

1894.

NEW ZEALAND.

PROPOSED AMALGAMATION OF BANK OF NEW ZEALAND
AND COLONIAL BANK OF NEW ZEALAND.

(FURTHER CORRESPONDENCE.)

Laid upon the Table by the Hon. Mr. Ward, with the Leave of the House.

No. 1.

The Hon. the COLONIAL TREASURER to JOHN MURRAY, Esq., and the Hon. GEORGE McLEAN,
Wellington.

GENTLEMEN,—

Colonial Treasurer's Office, Wellington, 22nd September, 1894.

I have the honour to acknowledge the receipt of your joint letter of the 11th instant, covering proposals for an amalgamation between the Bank of New Zealand and the Colonial Bank.

In reply, I have to state that the matter has received the careful consideration of the Government.

Without in any way committing the Government to any fixed course or approval of the proposals, it will be necessary—

1. If any legislation is undertaken by the Government, that it shall be of a permissive character, to enable the Government to be satisfied, before assenting to an amalgamation, that the general interests of the colony are conserved and protected.

2. That, in addition to the scrutiny which is proposed in the memorandum of agreement, the Government to appoint a special representative or representatives, independent of either bank, to examine and report to the Government on the various accounts and assets proposed to be dealt with.

3. The shareholders of each bank to be responsible for and to make good all losses on existing business that is not passed by the colony's valuers.

4. That, upon the expiration of ten years, the profits of the combined bank shall still continue to be paid to the Estates Company, until any deficit in the winding-up of the Estates Company is liquidated. The Government lien upon the interests of the shareholders in the Bank of New Zealand to be continuous until all liability to the colony is at end.

5. The Government to nominate a chairman and two directors of the Estates Company, and the shareholders of the Bank of New Zealand to nominate two directors to the same, the said Board to have full control over the uncalled capital of £1,500,000 of the Bank of New Zealand shareholders.

6. In addition to the appointment of a president and auditor to the Bank of New Zealand, the Government to appoint one director to the combined bank.

I should like to have your reply to the foregoing before noon on Monday. The Government will then further consider the matter, and decide what course they deem it desirable to take.

I have, &c.,

J. G. WARD,
Colonial Treasurer.

John Murray, Esq., and the Hon. George McLean, Wellington.

No. 2.

J. MURRAY, Esq., to the Hon. the COLONIAL TREASURER, Wellington.

SIR,—

Bank of New Zealand, Wellington, 24th September, 1894.

I have the honour to acknowledge receipt of your letter of 22nd September having reference to amalgamation of the Bank of New Zealand and the Colonial Bank of New Zealand, and setting forth certain supplementary conditions as necessarily precedent to any action therein by the Government.

These conditions—1 to 4 inclusive—I should willingly recommend to bank shareholders, but I greatly regret that I cannot say so of Nos. 5 and 6, nor do I think that even were I to recommend them, the shareholders in the Bank of New Zealand would entertain them.

It will probably make the position more clear if I begin with 6, which is that, "in addition to the appointment of a president and auditor to the Bank of New Zealand, the Government to appoint one director to the combined bank."