

1880.
NEW ZEALAND.

BANKING BUSINESS OF THE GOVERNMENT

(ARTICLES OF AGREEMENT FOR THE).

Presented to both Houses of the General Assembly by Command of His Excellency.

ARTICLES of Agreement made this twenty-eighth day of April, one thousand eight hundred and eighty, between the Honorable Harry Albert Atkinson, Colonial Treasurer of New Zealand, and a member of the Executive Council thereof, of the one part, and the Bank of New Zealand of the other part: Whereas by the sixteenth section of "The Public Revenues Act, 1878," it is enacted that the Treasury may from time to time agree with any Bank upon terms and conditions for the receipt, custody, payment, and transmission of public moneys, within or without the colony, and for advances to be made under the authority of or by virtue of any Act of the General Assembly, and for the charges in respect of the same, and for the interest payable by or to the Bank upon balances or advances respectively, and generally for the conduct of the banking business of the Government: And whereas proposals have been made by the Bank of New Zealand to the Treasury for carrying on the banking business of the Government of New Zealand, under the hereinbefore-recited provisions of "The Public Revenues Act, 1878," and such proposals have been accepted by the Treasury:

Now, therefore, the said Harry Albert Atkinson, as such Colonial Treasurer aforesaid (and who is included in the expression "the Treasury," hereinafter defined), hereby agrees with the Bank of New Zealand (hereinafter termed "the Bank"), and the Bank hereby agrees with the Treasury, as follows (that is to say):—

1. For the purposes of this agreement the following terms and expressions shall have the meanings hereby assigned to them, unless there be something in the context repugnant thereto.

"The Government" means the Government of the Colony of New Zealand.

"The Treasury" means the Colonial Treasurer for the time being of the said colony, and includes any member of the Executive Council for the time being acting as or for the Colonial Treasurer.

"Treasury Regulations" mean any regulations made by the Governor in Council and for the time being in force under "The Public Revenues Act, 1878."

"The Bank" means the Bank of New Zealand, incorporated in New Zealand under "The New Zealand Bank Act, 1861," and includes the branch of the same Bank carrying on business in London.

Whenever in this agreement any officer is referred to by the title of his office, or any account is mentioned, it shall be understood to mean an officer or account of a like name, as the case may be, mentioned in "The Public Revenues Act, 1878," or the Treasury Regulations aforesaid.

AS TO DEPOSITS.

2. All moneys paid to the Government shall, subject to the terms of this agreement, be deposited with the Bank: Provided—

(1.) That whenever the balance at credit of the Public Account or the New Zealand Public Account, either alone or taken together, shall exceed three hundred thousand pounds, the Treasury shall at any time be at liberty to invest such excess in interest-bearing securities, or in fixed deposit with any bank; and

(2.) Further, that the Treasury shall have the like powers of investment in respect of all or any part of the moneys at credit of the Receiver-General's Deposit Account, the Post Office Account, the Government Insurance Account, the Public Trustee's Account, or other special accounts of the Government.

3. The Bank shall at each of its branches accept deposits of any amount for credit of the Public Account, the Receiver-General's Deposit Account, the Post Office Account, the Government Insurance Account, the Public Trustee's Account, and such other accounts as may be required; and shall, for every sum deposited, give a receipt in regulation form, and in the office pass-book of the officer depositing the same.

But special sums accruing from the sale of securities or otherwise, and not forming part of the consolidated revenue of the colony, shall be lodged only at the Wellington or London office of the Bank, unless the Bank shall consent to receive them at some other office.

4. All deposits for credit of the Public Account or the Government Insurance Account, made at any of the branch offices of the Bank in the colony, shall in each case be transferred to the credit of the Public Account, or the Government Insurance Account, at Wellington on every Saturday after the close of business, unless for special and exceptional reasons such transfers should require to be made on some other day, in which case such transfers shall be made as the Treasury shall direct.

5. All deposits for credit of the Receiver-General's Deposit Account, the Post Office Account, or the Public Trustee's Account, made at any of the branch offices of the Bank in the colony, shall be transferred daily to the credit of the respective accounts at Wellington.

6. All moneys transferred as required by clauses 4 and 5 shall forthwith on receipt of advices be credited to the Public Account, the Receiver-General's Deposit Account, the Post Office Account, the Government Insurance Account, or the Public Trustee's Account, as the case may be, and the credit balance of these accounts as a whole shall thereupon bear interest at the rate herein agreed upon.

7. The Bank shall, at its London branch, receive deposits of any amount for credit of the New Zealand Public Account, the Foreign Imprest Account, or such other accounts as may be required and shall give receipts for all such deposits in such form as may be prescribed by the Treasury.

8. All moneys at credit of the New Zealand Public Account, the Foreign Imprest Account, or the account of any person acting as an agent for the Government in London, shall bear interest at the rate herein agreed upon.

9. The Bank shall, on demand made by the Treasury, transfer to the Public Account, the New Zealand Public Account, or the Post Office Account, any moneys standing to credit of the official account of any public officer, either in the colony or in London, except moneys at credit of the Government Insurance Account, the account of the Commissioners of the Public Debts Sinking Funds, or the Public Trustee's Account.

10. The Bank shall furnish to the Receiver-General, to the Postmaster-General, to the Government Insurance Commissioner, or to such other persons, respectively, as it may in that behalf be directed in accordance with the Treasury regulations, such periodical statements of the deposits made at its several branches in the colony and in London as the Treasury, the Postmaster-General, or the Controller and Auditor-General, or Audit Officer in London may respectively require.

AS TO REMITTANCES.

11. The Bank shall make all remittances of public money within the colony at a charge of one shilling for every hundred pounds.

Such remittances shall be held to include all remittances by draft or otherwise (except between Chief Postmasters and Sub-Postmasters), and all sums transferred to or from Wellington by or to other branches of the Bank on account of the Public Account, the Public Account Disbursement Account, the Receiver-General's Deposit Account, the Post Office Account, the Government Insurance Account, the Public Trustee's Account, Imprestees' Accounts, or the account of the Commissioners of the Public Debts Sinking Funds.

AS TO DISBURSEMENTS, ETC.

12. The Bank shall transfer from the Public Account at Wellington such moneys as may be required, and shall place the same to the credit of the Public Account Disbursement Account at such of its branches as may be directed by the Treasury, to meet the cheques of the Paymaster-General drawn on such branches, and shall pay such cheques in accordance with the form of advice transmitted in each case, and with the Treasury regulations in that behalf.

13. The Bank shall transfer from the Government Insurance Account or the Public Trustee's Account such moneys as may be required, and shall place the same to the credit of the Government Insurance Disbursement Account or the Public Trustee's Disbursement Account, as the case may be, at Wellington, to meet the cheques drawn by the Government Insurance Commissioner or the Public Trustee, and shall pay such cheques at its branches, in accordance with the form of advice transmitted in each case, and with the Treasury regulations in that behalf.

14. The Bank shall transfer from the Post Office Account, to credit of the deposit accounts of Chief Postmasters at its branches, such moneys as from time to time may be required by the Postmaster-General to be so transferred by cheque drawn by him on the Post Office Account at Wellington.

15. The Bank at any of its branches shall, subject only to the charge mentioned in clause 11, honor sight-drafts of the Postmasters, drawn in accordance with the Treasury regulations, on the Postmaster-General at Wellington.

16. The Bank, on being provided with requisite funds, shall, at any of its branches, make payments to and take receipts from the ordinary creditors of the Government within the colony, without charge other than for remittance.

17. The Bank, on being provided with the requisite funds, shall, at any of its branches, pay coupons for interest or the principal of debentures payable by the Government within the colony, without charge other than for remittance.

18. The Bank, on being provided with the requisite funds at its London office, shall, at that office, make payments to and take receipts from the ordinary creditors of the colony in London without charge.

19. The Bank shall, at any of its branches, receive deposits for credit of the Imprestees of the Government, or for credit of special-deposit accounts of officers of the Government, and shall honor the cheques of such Imprestees or officers, as the case may be, and furnish such periodical statements of account as the Treasury regulations may require, or the Treasury or Controller and Auditor-General may direct.

20. The Bank shall furnish to the Paymaster-General, the Government Insurance Commissioner, and the Public Trustee, such periodical statements of the transfers to, and the operations on the Public Account Disbursement Account at its several branches, and the Government Insurance Disbursement Account and Public Trustee's Disbursement Account at Wellington, as these officers may require. The Bank shall also furnish to the Treasury, the Controller and Auditor-General, or such other person as may be authorized by either of them to demand the same, such statements of any official account opened by or for or on account of any officer of the Government as may at any time be required.

AS TO CHARGES AND INTEREST.

On Deposits.

21. The Bank will allow interest on deposits at the rates following, that is to say,—

- (1.) On the daily balances of the Public Account, the Receiver-General's Deposit Account, the Post Office Account, the Government Insurance Account, the Public Trustee's Account, and the account of the Commissioners of the Public Debts Sinking Funds at Wellington, when the balances of those accounts as a whole are under eighty thousand pounds, four per cent.
- (2.) When the balances of those accounts as a whole exceed that amount, three per cent.
- (3.) Provided that whenever the balances of the accounts mentioned in subsection 1 of this clause, exclusive of all sums deposited for fixed periods, shall exceed four hundred thousand pounds, the Treasury or the Bank may require a reconsideration of the rate of interest to be paid thereon.

In the event of the Treasury and the Bank failing to agree thereon, the Bank may refuse to pay interest on any sum so in excess, and the Treasury may thereupon deal with such excess in the manner provided in clause 2 of this agreement.

- (4.) On the daily balances of the New Zealand Public Account and the Foreign Imprest Account of the New Zealand Government in London, one and a half per cent. less than the Bank of England rate. Interest on sums deposited to be reckoned from the day subsequent to each deposit.

Provided that no interest shall be paid under this provision exceeding the rate of five per cent., and that the Bank shall have the option of declining to pay interest on balances in excess of four hundred thousand pounds.

- (5.) On fixed deposits made—
At the Bank at Wellington, or at any of the branches of the Bank in the colony,—
At such rates as may be mutually agreed upon from time to time.
At the London branch of the Bank up to three hundred thousand pounds,—
For six months, three per cent. ;
For twelve months, four per cent.

On Advances.

22. The Bank will be prepared to advance to the Government in amounts not exceeding two hundred thousand pounds per month—

- (1.) On the security of Treasury or Deficiency Bills at par to any amount not exceeding one hundred thousand pounds. Such advance to be made at the option of the Government either in the colony or in London, but not in both.
- (2.) On New Zealand securities quoted on the London Stock Exchange, or on Debentures for any loan authorized to be issued, and which will be so quotable, with power to remit and hypothecate the same, any amounts either in the colony or in London which together shall not, in the whole, exceed three hundred thousand pounds. But the Bank shall not be required to advance any amount exceeding ninety per cent. of the nominal value of a five per cent. loan, and in the like proportion for a loan bearing a rate of interest other than five per cent.

23. The Bank will make advances as above referred to at the rate of interest following; that is to say,—

In the Colony, at six per cent. ;

In London, at five per cent. ; or in case the Bank of England rate is in excess of four per cent., then at the rate of one per cent. above the said Bank of England rate.

24. Whenever the Government has obtained advances from the Bank under this agreement, the Government shall not be at liberty to place any sums of money on deposit with other Banks so long as such advances remain unpaid, and any sums previously so deposited shall, on maturity of the deposits, be placed with the Bank, if the Bank so requires, at the rates then current for deposits of a like class.

25. The Government shall not obtain advances from or through any other bank, except upon failure to obtain the amount required from or through the Bank, at a rate of interest not exceeding that specified in clause 23, or such other rate as the Treasury may deem reasonable.

But this provision shall not apply to any advances which the Government may obtain in London.

On Remittances.

26. The Bank will sell its drafts to the Government—

- (1.) On London, at one hundred and twenty days' sight at par, or at other currencies at one-quarter per cent. concession on the rates offered to the public, but not below par. The Bank shall not be required to sell drafts at a shorter currency than sixty days' sight :
- (2.) Drawn in London on the Bank in the colony, at one-quarter per cent. concession on the rate charged to the public :

(3.) Drawn on any place within the Australian Colonies where the Bank is represented,—

If payable at fifteen days' sight, at par;

If payable on demand, at one-half per cent. concession on the rate charged to the public.

27. The Bank will make remittances by telegraph at the rates following; that is to say,—

(1.) Within the colony, at two shillings per cent., inclusive of charges for remittance under clause 11.

(2.) From London to the colony,—

If payable at three days' sight, at one per cent.;

If payable at fourteen days' sight, at three-fourths per cent.

(3.) From the Colony to London,—

If payable at three days' sight, at two and a half per cent.;

If payable at fourteen days' sight, at two and a quarter per cent.:

Provided that, without the consent of the Bank, no remittance shall be made by telegraph exceeding the amount of twenty thousand pounds in any one month.

28. The Bank will purchase bills of the Government drawn on London at thirty days' currency at par, at other dates at one-quarter per cent. concession on the rates offered to the public.

29. The Bank shall not be bound to negotiate any drafts on London other than drafts payable on demand drawn on its London office when there are funds to the credit of the New Zealand Public Account, or drafts drawn on the Crown Agents for the Colony which the said Agents have signified to the Bank in London their agreement to accept, nor for any amount exceeding in any month the sum of two hundred thousand pounds.

30. Drafts on the colony shall be negotiated by the Bank only at its own option.

AS TO PAYMENT OF DEBENTURES AND INTEREST.

31. Exclusive of charges for remittance, the Bank will, if required, pay coupons for interest payable in Australia, at one-quarter per cent.; in London, at one-eighth per cent.

32. Exclusive of charges for remittance, the Bank will, if required, pay the principal moneys due on debentures or Treasury bills in Australia or in London, at one-quarter per cent.

MISCELLANEOUS PROVISIONS.

33. This agreement may be terminated by either the Treasury or the Bank at any time on giving six calendar months' notice in writing to that effect.

Any such notice, if given by the Treasury, may be left at the banking-house of the Bank at Wellington. If given by the Bank, may be left at the Treasury offices in Wellington.

34. Nothing in this agreement shall be deemed to prejudice any right or power which the Governor in Council or any Commissioners appointed by him may have under the fifty-third section of "The Public Revenues Act, 1878." Nor shall prevent the Treasury from withdrawing all or any part of the moneys lying to the credit of the Government in the Bank within the Colony should it at any time consider the position of the latter unsafe, and upon an Order in Council being obtained for that purpose.

35. The Bank shall not in any manner assign or dispose of this agreement, or any benefit or advantage thereof, wholly or in part, to any person or persons or any corporate body, without the written consent of the Treasury for that purpose first obtained.

In witness whereof the said Harry Albert Atkinson, as such Colonial Treasurer as aforesaid, hath hereto set his hand, and the common seal of the Bank of New Zealand hath been hereto affixed, the day and year herein first mentioned.

Signed by the said HARRY ALBERT
ATKINSON, in the presence of
C. T. BATKIN,
Assistant Controller and Auditor,
Wellington.

H. A. ATKINSON.

The Common Seal of the BANK OF NEW
ZEALAND was hereto affixed by
JAMES WILLIAMSON,
J. C. FIRTH,
G. B. OWEN.
Directors of the said Bank, in the
presence of
J. BROWNING,
Gentleman,
Epsom,
Auckland, N.Z.

(L. S.)