to advise the Government as to the duty they owe to Parliament, and informs them of his views as to the action Parliament will take—when he speaks to the Government of "public policy" and "a spirit of fair dealing," and suggests to them "a slight measure of reparation for injustice done,"—he is either guilty of unwarrantable presumption, or he writes under the idea that the Banks are a distinct "estate" in the country. Under the supposition that the mistake was wholly Mr. Morrah's, complaint was made to you. As you virtually adopt Mr. Morrah's letter, it is evident that you mistake entirely the position your Bank occupies here. There are many institutions in the Colony—as, for example, insurance offices and land companies—possessing large capital: indeed, there are private individuals who have more capital invested in New Zealand than the Bank of Australasia has. The representatives of those institutions, or the private capitalists referred to, would not presume to lecture the Government as your representative has done.

3. I am instructed to inform you that the Government see no reason why your Bank and your representative should be placed upon a different footing from other joint-stock companies, and other persons employed to carry on business.

4. The Government are unable to recognize any claim of your Bank to "reparation," or its right to demand a share of the Government business. The Government conduct the banking business of the colony in the manner which seems to them best calculated to meet the requirements of the public service, and without the desire to render special assistance to any Bank. As to your Bank, or any other, being entitled to particular consideration from the colony, the Government are of opinion that the obligation lies on the other side. The perpetual privileges which Parliament has given to the Banks are extravagantly liberal; and the day will probably come when, on the one side, their enormous value will be recognized, and; on the other, there will be great regret for such liberality. The claims set up by your Bank also naturally suggest how very small is the amount of taxation you pay for all the protection and assistance the laws and the administration afford you, apart from your perpetual privileges.

5. I am to add, that the representatives of the two other Associated Banks which have branches in this colony, though not indisposed to secure a share of the Government business, have adopted a tone very different from that of Mr. Morrah—their letters being business-like, and non-political in character.

D. C. McArthur, Esq., &c.,
Bank of Australasia, Melbourne.

I have, &c.,

G. S. COOPER,
Secretary to Cabinet.

By Authority: GEORGE DIDSBUXY, Government Printer, Wellington.—1876.