

SESS II.—1891.
NEW ZEALAND.

BANKING ACCOUNT OF THE COLONY

(CORRESPONDENCE RELATING TO APPLICATION FOR A SHARE OF THE).

Laid on the Table by the Hon. J. Ballance, with the Leave of the House.

Mr. H. MACKENZIE to the Hon. the COLONIAL TREASURER.

The Colonial Bank of New Zealand,
Head Office, Dunedin, 25th March, 1891.

SIR,—

1. I have the honour to lay before you, for the favour of your consideration, the request of this Bank to receive an appointment as one of the Government bankers, with a share of one-half, or at least one-third, of the Government banking accounts and financial operations under "The Public Revenues Act, 1878," and amendments.

2. This request I submit on the following bases:—

1st. On the fact that we are now the only thorough colonial bank doing business in this colony: our affairs being directed in the colony; our shareholders being almost entirely resident in the colony; our assets being wholly used in promoting the interests and industries of the colony; our profits being divided in the colony.

2nd. On the position to which we have now attained: Our assets being (as will be seen from the statement I have the honour to attach hereto) in excess of three and a half millions sterling; and the security we offer to the public being more than two millions sterling in excess of the liabilities we owe to the public.

3rd. Because, as can be seen by reference to the more recent quarterly banking returns published by the Treasury, we now, in bulk of business done in the colony, take place prior to any of the Australian banks.

4th. Because we have complete machinery for carrying on any banking business that the Government may be pleased to give us, in the colony, in London, and elsewhere.

3. In further support of this application I would venture to refer to the Hon. the Colonial Treasurer's memorandum which was laid before Parliament on the 20th August of last year, where it is shown that, after the Government had been unable to obtain the necessary funds, we, on being applied to, furnished the sum of £700,000 in London; and did so, although the emergency was an unusual one, at the even rate of 5 per cent. per annum, which was more favourable than the usual terms for such business. Through this operation we enabled the Government, among other things, by holding over the loan then in prospect, to obtain a much better price than if they had been obliged to force it then on the market.

4. In the event of this application meeting with your consideration and approval, I would venture, with deference, to suggest for your further consideration that, if you elect to divide the Government account between the present Government bankers and us, in order to facilitate the matter, the arrangement might be as follows:—

As regards—

1st. The mere question of division of account: The different departmental accounts of the revenue, the Railways, Post Office, Government Insurance, Public Trustee, together with the various disbursement, imprestees', and all other colonial accounts, to be allocated as to their various deposits and remittances to and from banks in Wellington, so that some departments doing business with one bank, and some with the other bank, the business to be transacted with each bank will be about the same;

2nd. The Government remittances to London: To be equally divided between the two banks;

3rd. The New Zealand Public Account and the Foreign Imprest Account: To be divided according to the convenience of the Commissioners and Agent-General, and the funds kept, as far as possible, equally between the two banks.

4th. Advances by the banks to Government: These, both in the colony and in London, to be taken from the two banks as nearly as possible in equal portions, or as the banks may agree between themselves.

5th. Payment of debentures and interest: Either bank, if required, to pay any coupons for interest or principal-money due on debentures or Treasury Bills, either in London or Australia, at the usual terms and rates.

5. Regarding the charges which we should make for transacting any portion of the Government banking business that might be intrusted to us, they would in no case exceed those mentioned and agreed to in the arrangement made between the Government and the present Government bankers, dated 20th April, 1880, and we would be prepared to sign an undertaking accordingly.

6. I have ventured to address you somewhat more fully and in detail regarding this request than perhaps may seem to you necessary, but my object has been to lay the matter before you in as simple a way as possible.

Knowing how occupied you must be, I have adopted this plan of writing in order to save you the trouble of an interview; but should you deem the matter of sufficient importance to grant an interview, either Mr. Watson, the Inspector of the bank, or I, will have pleasure in waiting on you in Wellington or elsewhere, at your convenience.

The Hon. John Ballance,
Colonial Treasurer, Wellington.

I have, &c.,
H. MACKENZIE,
General Manager.

THE COLONIAL BANK OF NEW ZEALAND.

Progress of the Bank.

	Advances.		Deposits.		Total Assets.
	£		£		£
31st December, 1874 ...	116,161	...	52,619	...	238,019
31st December, 1879 ...	1,026,308	...	689,980	...	1,374,639
31st December, 1884 ...	1,561,337	...	1,419,575	...	2,115,769
31st August, 1889 ...	1,949,594	...	1,860,475	...	3,009,179
28th February, 1891 ...	2,435,465	...	2,138,703	...	3,523,237

Position at 28th February, 1891.

Total assets ...	...	...	...	...	£3,523,237
Uncalled capital ...	...	...	...	...	600,000
Reserve liability of shareholders ...	...	...	...	...	1,000,000
Security to the public ...	...	...	...	...	£5,123,237
Liability to the public ...	...	...	...	...	3,054,680
Excess of security over liabilities to the public ...	...	...	...	...	£2,068,557

H. MACKENZIE,
General Manager.

No. 2.

The SECRETARY to the TREASURY to the GENERAL MANAGER, Colonial Bank of New Zealand.

SIR,—

The Treasury, Wellington, 8th April, 1891.

I have the honour, by direction of the Colonial Treasurer, to acknowledge the receipt of your letter of the 25th ultimo, submitting the claims of your bank for a share of the banking and other finance business of the colony, and to inform you that your proposals shall receive the careful consideration of the Government.

I have, &c.,

JAS. B. HEYWOOD,
Secretary to the Treasury.

The General Manager, Colonial Bank of New Zealand, Dunedin.

No. 3.

The GENERAL MANAGER, Colonial Bank of New Zealand, to the COLONIAL TREASURER.

The Colonial Bank of New Zealand,

SIR,—

Dunedin, 6th July, 1891.

My letter of the 25th March, written to you when the Colonial Treasurer of New South Wales had concentrated his banking business among those banks having their principal offices in Sydney, was framed on the assumption that possibly you also might wish, in a division of the Government account, to give the preference to the banks here of a strictly New Zealand character.

Anxious as I was, and am, to secure for my institution as large a share of the Government business as possible, further consideration has led me to the surmise that it may be your wish, while bringing the present monopoly to an end, to give a share to all the banks doing business in the colony.

Should such be your wish, I have pleasure in assuring you that we will be pleased to receive whatever share may be allocated to us.

I have, &c.,

H. MACKENZIE,
General Manager.

The Hon. John Ballance, Colonial Treasurer, Wellington.

No. 4.

The SECRETARY to the TREASURY to the GENERAL MANAGER, Colonial Bank of New Zealand.

SIR,—

The Treasury, Wellington, 15th July, 1891.

I have the honour, by direction of the Colonial Treasurer, to acknowledge the receipt of your letter of the 6th instant, modifying the request made in your previous letter of the 25th March last for a share of the Government's banking business, to the extent of sharing the business equally with other banks doing business in the colony, and, in reply, to inform you that the question is under the consideration of the Government.

I have, &c.,

JAS. B. HEYWOOD,

Secretary to the Treasury.

The General Manager, Colonial Bank of New Zealand, Dunedin.

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