

it is prudent to maintain in the Public Account of the colony; but there can be no doubt in the mind of any reasonable man that during the unsettled period to which I have been referring I should have been greatly to blame if I had not endeavoured to keep the Treasury as strong as possible in cash and in securities ordinarily negotiable in London. It is well known that the late Colonial Treasurer, who has had large experience in London, always endeavoured to have good balances. He was in the habit of retaining considerably larger average balances during his last term of office than the present Government has retained. I have had tables prepared to show this. I wish it to be distinctly understood that I do not take any credit to myself for our balances in the bank being much smaller than the balances of the late Government. I should have had a far less anxious time than I have gone through could I have retained larger balances than I did; but when I am accused of maintaining large unproductive balances for the benefit of the bank, and my predecessor is held up as a model to follow, I naturally turn to see what was the practice of the late Government as compared with my own, and I find the following results: During the two years and a half in which the present Government have been in office, from the 8th October, 1887, to the 31st March, 1890, the daily average balance in the London Public Account was £134,860; the daily average balance of the late Government for the three years they were in office being £254,000—almost double. Of the moneys at credit of all the Government accounts at Wellington, our average daily balance was £378,573; theirs, £428,357: and of such moneys in excess of the limit of £400,000, and on which no interest was allowed by the bank, the excess in our case was for 299 days, with a daily average of £51,363; in theirs it was for 608 days, with a daily average of £133,880—more than two and a half times greater than ours in amount and double the length of time. And I may add that from January to June, 1888, when it is alleged that deficiency bills were being issued to pour gold into the coffers of the Bank of New Zealand for its private benefit, the average daily balance of the Government accounts as a whole in Wellington and in London, during a time when it was necessary, as I have shown, to make the Treasury as strong as possible, was £618,000, while the daily average balance during the whole term of office of the late Government was £682,000.

See statements on pages 15 and 22 to 28, and agreement with Bank of New Zealand, dated 28th April, 1880.

I do not propose to continue the financial history of the Government further in this memorandum, having carried it over the critical period when we were raising large sums; but a reference to the tables appended will show that at no time during our term of office have our balances been unduly large or left unproductive. Now that, through the stoppage of public-works expenditure, we have to remit the largest portion of our interest payable in London, it is clear that we must always have a large amount in drafts on the way, and that large balances will necessarily begin to accumulate in London towards April and October. In fact, before long, further and special provision will have to be made to enable us to remit the moneys to meet our interest, payable there.

I have now shown, first, that deficiency bills were not issued for the purpose of putting money into the Bank of New Zealand for its private benefit at the cost of the colony, but as a necessary aid to the Consolidated Fund; secondly, that after they were issued they were never used except for the purpose of providing the necessary cash to carry on the services of the colony; thirdly, that, although it may be a matter of opinion as to what is a reasonable and sufficient balance to maintain in the bank, judged by the requirements during the last two years and a half, and by the practice of our predecessors, the balances that we retained were comparatively small; fourthly, that the balances during our term of office remaining unproductive were, as a matter of fact, two and a half times less than similar balances retained by our predecessors.

I attach to this memorandum tables and statements in support of my contentions; and it is, I think, unnecessary for me now to say more, further than to ask a careful study of what I have said, and of the tables attached, as the matter is somewhat complicated, and requires close attention to details to master it thoroughly.

H. A. ATKINSON.

Wellington, 12th August, 1890.