

2. I am not surprised that you should have felt difficulty as to the points you mention; but it was impossible, in deciding the arrangements for calling for tenders, to give definite particulars as to the requirements of the Government. The state of the account necessarily varies greatly. Sometimes advances are needed: at others there are large credit balances. All, therefore, that could have been done in connection with the tendering, supposing general information as to requirements to have been asked for, would have been to point to published accounts of the Treasury as indicative of what had been required, without its being possible to give the assurance that those past transactions fairly represented future conditions.

3. With respect to what you say as to number of branches, there can be no doubt that the facilities a Bank would be able to offer for transacting business in different parts of the colony would be an important element in considering the comparative merits of two tenders; and without making it the principal point for consideration, it is obviously one to which the Government would attach much weight.

J. R. Hill, Esq., &c., &c.,  
Bank of New South Wales, Christchurch.

I have, &c.,  
JULIUS VOGEL.

### No. 20.

The Hon. the COLONIAL TREASURER to the INSPECTOR, Bank of New Zealand.

Wellington, 21st April, 1876.

SIR DONALD MCLEAN leaving to-day, and Cabinet desire previously settle Bank matter. Therefore please reply early as possible to following. Will you modify your tender following points? Sub-clause 3: Government must have power draw out all balances less unsecured advances. Act passed last Session gave such power, and cannot be over-ridden. Sub-clauses 8 and 9 of 25: Proposed margin on market value unusual: say ten per cent. of par or five per cent. market value. Sub-clause 10: Reduce interest on advances in colony to five per cent. all round. 17: Reduce rate to par. 18: Reduce fourteen days to one and a half. Increase amount to twenty thousand. 19: Add proviso not to exceed quarter for ninety days, or par for sixty days.

Inspector, Bank of New Zealand, Auckland.

JULIUS VOGEL.

### No. 21.

The Hon. the COLONIAL TREASURER to the INSPECTOR, Bank of New Zealand.

Wellington, 21st April, 1876.

SUPPLEMENTING my telegram this morning, Cabinet ask you to amend tender telegram to at least fifty thousand additional overdraft in colony.

Inspector, Bank of New Zealand, Auckland.

JULIUS VOGEL.

### No. 22.

The INSPECTOR, Bank of New Zealand, to the Hon. the COLONIAL TREASURER.

Auckland, 21st April, 1876.

ACCEPTANCE your suggested alteration, sub-clause 3, would put allowance of interest on Government balances out of question, as practically we would have to hold coin to meet demand, which in very conceivable circumstances, such as hostile Ministry in power, might be made on us. In my tender, I approached the subject with view to allow Government good rate for money; but if Act cannot be overridden to extent suggested, I must stipulate for power to the Bank to notify at any time that it will not pay interest on money which can neither be definitely fixed nor subjected only to demands for ordinary Government requirements. This power it may be hoped might never need to be exercised. Bank cannot surely be expected to be ready to find such sum as, say, four hundred thousand, without notice in Wellington, and yet pay 3 per cent. on such balance. Further, if Government cannot legally fix deposits, sub-clause 4 of clause 25 is clearly out of place, and must be cancelled till Government obtains legal power to fix. Sub-clauses 8 and 9: I concede margin of 5 per cent., instead of 10 on market value; Government to maintain margin, if required. Sub-clause 10: Your proposal, I regret I must say, is quite inadmissible, unless Government consents to an equivalent reduction in rate for deposits; but to bring matter to a point, I consent unwillingly to 6 per cent. in colony all round. Please note that tender, under sub-clauses 8 and 9, means either in London or colony, not both. Sub-clauses 17 and 18: Disliking telegraphic remittances, I must stipulate for rate slightly in excess of ordinary rate, and regret cannot modify those quoted in tender, which are based on rigid calculation, with allowance for expense of special financial arrangements which telegraph remitting necessitates. I concede, however, twenty thousand per month instead of ten. Sub-clause 19: If you prefer fixed rate, I cannot consent to charge less than  $\frac{1}{2}$  per cent. for 90, and  $\frac{1}{3}$  for 60 days. Your supplementary telegram: Considering liberal provision for advance on remittable securities, and Bank's uniform liberal dealing in respect of advances outside of agreement, I do not feel justified in committing Bank to larger overdraft than tender provides. Cost of telegraphing remittances payable by Government.

Hon. Colonial Treasurer, Wellington.

D. L. MURDOCH.

### No. 23.

The Hon. the COLONIAL TREASURER to the INSPECTOR, Bank of New Zealand.

Wellington, 21st April, 1876.

UNDER existing arrangement, you did not object to Act last Session, and similar power to change