

1876.
NEW ZEALAND.

INSCRIPTION OF STOCK BY THE BANK OF ENGLAND

(FURTHER PAPERS RELATING TO THE PROPOSED).

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

The AGENT-GENERAL to the HON. SIR J. VOGEL.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,

4th August, 1876.

SIR,—

I have the honor to forward, for the information of the Government, a report which I have received at the moment of the closing of the mail, from Mr. Mackrell, the solicitor to the Government, in reference to proceedings connected with the Colonial Inscribed Stock Bill, which it was hoped Her Majesty's Government would have introduced this session.

I have, &c.,

W. TYRONE POWER,

Agent-General.

The Hon. Sir Julius Vogel, K.C.M.G., Wellington.

Enclosure.

Messrs. J. MACKELL and Co. to the AGENT-GENERAL.

21, Cannon Street, London, E.C.,

4th August, 1876.

DEAR SIR WILLIAM,—

Inscribed Stock.

As the Government have now finally decided the course which they will take with reference to the proposed Bill to regulate the stamp duties and the keeping of the register of any stocks issued by the Governments of the colonies which may be inscribed in England, we think you would like us to report to you, for the information of your Government, the efforts which have been made to get the Bill passed this session.

So far back as the month of last November, the Government, as you are aware, promised Sir Julius Vogel that they would adopt, in the case of the New Zealand Inscribed Stocks, arrangements similar to those sanctioned last year, in the case of Canada, by the Act 37 and 38 Vict., cap. 26, and would cause the necessary Bill to be introduced early next session.

In consequence of communications which passed between Sir Julius Vogel and the Governments of the Colonies of South Australia and Victoria, the late Agent-General for New Zealand, on the 7th of February last, invited the Agents-General for those colonies to a conference, and explained to them the nature of the arrangements entered into between Sir Julius Vogel and the Bank of England, and of the Imperial legislation which was desired. It was then arranged that they should communicate with the Secretary of State for the Colonies, and ask the Government to make the proposed Bill a general Bill applicable to all colonies.

On the following day, Mr. Michie, the Agent-General for Victoria, reported to Dr. Featherston that he had communicated with the Colonial Office, and was informed that the Bill would be a general one, and was being drafted; and that a copy of the Bill had been promised him as soon as ready.

Mr. Dutton, the Agent-General for South Australia, also communicated with the Colonial Office, and on the 8th of February telegraphed to his Government, that the Government had assented to make the Bill applicable to the colonies generally.

We communicated with the Agent-General for New South Wales, and, in consequence of instructions he had received from his Government, he made a similar application to the Colonial Office, and with a like result.

From time to time, applications were made by the different Agents-General to the Colonial Office pressing to have for consideration a print of the proposed Bill; but it was not until, we believe, the 15th of June, that prints of the Bill were received by the different Agents-General from the Colonial Office.

Dr. Featherston at once sent the Bill to us for our consideration, and we prepared observations upon it for the consideration of himself and the other Agents-General, to be discussed at the meeting which it was arranged they should have upon the subject.

We also communicated with the Solicitors of the Bank of England, to whom we found a print of the Bill had been sent, asking them to let us have their observations upon the Bill to submit to the proposed meeting.

The meeting of the Agents-General, which was delayed in consequence of the death of Dr. Featherston, took place at the office of the Government of Victoria on the 23rd June, when, besides Mr. Michie, the Agent-General for that Colony, there were present yourself; Mr. Forster, the Agent-General for New South Wales, accompanied by Mr. Larnach of the New South Wales Bank; Sir John Rose, on behalf of Canada; and Mr. Hamilton, Secretary of the department of Agent-General for Queensland.

The Bill was then considered, together with the observations which we had made upon it, and also the observations which had been made by the Counsel for the Bank of England; and instructions were given to us to have the Bill settled by Mr. Reilly on behalf of the colonies, so as to carry out the views expressed at the meeting, and also to prepare and have settled by him a letter to be written to the Secretary of State for the Colonies, with the amendments desired in the Bill.

Mr. Dutton, the Agent-General for South Australia, was absent from London at the time of the meeting; but on his return he assented to and concurred in what had been done. We accordingly settled with Mr. Reilly the amendments which it was desired should be made in the Bill, and the letter to be written to Lord Carnarvon; and on the 27th June, this letter, signed by yourself and the Agents-General for Victoria, New South Wales, and South Australia, was handed to Mr. Herbert, at the Colonial Office. Sir John Rose, on behalf of Canada, afterwards communicated to Lord Carnarvon his entire approval of the proposed amendments. We afterwards learned that the letter to the Colonial Secretary, with the amendments, had been forwarded to the Treasury, and that they had conferred with their Counsel upon the matter. On the 8th July, we attended him, and, after discussing the amendments with him, suggested that there should be a meeting between himself and Mr. Reilly to endeavour to settle the Bill. On the 10th, we received a letter from him that he was authorized to have a conference with Mr. Reilly, which took place on the following day.

The amendments desired in the Bill, with reference to stamp duties, had been referred to the consideration of the Commissioners of Inland Revenue.

The discussion at the conference, therefore, was limited to the other portions of the Bill; and it was suggested that we should communicate with the Commissioners of Inland Revenue as to the stamp clauses.

The amendments in what may be called the regulation clauses of the Bill were agreed to, except on three points, as to which it was arranged that we should communicate with the Bank of England, and see how far they might be disposed to waive their objections and meet the views of the Government.

On the following day, we attended at Somerset House, and found that the Commissioners of Inland Revenue had reported to the Treasury upon the desired amendments in the stamp clauses, conceding what had been desired excepting on two points—the first as to allowing a rebate upon the composition in respect of loans issued on debentures on which the stamp had already been paid, and as to the stamp on stock certificates.

After a long discussion, the Chairman declined to concede the rebate desired, as he considered it would be contrary to the policy of the Government with reference to compositions; but he promised that the Board should reconsider the question of the stamp on stock certificates, which they had desired to make liable to a duty of 7s. 6d., if no composition had been paid, with a view to reduce it to 2s. 6d.

We had communicated to Messrs. Freshfield the result of the conference between Mr. Reilly and Mr. Jenkyns; and on the 14th July we had a long conference with them, and afterwards attended at the meeting at the Bank of England, when it appeared that, unless the Bank could have the same protection afforded to them in keeping the register of colonial stocks which they had in respect of the National Debt, the Metropolitan Board of Works Stocks, and the East India Stock, they would, as then advised, be unwilling to keep the register of Colonial Stocks. We then saw Mr. Welby, at the Treasury, and explained to him the views of the Bank of England, and he promised that the matter should be considered; and that if the Treasury adhered to their present views, he would endeavour to arrange an interview for Mr. Freshfield and ourselves with the Chancellor of the Exchequer and Mr. Smith.

Not hearing further on the matter, on the 17th we saw Mr. Jenkyns, and found that no decision had been received from the Commissioners of Inland Revenue upon the stamp clauses; and we then discussed with him some further amendments in the Bill, and he proposed some modifications in the clauses objected to, which he thought might meet the objections of the Bank of England.

We again attended the Commissioners of Inland Revenue, and found that they had made a report to the Treasury, conceding all that had been desired with reference to stamps, except the allowance of the rebate of 2s. 6d.

We communicated with the Bank of England with reference to the proposed amendments, and on the following day wrote to Mr. Jenkyns, explaining their views upon the matter.

On the 19th, we had a conference with Mr. Welby, at the Treasury, and found that all difficulties in the Bill appeared to have been removed, except as to the clause allowing the inspection of the register, to which the Bank of England so strongly objected; and it was arranged that he should go through the Bill with the Chancellor of the Exchequer and Mr. Smith, and if they saw no objection to waiving this clause, the matter might be considered as arranged, but if not, he undertook to arrange for Mr. Freshfield and our Mr. Mackrell to have an interview with the Chancellor of the Exchequer and Mr. Smith.

On the 24th, we received a telegram from Mr. Welby, inviting Mr. Freshfield and ourselves to attend Mr. Smith at the Treasury; but in consequence of Mr. Freshfield's absence from London, he was unable to attend with us.

We had a long conference at the Treasury with Mr. Smith, Mr. Welby, and Mr. Jenkyns, when Mr. Smith urged the acceptance of the modified clause as to inspection, and we explained to him the grounds on which it was objected to by the Bank of England, and that unless the Bill could be taken in such a form as the Bank would work under, it might be valueless to the colonies. He promised to consider the question with the Chancellor of the Exchequer, and wished us, in the meantime, to communicate with the Railway Companies, and ascertain whether the right of inspection given in respect of the Railway Companies' funds had led to fraud.

On the following day, a meeting of the Agents-General was held, to consider what seemed to be the only difficulty in getting the Bill through this session; and we reported the result of our communication with the Railway Companies, from which it appeared that they did not allow inspection of more than the names and addresses, and that as no stock could be dealt with without the production of the stock certificate, which gave as much information as the register would, it was useless for parties to search the register for purposes of fraud. At this meeting, it was decided to ask the Government to modify the proposed clause as to inspection, so as to limit it to the names and addresses only, provided the Bank of England would be satisfied with this, and, failing this, to ask the Treasury, if they still insisted on the clause, to make the Bill a Stamp Bill only, leaving the question of the regulation clauses for further discussion and subsequent legislation. We saw Mr. Freshfield the next day upon the matter, and afterwards attended a meeting at the Bank, when the Bank considered that the right of inspection was wholly uncalled for by any public necessity, and might lead to fraud and difficulty, and they were unwilling to waive their objection.

We afterwards saw Mr. Smith, at the House of Commons, and communicated to him the result of this meeting, when he stated that he was sincerely desirous to do all he could properly to carry out the wishes of the colony, and that Mr. Palmer, one of the Bank Directors, had promised that the Governor of the Bank should communicate with him on the subject; and he promised that so soon as he received this communication, no time should be lost in dealing with the question.

On the following morning, we received a communication from Mr. Jenkyns, proposing a modification in the clause, very much in the form suggested at the last meeting of the Agents-General. We saw Mr. Freshfield with this letter, and he undertook to bring the matter before the Court of the Governors immediately.

Considering the critical position of the question with reference to legislation at this late period of the session, we thought it right to lay fully in writing before the Government the views and wishes of the Colonial Governments, and the grounds upon which it was felt that the right of inspection should not be insisted on by the Treasury. We therefore wrote Mr. Jenkyns the letter of the 27th July, of which we have already sent you a copy.

We afterwards received from Messrs. Freshfield a letter stating that the Bank did not consider that the proposed modification of the clause removed their objection, and that the Bank would probably decline to work under the Bill if it contained the clauses, even modified as proposed. We at once sent a copy of this letter to Mr. Jenkyns.

We heard nothing further from the Government until the 31st, when we received a letter from Mr. Welby, stating that in presence of the difference of opinion between the Treasury and the Colonial Representatives and the Bank on one important clause in the Bill, and after careful consideration of the Bill by the Chancellor of the Exchequer, the latter and Mr. Smith did not feel able to introduce the Colonial Stocks Bill this session.

In conference with you upon this letter, it was decided that we should obtain further particulars, if possible, from Mr. Jenkyns and Mr. Welby, as to the views of the Government, and that there should be a meeting of the Agents-General on the following morning, to decide what course to take. Accordingly, we saw Mr. Jenkyns and Mr. Welby, and learned from them that the Government had been advised that if no right of inspection was allowed to stockholders, the only way of executors or assignees obtaining information as to stock held would be by a bill of discovery, and it was not seen how a bill of discovery could be brought against one of the Colonial Governments, who did not appear to be capable of being sued in this country; and that when the Bill came before the Chancellor of the Exchequer, as it did for the first time in the previous week, he entertained grave doubts whether, having regard to the recent discussions in Parliament with reference to certain foreign loans (in which a mere letter of one of the Ministers was sought to be made tantamount to an Imperial guarantee), it might not be sought to make the Imperial Government responsible for any defaults of a Colonial Government with reference to its inscribed stock.

At the meeting of the Agents-General which took place on the 1st August, it was decided to ask the Government to pass a Bill only to regulate the stamps upon the inscribed stock, leaving the regulation clauses for further consideration and subsequent legislation, and you were requested to see Mr. Smith and endeavour to arrange this.

Immediately afterwards, our Mr. Mackrell attended with you on Mr. Smith, when he promised to confer with the Chancellor of the Exchequer upon the subject; but he pointed out that any Bill dealing with the colonies generally might be open to the objection of its virtually offering an Imperial guarantee, whereas a Bill dealing with one colony only, like that accorded to Canada, was so local in its character, that it could raise no such inference. He at the same time intimated that the Government were prepared to redeem their pledge to New Zealand, and endeavour to pass a Bill for them similar to that passed for Canada. You explained to him that after the promises made to the other colonies by the Colonial Office, it would be felt that such a Bill would not be keeping faith with them, and that, without their concurrence, the Government of New Zealand, who were acting in concert with them, could not properly take such a Bill.

Mr. Hoey obtained for us the letters which had been written by the Colonial Office to the Agents-General for the other Colonies, and on the following day we attended Mr. Welby with these, and he wished us to see Mr. Smith upon the matter on the following day.

The next morning, we conferred with Mr. Michie and Mr. Dutton, and with the Secretary to the Agent-General for New South Wales, and explained what had passed at your interview with Mr.

Smith ; when it was considered that, although the taking a Bill for New Zealand alone, as suggested, might possibly strengthen the right of other colonies to legislation on their behalf, it was clear that the friends of the other colonies in the House of Commons would not, after what had taken place, allow a Bill limited to New Zealand to be passed ; and it was arranged that Mr. Michie should see Mr. Smith, and press for a Stamp Bill for all the colonies, leaving the regulation clauses for subsequent legislation.

Accordingly, we attended with Mr. Michie in conference with Mr. Smith ; and Mr. Michie pointed out to him the great delay which must necessarily arise in the different colonies passing the necessary Colonial Acts to carry out the proposed arrangements, if the Bill was delayed until next session. Mr. Smith stated that he had considered the matter very fully with the Chancellor of the Exchequer, and that, with great regret, they had come to the conclusion that it was too late to hope to pass a Bill this session, and that to bring forward a Bill and not pass it might prejudice legislation in the future. He promised Mr. Michie, however, that during the recess he would endeavour to agree with the representatives of the colonies upon a satisfactory measure to carry out all that was desired, and that the Bill should be introduced on the first day of the next session, when he hoped it might be passed through within the first six weeks of the session.

We requested to be allowed to have prints of the Bill according to the last revise, to send out to the different Colonial Governments for consideration, and he promised to confer with the Treasury Counsel thereon ; and, if we can obtain a print, we will forward it to you.

We sent a print of it by the last mail, unofficially to Sir Julius Vogel, so that the sending a print by this mail is of less importance.

It is a matter of deep regret that the desired legislation is delayed ; but we feel assured that your Government will be satisfied that everything that was possible to be done on your part was done to bring about legislation during this session.

We have, &c.,

JOHN MACKRELL AND Co.

Sir W. T. Power, K.C.B., &c., Agent-General for New Zealand.

By Authority : GEORGE DIDSBUXY, Government Printer, Wellington.—1876.