

brokers, just as well as such assistance has hitherto been secured. If, however, the loan were of very large amount, or if it followed quickly after another loan, it would be expedient for the agents to obtain the aid of a powerful financial house, as was lately done. Such a house, having numerous connections, can very largely influence sales, and so make successful a loan which might otherwise not go off well. In either case, the payment of one-quarter per cent. would be saved; and, therefore, in instituting a comparison between the past system and that which is proposed, I may regard that amount as a saving. One-quarter per cent. on £1,000,000 is equal to a single payment of £2,500, which, for the purpose of comparison, may be taken as equal to £125 a year. Thus, we may consider that the Bank of England offer to do for £600 per year, per £1,000,000 up to £10,000,000, and of £550 per £1,000,000 thereafter, that for which £112 10s. and £125 have been paid under present arrangements, and which amounts may be saved; but, in addition, the Bank will perform all the work connected with inscription, the issue of bonds to bearer, and, when necessary, re-inscription. It might, no doubt, be possible to arrange that the Bank should collect a fee for such transfers and inscription; but I am of opinion it would add much to the popularity of the stock, and would cause very large amounts to be inscribed and transferred, if no fee were charged. I think, therefore, it would be well worth while for the Government to pay the comparatively small amount thus required, for the sake of putting our loans into a position such as that I have described. I believe that £600 per year, per £1,000,000, considering all that the Bank propose to do for it, is a most reasonable charge. A very great saving will be effected in connection with the paying off of loans. For that operation, the present payment is one-half per cent., equal to £5,000 per £1,000,000, whereas the Bank agree to undertake the operation for £1,000 per £1,000,000. Thus upon all outstanding stock converted, the saving would be £4,000 per £1,000,000 in one payment, or equal to an annual saving of £200 per £1,000,000. Most of the other colonies act through their London bankers; and of those bankers it may be said—as has been said of powerful financial houses—that they not only act as agents, but induce purchasers. South Australia has, as I have stated, been an exception to this plan. So far as New Zealand is concerned, I think that the system in future should be to call for tenders through Loan Agents, if the amount of a loan be small, and the circumstances generally of a not unusual character, whilst in other cases it would be better to allow the agents to negotiate through an influential financial house.

12. There cannot be a doubt that the convenience to holders of being able to have their securities inscribed, or at their pleasure made bonds to bearer, will very much improve the character of the loans, and it is scarcely necessary to add that the fact of the Bank of England managing the loans will enhance the estimation in which they are held. For the purpose of speculation (that is, of sale and re-sale), bonds to bearer are most convenient; whilst, for permanent investment, the power of inscription must be greatly advantageous to those who desire to divest themselves of the trouble and the risks of loss incidental to holding a number of paper documents. It would be difficult to overrate the collateral advantages arising from the employment of such an institution as the Bank of England. Indeed, I have been assured, by persons competent to give an authoritative opinion, that colonial securities managed by the Bank of England, as proposed, would become most popular with investors; that their value would be increased; and that there would be much less difficulty than hitherto in obtaining their approval by the Lord Chancellor as securities in which trust funds might be invested. The latter advantage is one which, it will be remembered, various Colonial Governments have for years been anxious to obtain. It was, indeed, suggested by Counsel that the Bill to be submitted to the Imperial Parliament should contain a clause enabling trust funds to be so invested; but I arranged that this should only be done if it would not involve risk of the passage of the measure, as I recognized that it was a question quite distinct from the others with which the Bill was to deal. I venture, however, to express a strong opinion that the giving of authority to invest trust funds in