

Enclosure 2 in No. 10.

RE NEW ZEALAND PUBLIC MONEYS.

Case, prepared by Messrs. Mackrell and Co., and Opinion of Mr. Joseph Brown, Q.C., thereon.

By "The New Zealand Revenues Act, 1867," p. 649, a print of which is sent herewith, certain regulations were laid down as to the management of the funds of the colony.

A loan was subsequently raised in England by the Crown Agents of the Colonies, under the authority of an Act of the General Assembly, and with reference to the proceeds thereof the Crown Agents wrote to the Colonial Authorities a letter, of which the following is a copy:—

"8. Although we shall of course, in compliance with our instructions, place the whole of this money on deposit with the same Bank, we feel that we should be assuming a very grave responsibility if we failed to draw the attention of the Government to the magnitude of the sum thus to be dealt with; and without for a moment calling in question the solvency and honour of the A.B.C. Bank, we think we may fairly question the expediency of venturing so large a sum with this or any other Bank similarly constituted, whose whole capital, supposed to be intact, is, we believe, but £ sterling."

In reply to this letter, the Crown Agents* received a letter from the Colonial Treasurer, dated 8th June, 1872, from which the following is an extract:—

"Sir,—In view of the large sums that will have been received for the second instalment of the New Zealand Loan, I have the honor to request that you will, if you think desirable, invest a portion—say about one-half of the amount—in Exchequer bills, and from time to time sell such portions of those bills as may be necessary to provide funds for payments that you may be authorized to make.

"The balance of proceeds of loan to be placed in deposit in the A.B.C. Bank, as heretofore."

Afterwards an Act was passed, called "The Revenues Act, 1872," a print of which is sent herewith (p. 119). The following sections are the most important as regards this case:—

"15. The 15th and three following sections of this Act shall be read as a part of the 5th division of 'The Public Revenues Act, 1867.'

"16. All moneys, the property of the Government of New Zealand in any place beyond the colony, shall be paid into an account to be called 'The New Zealand Public Account,' at such bank or banks as the Governor or as any person or persons duly authorized by the Governor, by warrant under his hand in that behalf, shall direct; and all payments to be made on behalf of the Government of New Zealand beyond the colony shall be made by such agent or agents as the Governor shall appoint for that purpose, by cheque upon and shall be paid out of the New Zealand Public Account.

"17. Such agent or agents shall, immediately after the close of each month, prepare and post to the Colonial Treasurer an account of all payments into and out of the New Zealand Public Account during such month, supported by all such vouchers and other documents as the Colonial Treasurer or the Commissioners (viz., Commissioners of Audit, section 2) may require.

"18. Every bank in which the New Zealand Public Account is kept shall, immediately after the close of each month, prepare and post to the Commissioners a bank sheet, showing the totals of the credit and debit sides of the New Zealand Public Account for such month, with the balance brought and carried forward respectively.

"19. Whenever such agent or agents shall withdraw money out of the New Zealand Public Account by way of imprest for expenditure in the public service, the imprestee thereof shall, immediately after the close of each month, prepare and post to the Colonial Treasurer an account showing the expenditure of all such moneys during such month, supported by all such vouchers and other documents as the Colonial Treasurer or the Commissioners may require. Such imprest shall be debited to a separate account, called 'The Foreign Imprest Account,' and all duly authorized expenditure of such moneys shall, as soon as the account thereof is received, be credited to the Foreign Imprest Account, and charged against the proper vote or other authority, but it shall not be necessary to repay the balance of such moneys into the New Zealand Public Account at the end of the financial year."

In exercise of the authority thereby given to the Governor, he executed the following warrant:—

WARRANT.

To Isaac Earl Featherston, of the City of Westminster, in the United Kingdom of Great Britain and Ireland, Agent-General for the Colony of New Zealand; Penrose Goodchild Julyan, of the City of Westminster, in the United Kingdom of Great Britain and Ireland, Companion of the Most Honorable Order of the Bath, one of the Crown Agents for Her Majesty's Colonies; and William Charles Sargeant, of the City of London aforesaid, Esquire, one of the Crown Agents for the Colonies aforesaid, greeting:—

WHEREAS by the 16th section of "The Public Revenues Act, 1872," it is enacted that all moneys the property of the Government of New Zealand, in any place beyond the colony, shall be paid into an account to be called "The New Zealand Public Account," at such bank or banks as the Governor, or as any person or persons duly authorized by the Governor, by warrant under his hand in that behalf, shall direct, and all payments to be made on behalf of the Government of New Zealand beyond the colony shall be made by such agent or agents as the Governor shall appoint for that purpose, by cheque upon and shall be paid out of the New Zealand Public Account.

Now therefore, I, Sir George Ferguson Bowen, K.C.M.G., Governor of New Zealand, do hereby, in exercise and pursuance of the powers conferred on me by the hereinbefore recited section of the said Act, authorize and empower you the said Isaac Earl Featherston, Penrose Goodchild Julyan, and William Charles Sargeant, to direct and appoint into what bank or banks in the City of London, in the United Kingdom of Great Britain and Ireland, all moneys the property of the Government of New Zealand in the said City of London shall be paid to the said account, called the New Zealand Public Account; and in further exercise and pursuance of the said powers, I do hereby appoint you the said

ISAAC EARL FEATHERSTON, Esq.;

PENROSE GOODCHILD JULYAN, Esq., C.B.; and

WILLIAM CHARLES SARGEANT, Esq.,

* It was not the Crown Agents, but the Agent-General who received this letter; the mistake is Mr. Mackrell's.