

1877.

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. the PREMIER.

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

7th February, 1877.

SIR,—

I do myself the honor to inform you of the steps I have taken in respect to the Inscription of Stock Bill since I have been in England. It has almost unceasingly occupied me.

Very shortly after my arrival, I saw Mr. Mackrell, and ascertained from him how the matter stood. I gathered that the last communication sent to the Colonial Office was a reminder that the session was approaching, and a request that a copy of the Bill it was proposed to introduce should be sent to the Agents-General.

I at once saw the Deputy-Governor of the Bank, and learned from that gentleman that the Bank were still determined to have nothing to do with the Act if it contained the obnoxious clause authorizing inspection of the register.

I then proceeded to the Colonial Office, and learned from Mr. Herbert that the Treasury had not only not settled the previous difficulty about the inspection of the register, but that some new difficulty had intervened.

I was given to understand that the Colonial Office would not object to my communicating direct with the Treasury. Mr. Smith, the Parliamentary Secretary to the Treasury, was good enough to give me an interview, and to go into the whole matter. The new difficulty, I found, was that one about which, when I was in England last, counsel was consulted—the question of the power of a colony to sue, and the power to sue it.

I urged that this question was a large constitutional one, affecting the rights of the Crown, and that it was no more incidental to the present question than to many others. We then came to the point of the inspection of the register. I urged that the Bill, whilst it proposed to enable many persons and institutions to inscribe stock, could not be used to advantage except by the Bank of England, because the Governments would not be willing to give a power to create certificates to bearer to any person or institution not prepared to be liable for an excessive use of the power. What agent, I asked, would be willing to accept such a power, and what Government would give it to him, with the knowledge that they, the Government, would be liable to an unlimited extent, if certificates were improperly issued? But the Bank of England asked for no responsibility except for certificates legitimately issued. In fact, the machinery at its command for inscribing stock was so admirable, that it was willing to accept the responsibility of properly conducting the business. I then showed Mr. Smith the agreement we had made with the Bank of England, of the actual existence of which I do not think he was aware, and asked him to enable that institution to carry it out. I suggested some clauses that might be added to the Bill exempting the Bank of England from the operation of the obnoxious clause, and making clear that the revenues of Great Britain were subject to no liability. These clauses had been previously agreed upon between Mr. Mackrell and me. Mr. Smith asked me if, in fact, I required anything more than that the Bank of England should be enabled to carry out their agreement, besides, of course, that provision should be made for the composition of the stamp duty. I said that was all we wanted. He complimented me on the arguments I had used, and promised to give early and earnest attention to the matter, with the object of getting it out of its present difficulty.

Two or three days after, I had a long interview with Mr. Herbert, the result of which was that I was given to understand that the Colonial Office concurred in the principal representations I had made to the Treasury, namely, that it was inexpedient to raise the question of the power of the colonies to sue and be sued, and that the Bill should be put into a shape which would be satisfactory to the Bank of England. I believe the Colonial Office advised the Treasury to that effect.

The next incident in connection with the subject arose in the course of an interview which Mr. Mackrell had with Mr. Smith, in which Mr. Mackrell learned that the Treasury was disposed to consider that the Bill might be altogether dispensed with, excepting that part which related to a composition of the stamp duties. Mr. Mackrell saw next day Mr. Malcolm, the counsel to the Colonial Office, and the intelligence of the preceding day was confirmed. It appeared that the Treasury counsel thought that colonial legislation and a contract would be sufficient to enable all but the stamp composition to be effected. Mr. Malcolm asked that Mr. Mackrell should furnish him with reasons both on the part of the colony and of the Bank for requiring legislation.

You will observe that, without any formal declaration to that effect, the matter came back to its first starting-point, when the only object proposed was to enable the Bank of England to inscribe

colonial stock and issue certificates to bearer. You will remember, probably, that at the outset Imperial legislation was not proposed, and I at the time (1875) was very averse to any such legislation, except in respect to the composition of stamp duties; but our counsel, Mr. Reilly, advised that it was necessary to protect the Bank, and to give the necessary facilities for issuing certificates to bearer.

To resume: after a long consultation with Mr. Mackrell, it was agreed between us that, in order to furnish the Colonial Office with the views of the colony and the Bank as to the necessity for legislation, we should first meet Mr. Reilly, and afterwards bring about a consultation between Mr. Reilly and the Bank counsel. Mr. Mackrell and I had a long consultation with Mr. Reilly, and subsequently, in accordance with an arrangement made by Mr. Mackrell, with the Bank solicitors, Messrs. Freshfield, Mr. Freshfield and Mr. Cotton, the counsel for the Bank of England, met Mr. Reilly, Mr. Mackrell, and me. A long consultation ensued; the Bill was critically examined clause by clause; the counsel both agreed that legislation was necessary. They considered each point to meet which it was required; and, in conclusion, they undertook to furnish a joint opinion. This opinion they forwarded, after very little delay, and it was sent on to Mr. Malcolm, with a covering letter from Mr. Mackrell, written after consultation with me. I forward you copy of opinion and covering letter, and of Messrs. Mackrell and Co.'s letter to me.

So the matter stands now. There can be no doubt the Bank requires legislation for its own protection, and the Colonial Office and Treasury both seem to recognize that the Bank should be satisfied, *i.e.* enabled to carry out its arrangement.

It is fortunate that Mr. Herbert takes a warm interest in the matter. I have received from him every facility; he has given me interviews at all times, although I believe there is great pressure of work at the Colonial Office.

Mr. Mackrell exerts himself most arduously in the matter, and, if we succeed with the Bill, we shall owe it very much to his exertions.

I have, &c.,

The Hon. the Premier, Wellington.

JULIUS VOGEL, Agent-General.

Enclosure 1.

Mr. MACKRELL to the COLONIAL OFFICE.

Colonial Stocks Bill.

MY DEAR SIR,—

21, Cannon Street, London, E.C., 9th February, 1877.

We have, as requested, carefully considered the provisions of this Bill, with a view to enable you to report to the Treasury what provisions are necessary in order to induce the Bank of England to become the registrars of colonial stocks under the Bill; and, with our counsel, Mr. Reilly, we have had a consultation with Mr. Cotton and Mr. Freshfield, the counsel and solicitors of the Bank of England.

Before stating the result of this consultation, it may be as well for us to draw attention to the history of this Bill.

When the arrangement was first made between Sir Julius Vogel and the Bank of England, for the Bank undertaking the management of New Zealand stocks, it was considered between them that all necessary provisions could be enacted by a colonial statute.

When, however, Mr. Reilly was instructed to prepare a Bill to be introduced into the General Assembly of New Zealand, he advised that Imperial legislation would be necessary, and he was instructed to prepare such a Bill as he thought would suffice for the purpose, which he accordingly did.

On the 18th November, 1875, Sir Julius Vogel communicated this opinion of Mr. Reilly to Mr. Herbert, one of the Under Secretaries of State for the Colonies, and sent him a print of the Bill Mr. Reilly had prepared, with an explanatory paper by him showing the objects which would be attained by the Bill, and that the clauses he proposed, if inserted in an Imperial Bill, would not devolve any liability upon the Imperial Treasury. This Bill had reference only to the management of New Zealand stock by the Bank of England.

Application was afterwards made to the Colonial Office by several of the Colonial Governments, asking that the arrangement proposed to be made for the management of New Zealand stock might be extended to the stocks of their colonies.

No print of the Bill as originally prepared on the part of the Government was submitted to the representatives of the colonies; but the draft of the Bill No. 2 was, as you know, submitted to them in June last; and this, with the modifications which were afterwards made in it, is the Bill now under consideration, the last revise bearing date 14th August, 1876.

This Bill has a very much wider purpose than that originally proposed to the Colonial Office by Sir Julius Vogel, as it would enable not merely the Bank of England, but any bank, colonial officer, or person, to undertake the management of colonial stocks.

It may perhaps, therefore, have been considered necessary to have more extensive legislation than might be necessary if the Bill is limited to provisions for the management of colonial stocks by the Bank of England only.

Since Sir Julius Vogel's late interview with Mr. W. H. Smith, there seems to be a disposition to consider that the Bank of England only is likely to be employed under the Bill. If so, this would be coming back to the original intention; and it may be worth while considering whether the original Bill, of which we enclose copy, might not, if altered so as to include all colonial stocks, be used; or it might be altered into a general Bill, and made applicable to all stocks inscribed by the Bank of England.

The result of the consultation above referred to is expressed in the joint opinion of Mr. Cotton and Mr. Reilly, of which we send you a copy, and which, taking the Bill clause by clause, points out what in their opinion it is necessary should be provided for by Imperial legislation, what clauses should, for the more convenient working of the proposed scheme, be retained, and what may, if desired by the Government, be omitted.

From this you will see that clause 4, except sub-section 2, is essential; that clause 7 cannot be dispensed with; that clause 15 is of the highest importance; and that clause 19 is also essential; and that they advise the retention of several other clauses.

In reply to your observations on clause 12, we will observe that it is of the highest importance to make colonial stocks attractive to trustees, and to give the utmost protection to *cestuis que trusts*, whose consent may be necessary to trustees investing in these stocks. It might be difficult to obtain such consents if trustees were empowered to convert inscribed stock into certificates to bearer, unless specially empowered by their trust deed to do so.

It is earnestly hoped that, after this expression of opinion by the Counsel of the Bank of England and Mr. Reilly, the Lords of the Treasury will introduce the necessary Bill into Parliament at the beginning of the present session, as promised by Mr. Smith to the representatives of the colonies when the Bill was abandoned at the end of last session.

It is manifest, of course, that after this expression of opinion by the counsel of the Bank of England, and by so eminent a counsel as Mr. Reilly, there will be no hope of inducing the Bank of England to take the management of New Zealand stocks as desired, until the Imperial legislation, which they are advised is necessary, shall have been obtained.

Your faithful servants,

JOHN MACKELL AND CO.

W. R. Malcolm, Esq.,
Assistant Under Secretary of State, Colonial Office.

Sub-Enclosure to Enclosure 1.

OPINION of Messrs. COTTON and REILLY.

Colonial Stock Bill (printed 14th August, 1876).

WE have considered this draft Bill, in consultation, on behalf of the Government of New Zealand and the Bank of England (Mr. Cotton being for the latter, Mr. Reilly for the former).

Our object has been to ascertain and advise to what, if any, extent Imperial legislation is necessary for effecting the objects to which the draft Bill relates; and we have formed the opinion thereon which we proceed to state:—

1. *Clauses 1, 2, 3.*—No observation is necessary on these.

2. *Clause 4.*—Paragraph (1) of this clause is to the effect that the colonial stock shall be transferred only in the register. It is doubtful whether this can be effectually accomplished by contract among the three parties—the New Zealand Government, the stockholder, and the Bank of England—so as to be binding on, for instance, trustees in bankruptcy, or other third parties who might be disposed to assert their common-law right of transferring by deed, or in any lawful manner. Paragraph (2) of this clause, providing that the transferee may, if he thinks fit, underwrite his acceptance of the transfer, is not essential, and may, if desired, be omitted. The object of paragraph (3) of this clause (which is that “the executors or administrators of a deceased stockholder shall alone be recognized by the registrar as having any title to the stock or any dividend thereon”) clearly cannot be accomplished without Imperial legislation. This provision is intended to comprise the effect of the provision in section 23 of “The National Debt Act, 1870,” that the interest of a stockholder dying, in stock, shall be transferable by his executor or administrators, notwithstanding any specific bequest thereof. In the absence of such a provision, a specific legatee of stock, alleging the assent of the executor to the bequest, might call on the registrar to transfer the stock into his (the legatee’s) name. Questions connected with specific legacies, and the assent of executors, are often nice. The provision of paragraph (4) of this clause, authorizing the registrar to require evidence of title, cannot safely be rested on less authority than that of Imperial legislation, with reference, for instance, to the case of bankruptcy.

3. *Clause 5.*—This authorizes the closing of the register for dividend, and is not essential, and may be omitted, if desired.

4. *Clause 6.*—This clause applies to the case where stock is standing in the name of an infant or person of unsound mind, jointly with a person not under legal disability, and enables the latter to give an effectual power of attorney for receipt of dividends. It is very doubtful whether such a power could be made valid by contract among the parties, especially with reference to the case of a person of unsound mind; and we recommend the retention of this clause.

5. *Clause 7.*—This clause is the first of a series relating to stock certificates to bearer, and, in so far as it makes the right to stock transferable by delivery of the certificates, it clearly must be part of an Imperial Act. No contract among the parties could have the effect of altering the general law of England respecting the assignment of debts. The last paragraph of this clause also requires Imperial legislation. It has the effect of importing, and of applying to coupons attached to stock certificates to bearer, the statute and other law of England relating to cheques on bankers. It will, for instance, have the effect of applying the Crossed Cheques Act of the last session of Parliament to such coupons. Nothing but an Imperial Act can accomplish this.

6. *Clause 8.*—This clause relates to the stamp duty on stock certificates, and is essential from every point of view.

7. *Clause 9.*—This provides for the renewal of stock certificates when the coupons are exhausted, and for the stamp duty on the new certificates, and is essential.

8. *Clause 10.*—This provides for the reconversion of stock in a stock certificate into ordinary stock, and is essential.

9. *Clause 11.*—This enables the bearer of a stock certificate to convert it into a nominal certificate, and is a proper and reasonable consequence of the stock-certificate system, which, even if it could be provided for by contract, could not be conveniently disjoined from the body of provisions relating to stock certificates.

10. *Clause 12.*—This clause begins by providing that a trustee shall not apply for or hold a stock certificate unless authorized to do so by the terms of his trust, and that any contravention of this

provision by a trustee shall be deemed a breach of trust. Then some consequential provisions follow in the clause. This clause follows section 29 of "The National Debt Act, 1870," and we recommend its retention in substance, although it cannot be said to be essential to the objects of the Bill. If it were suggested that the clause is so framed as to lead to comment or opposition, its terms might be softened. For instance, the words, "any contravention of this provision by a trustee shall be deemed a breach of trust," only express what is implied, and might be safely omitted. Again, for the first words (by which it is proposed to enact that a trustee shall not apply for or hold a stock certificate unless authorized to do so by the terms of his trust) some such milder form of words as the following might be substituted:—"A power to a trustee to invest in colonial stock shall not of itself authorize an investment on a stock certificate to bearer."

11. *Clause 13.*—The effect of this clause, which provided for the case of a stock certificate being lost, mislaid, or destroyed, might be provided for by contract, and the clause might, if required, be omitted.

12. *Clause 14.*—This clause (which is to the effect that stock in a stock certificate shall have the incidents of ordinary stock, except as regards transfer and payment of dividends) may be regarded as a draftsman's clause, inserted to make the scheme complete; but it is not essential, and might, if required, be omitted.

13. *Clause 15.*—This is a provision of the highest importance, and Imperial legislation is essential to accomplish its objects. It provides to the effect that no notice of any trust shall be receivable by the registrar. Without such provision the scheme would be unworkable, and no contract between the debtor-Government, the stockholder, and the registrar, could avail to exclude the rights, as against the three, of beneficiaries claiming the aid of a Court of Equity in this country.

14. *Clause 16.*—This empowers the registrar to make regulations, and directs what shall be entered in the register. The clause, though useful, is not essential, and might, if required, be omitted.

15. *Clause 17.*—This makes the register evidence, and, although not absolutely essential, is highly expedient.

16. *Clause 18.*—This clause provides for the inspection of the register. It is not a necessary part of the scheme. If it were expedient, it could be provided for by contract between the registrar and the Colonial Government, and Imperial legislation is not essential. We are informed that the clause is strongly objected to by both the New Zealand Government and the Bank of England for practical reasons, and we recommend its omission.

17. *Clause 19.*—This provision relates to forgery, and is essential.

18. *Clause 20.*—This makes colonial stock personal estate, notwithstanding its being a perpetual annuity, and protects it from foreign attachment. It is founded on sections 9 and 10 of "The National Debt Act, 1870," and, though it cannot be said to be essential to the scheme, the object of it cannot be effected without Imperial legislation.

19. *Clauses 21, 22, 23.*—These relate to fees, to the control of the registrar by the Colonial Government, and to the removal of stock from the register; and, however useful, are not necessary parts of the proposed Imperial Act, and might, if required, be omitted.

20. *Clauses 24, 25.*—These are the interpretation and short-title clauses, and do not call for remark.

The result is, that the objects of clauses 4, 7, 15, and 19, if they are to be accomplished at all, must be effected by an Imperial Act of Parliament.

Lincoln's Inn, 7th February, 1877.

HENRY COTTON.
FRANS. S. REILLY.

Enclosure 2.

MESSRS. MACKRELL to the AGENT-GENERAL.

Colonial Stocks Bill.

DEAR SIR JULIUS,—

21, Cannon Street, London, 10th February, 1877.

As we understand that you wish to report by the mail to-day what progress has been made in this matter since our last report upon the subject, we beg to report as follows:—

It will be remembered that on the 11th August last, the Secretary of State for the Colonies forwarded to the respective representatives of the Australasian Colonies, a copy of a letter his Lordship had received from the Lords of Her Majesty's Treasury, under date of the 2nd August last, in which it was promised that the points in this Bill requiring investigation should be discussed between the Treasury and the Colonial Office during the recess, in the hope that it would be in the power of the Treasury to introduce the Bill, in a shape satisfactory both to the Imperial and Colonial Governments, at the commencement of the then next session.

In November last, we applied to the Parliamentary Counsel for the Treasury, who had had charge of the Bill, for information as to the progress which had been made in dealing with this question, and were requested to make an application to the Colonial Office.

Accordingly, on the 30th November last, a letter signed by the representatives of these colonies was addressed to the Secretary of State for the Colonies, reminding him of this promise, and urging attention to the matter; and on the 4th December, Mr. Herbert, one of the Under Secretaries of State for the Colonies, replied that the matter was then under consideration. Nothing further was heard until you, on your arrival, again took up the matter, and personally urged it upon the attention of the Colonial Office and the Treasury.

After your interviews with Mr. Smith, the Parliamentary Secretary to the Treasury, nothing was heard about the matter until our Mr. Mackrell saw Mr. Smith at the Treasury, on Thursday, the 1st instant, and asked him when we might hope to get a print of the Bill proposed to be introduced into

Parliament. In reply, Mr. Smith stated that he had had a conference with Sir Henry Thring and Mr. Jenkyn, the Parliamentary Counsel of the Treasury, and that they seemed to think that all that was desired, except the alteration of the stamp law, might be secured either by a Colonial Act or by a contract between the Colonial Government and the parties taking the loans; but that it had been arranged that these gentlemen should have a conference with Mr. Malcolm, one of the Assistant Under Secretaries of State for the Colonies, and he then expected to receive a communication from the Colonial Office upon the subject.

On the following day, we saw Mr. Malcolm, and learned from him that he had had a conference with Sir Henry Thring and Mr. Jenkyn, who were of opinion that legislation was unnecessary, and that the Treasury now expected that the Colonial Office would point out and prove to the Treasury what provisions were necessary in order to induce the Bank to become the registrars of colonial stocks, and he invited us to consider the subject; and, after discussing the matter with him, he thought it would strengthen any views we might entertain if we could report the opinion of the advisers of the Bank of England, and of our own counsel, Mr. Reilly, on the subject.

After fully conferring with you upon the matter, it was, as you know, arranged to have a preliminary conference with Mr. Reilly, and then to endeavour to arrange a consultation between him and the advisers of the Bank of England.

On Monday last, this preliminary conference was held, at which you were good enough to attend, when, after going very fully into the whole question, it appeared clear that it would be impossible to carry out the arrangement with the Bank, unless aided by Imperial legislation.

In the meantime, we had seen Mr. Freshfield, the solicitor to the Bank of England, who was good enough to assent to Mr. Cotton, Q.C., the counsel of the Bank, meeting Mr. Reilly in consultation; and on the following day the consultation was held between them, Mr. Freshfield, and our Mr. Mackrell. As you were good enough to offer to come to Lincoln's Inn to attend the consultation, the advisers of the Bank cheerfully assented to your being present, and counsel had the benefit of your explanations and suggestions.

After considering the Bill clause by clause, and the statutes which had been passed regulating arrangements by companies with their shareholders and bondholders, and the provisions of the National Debt Act, counsel came to an agreement as to (1) which of the provisions in the draft of the proposed Bill were essential to enable the Bank of England to carry out the arrangement you had made with them, (2) which of those provisions it was desirable to retain for the better working of the scheme, and (3) which of those provisions could be dispensed with; and they promised their written opinion upon the subject as soon as possible.

We were able to obtain this opinion on Thursday morning; and after conferring with you thereon, and settling with you the communication to be made to Mr. Malcolm, we forwarded to him a copy of the joint opinion of Mr. Cotton and Mr. Reilly, with the covering letter of which we send you a copy herewith.

We also send you a copy of the opinion, and a print of the Bill referred to in our letter to Mr. Malcolm.

We trust that this opinion will satisfy the Lords of the Treasury that Imperial legislation is necessary, and that, after having by your influence brought the matter to this point, you may succeed in bringing it to a satisfactory conclusion.

Sir Julius Vogel, K.C.M.G., &c.

We have, &c.,
JOHN MACKRELL AND CO.

No. 2.

The AGENT-GENERAL to the HON. the COLONIAL SECRETARY.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,
1st May, 1877.

SIR,—

I have the honor to report to you that, on the afternoon of the day of the departure of the last mail by Brindisi, Captain Jopp, the Secretary to the Agent-General for New South Wales, called at this office, and left for Mr. Hoey, who was not then in, copies of three documents, of which I append copies hereto, but without any covering letter. They consist of copies of a letter from Captain Jopp to Messrs. Mackrell and Co., of a letter addressed to the Agent-General for New South Wales in reply, and of a paper headed "Minute of the Agent-General." The last is without signature or address, but was, I assume, written by Mr. Forster, the Agent-General for New South Wales, and intended for his Government; and, as it contained reflections upon the course I have taken in the discharge of my duty, I feel myself constrained to notice it, not only that you may be properly informed upon the subject, but that you may, as I presume you will at once do, forward my explanation to the Government of New South Wales. The manner in which Mr. Forster has dealt with the matter, in writing to Messrs. Mackrell and Co., and addressing his Government without asking me for an explanation, will doubtless surprise you as much as it has done me; and no doubt you will feel, as I do, that such a course is not calculated to promote that harmony and good feeling which, in the interests of our respective Governments, should exist between their representatives. As far as I can understand Mr. Forster's minute—(1) He complains that in the document I gave him I did not take notice of his exertions prior to my arrival here. (2) He objects to my having exerted myself to push the Inscription of Stock Bill on without reference to him and the other Agents-General. (3) He denies that the Bill was "practically in abeyance at any time;" and (4) He is anxious that his Government should recognize his own exertions in the matter.

2. The document I gave him was a print of my letter to you under date of 7th February, 1877, No. 1, and enclosed with its enclosures, in which I described what had taken place since I arrived in England. There was ^{enclosures.} no necessity that I should relate in my despatch to you what the other Agents-General had done last ^{B. 6. to B. 6c.,} year, as every step they took, down to the end of the last session of the Imperial Parliament, was 1876. described in papers which have already been printed and published.

3. In exerting myself as I did, I need hardly say I considered that I was simply performing my duty to my Government. Mr. Forster seems to forget the history of the proposed measure, when he implies that the Bank of England's approval to the Bill was of secondary importance; and he seems also to forget that the Bank of England, in their objections to the clause as to the right of inspection, were supported by himself and the Agents-General of all the other Australasian Colonies, as well as by Sir John Rose on behalf of Canada. The Bill owes its origin and existence to the agreement I made, on behalf of the New Zealand Government, in 1875, with the Bank of England, and to the need of legislation to give it effect.

4. On my return to the colony, the other Australasian Governments desired, as I understood, their Agents-General to assist New Zealand, and certainly not to stand in its way. Mr. Mackrell had been instructed to look after the measure. He was subsequently informed that the Agents-General would assist him, and he resorted to their aid from time to time; and Mr. Forster is quite wrong, as you know, if he assumes that the New Zealand Government were ungrateful for the trouble the Agents-General took.

5. I shall presently again refer to the course I pursued, to show that it plainly involved no disrespect to the other Agents-General, and that clearly I was acting for my own Government. Meanwhile, in the face of the information given Mr. Forster by Messrs. Mackrell and Co., I am unable to understand how he could have concluded otherwise, and brought himself to write as he did.

6. Mr. Forster denies that the Bill was practically in abeyance. I consider that the phrase too feebly represents its condition when I inquired about it after my arrival. It was in fact shelved. New difficulties, besides those of inspecting the register, had sprung up, of which Mr. Forster seems totally unaware. The papers which I gave him prove that the Treasury proposed to abandon the Bill. Clearly, he cannot have made himself acquainted with them, although he adopted them as an excuse for his present action.

7. Then, as to my action of which Mr. Forster complains. I first desired to learn the condition of the Bill, and for that purpose sought an interview with Mr. Smith. I did so strictly on behalf of my own Government, and pointed out to him how they were interested to obtain the means of procuring the fulfilment of their agreement with the Bank of England. I had previously, in an interview with Mr. Mackrell, armed myself with two or three suggested additions to the Bill, which would in no way have altered the measure otherwise than to have enabled the Bank of England to use it.

8. So that there should be no mistake as to what I proposed to Mr. Smith, I enumerate the suggestions I made, assuming the Bill to stand as we had seen it:—

- (1.) A proviso exempting the Bank of England from the operation of the provision as to the inspection of the register.
- (2.) A general clause declaring that the Bill devolved no liability on the Imperial revenue.
- (3.) A proviso by which a colony using the Bill would have to publish yearly a statement of the gross amount of stock inscribed on its behalf.

I did not suggest to Mr. Smith that he should alter the character of the measure. It was plainly apparent to me at this interview, that, besides the question of inspecting the register, other difficulties had sprung up in connection with the Bill. Shortly subsequently I learned through Mr. Mackrell that the Treasury were considering the abandonment of the Bill, except as regards commutation of stamp duty, on the plea that other legislation was not required; and the Colonial Office afterwards invited him to show the grounds upon which it was considered that other legislation was necessary. How was this to be done? Eminent counsel might have been consulted, but their opinions would have had only to be considered as against the opinions of the legal advisers to the Treasury. There was but one way to give a substantial effect to such advice, and that was, by seeking to know if the Bank of England would act without legislation. Neither Mr. Forster nor the other Agents-General were in a position to treat with the Bank of England, since none of them had any arrangement with that institution. The New Zealand Government could do so, and I was fortunate in obtaining from the legal advisers of the Bank an expression of their opinion. That opinion was conveyed to the proper quarter, and then I took the trouble to put in print, for the information of the other Agents-General, the letter in which I explained to my Government the action I had taken.

9. As to Mr. Forster's own exertions, his Government may easily estimate them. At the close of last session, a promise was made by the Imperial Government to introduce the Bill at the very commencement of the next session. When I gave Mr. Forster the papers, on the 29th February, Parliament had already met for three weeks. He then knew nothing whatever about the position of the Bill, and had made no inquiry as to why it was not introduced. He did not even know that other difficulties besides the inspection of the register had sprung up in connection with it; and, in defiance of the written evidence that the Treasury were contemplating the abandonment of the Bill, he now denies that it was even in abeyance.

10. I venture to think the Government of New South Wales, with the friendship to New Zealand which uniformly distinguishes them, would not desire to stand in the way of a measure to which that colony attaches importance, however limited it might seem to be; nor will they see ground for offence in the fact that I acted on behalf of my Government, and at an important crisis endeavoured to save the Bill in the only way in which such saving seemed possible.

11. It only remains for me to explain, as I should have done to Mr. Forster had he given me the opportunity, how it was that, during my negotiation, I did not communicate with the other Agents-General. My object, at my interview with Mr. Smith, was to learn the position of the Bill, and to press upon the Treasury the desire of my Government that the Bill should pass. There was nothing before or at this interview which made it seem necessary for me to communicate with the other Agents-General. I judge from Captain Jopp's letter that Mr. Forster, in a similar manner, last year placed himself in communication with the Colonial Office on the subject. On the 2nd February, I was informed that the Treasury had it in contemplation to drop the Bill, and that the Colonial Office desired to have the view of our counsel, and of the counsel of the Bank of England, as to the necessity for legislation. I have already explained that the other Agents-General were not in a position to treat with the Bank

of England. As soon as the opinion of the Bank's counsel was obtained, I put the matter into a shape for printing, and when printed I gave the Agents-General a copy. There seemed to me no necessity whatever to trouble them at an earlier period; and, excepting Mr. Forster, none of the other Agents-General have expressed dissatisfaction.

Hon. Colonial Secretary, Wellington.

I have, &c.,

JULIUS VOGEL, Agent-General.

Enclosure 1.

Captain JOPP to Messrs. MACKRELL and Co.

3, Westminster Chambers, Victoria Street,
21st March, 1877.

GENTLEMEN,—

I send you, as requested by Mr. Mackrell when I saw him to-day, the printed copy of correspondence relative to the Inscribed Stock Bill, given by Sir Julius Vogel to Mr. Forster on the 29th February last. Prior to this, the last communication received by Mr. Forster was Mr. Herbert's letter of the 4th December (in reply to the Agent-Generals' joint letter of 30th November), and he has not since received any other communication on the subject.

I also enclose a copy of Mr. Forster's letter of the 5th July to the Earl of Carnarvon, and of Mr. Meade's reply of the 14th July, relative to the correspondence from Sydney, which I left with you to-day (Chief Secretary's letter of 12th May, 1876, and enclosures), and which I find (since I saw you) was communicated to you on the 4th July last, the day of its receipt. On the same day, you wrote to Mr. Forster explaining matters as they stood prior to and on that date; and the Agent-General was not aware, until he received the printed correspondence from Sir Julius Vogel, that any further negotiations had taken place subsequent to the receipt of Mr. Herbert's letter of the 4th December, above referred to.

Yours, &c.,

Messrs. John Mackrell and Co., &c.

A. A. JOPP, Capt. R.E., Secretary.

Enclosure 2.

Messrs. MACKRELL to the AGENT-GENERAL for NEW SOUTH WALES.

Re Colonial Stocks Bill.

DEAR SIR,—

21, Cannon Street, London, E.C., 10th April, 1877.

In compliance with your request, we write to advise you as to how far the negotiation which has lately taken place with the Imperial Government with reference to this Bill, as detailed in the print of correspondence, &c., handed to you by Sir Julius Vogel, the Agent-General for New Zealand, will be likely to promote the views of your Government upon the proposed legislation, as expressed in the instructions sent to you last year, and communicated by you to the Right Hon. the Secretary of State for the Colonies; and we think it desirable to give you a brief review of the negotiations.

1. In 1875, Sir Julius Vogel entered into an agreement with the Bank of England, by which that institution agreed under certain conditions to inscribe New Zealand stocks, and to issue certificates to bearer on account of inscribed stocks. It was then supposed that the only Imperial legislation requisite would be to enable the stamp duties to be commuted.

2. It was found, however, that legislation would be required also to protect the Bank in carrying out its agreement, principally with respect to that part of it which concerned the issue of certificates. Sir Julius Vogel from the first attached the utmost importance to the issue of certificates to bearer, by means of which inscribed stock could be converted at pleasure into securities payable to bearer.

3. The legislation, therefore, which Her Majesty's Government were originally asked to initiate and carry through, had for its object only the commutation of stamp duties in respect of New Zealand stocks, and the giving such protection to the Bank of England as would enable them to manage such stocks, and issue certificates payable to bearer.

4. When the other Australian Colonies applied to have the Bill made applicable to their stock, and your Government asked to have the Bill so framed that other banks might work under it, the Government had a draft Bill prepared, which could have been made acceptable to all parties, if the Government would have given up the clause they had inserted, giving to all parties a right of inspecting the register, and which they doubtless insisted upon on account of the Bill being general, and enabling any person or corporation to act in the management of the stocks.

5. When Sir Julius Vogel entered upon his office of Agent-General, he found that the measure was practically in abeyance, and he exerted himself most strenuously to get it taken up again, and the result of his efforts is shown in the printed papers he has given you; and you will observe that he steadily kept in view the original object, viz., that the Bank of England should be enabled to carry out the arrangement into which it had entered.

6. Sir Julius Vogel is advised that the inscription of colonial stocks would be of little benefit to the colonies, unless provision can be made to enable certificates to bearer to be obtained by the holder of the stocks, similar to the arrangements under which such certificates can be obtained by holders of Imperial Government stocks; and considering the risks and responsibilities which necessarily attach to the issue of such certificates, and the re-registration of stocks, he has been advised that no establishment but the Bank of England would be likely to undertake the business.

7. Whatever may be the decision of Her Majesty's Government, as to the powers they will concede in respect of the management of colonial stocks and the issue of certificates, there can be no reason why the composition in respect of the stamp duties should not be general, so that all colonial stocks may, in this respect, be placed on a similar footing to the Canadian stocks.

8. Such a measure would give facilities for having colonial stocks inscribed by any bank in the

same way as the Canadian stocks are now inscribed at Messrs. Glyn and Co.'s and Messrs. Baring and Co.'s, but would not give the necessary facilities for issuing certificates to bearer.

9. It is doubtful if a Government would desire to confide to any but the Bank of England the power of issuing certificates to bearer. It means, virtually, an unlimited power from day to day to issue obligations. In the case of the Bank of England, that institution only requires the Government to be liable for certificates properly issued, and the Bank would be liable for any improper issues. It is doubtful whether an ordinary bank, without any experience in this kind of business, would accept a like liability; and, although the public would be content to look to the Bank of England in case of errors, it might not be satisfied to find that an ordinary bank, and not the Government alone, were liable.

10. Sir Julius Vogel has, therefore, thought it desirable to press for such legislation as would at least enable the Bank of England to act, intending, so soon as he should learn what would be conceded by Her Majesty's Government, to confer with the representatives of the other Australian Colonies, and learn how far the proposed Bill might meet with the approval of their respective Governments; and in these negotiations Sir Julius has only urged the views of his own Government.

11. We deem it of great importance to the colonies to have their stocks inscribed at the Bank of England, and consider, therefore, that every effort should be made to get such legislation as will enable that Bank to undertake the management of colonial stocks, and the issue of certificates to bearer, for no stocks will command so much confidence with the public as those in respect of which transfers are made, and dividends are received, at the Bank of England.

12. Nothing has yet been done which, in our opinion, is calculated to prejudice the views of your Government, or to place any difficulty in the way of those views being pressed upon Her Majesty's Government; and we trust that such a Bill may be brought forward by the Lords of Her Majesty's Treasury as may carry out the hopes held out in their communication to Lord Carnarvon in August last, viz., a Bill that may be acceptable to all the Australian Colonies.

We have, &c.,

JOHN MACKRELL AND Co.

The Agent-General for New South Wales.

We return the paper you sent us.

Enclosure 3.

MINUTE of the AGENT-GENERAL.

As the matter was advanced to a certain stage before the arrival or appointment of Sir Julius Vogel, by the co-operation of the several Agents-General, including the then acting Agent-General for New Zealand, all of whom had in fact, after considerable discussion and deliberation, agreed upon a measure to which the Imperial Government was not unfavourable, and which was only impeded by the objections of the Bank of England to the provision for inspection of registers, I think it open to remark that Sir Julius Vogel should have given himself so much trouble in negotiating and preparing a measure apparently for the same object, independently of, and apparently without consultation with—indeed, without the knowledge of—myself and the other Agents-General. I cannot admit the correctness of Mr. Mackrell's view that "the measure was practically in abeyance" at any time. The negotiations were impeded and partially suspended by the obstacle above mentioned. But what had been done was a joint action of which Sir Julius was bound to take notice, in courtesy at least, if not in good faith. And when Sir Julius enumerates his own services in the matter, and very justly attributes to Mr. Herbert and other Imperial officers a willing concurrence, he seems quite to forget how much his services had been facilitated, and possibly the good-will of the Imperial authorities propitiated, by proceedings which had taken place before his arrival. As the question now stands, it is possible that the Imperial Government may be unable to retain the provisions for the inclusion of other banks, and that the colonies may be compelled to content themselves with so much by way of instalment of what was generally desired; but even in that case it is obvious that the negotiations and the measure had been so far perfected before the arrival of Sir Julius Vogel. I still retain my opinion that the large and more general application of the benefits of the measure to all banks would be the preferable course. I believe this opinion to be in accordance with the views of the Government of New South Wales, and with my instructions; and whatever the result may be, I submit for the consideration of this Government whether they will instruct me to proceed further. In the meantime, I shall be happy to co-operate with Sir Julius and the other Agents-General to urge upon the Imperial Government to bring the matter to a conclusion as speedily as possible.

12th April, 1877.

No. 3.

The AGENT-GENERAL to the Hon. the COLONIAL SECRETARY.

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

3rd May, 1877.

SIR,—

Referring to my letter of the 1st of May, No. 365, I have the honor to enclose you copies of two letters received respectively from the office of the Agent-General of Victoria, and from that of the Agent-General of South Australia, thanking me for the printed copy of my letter to you of the 7th February, No. 147, on the subject of the Inscribed Stock Bill, with annexed papers. You will observe from these letters that the Agents-General of Victoria and South Australia do not join Mr. Forster in complaining of the course I took.

I have, &c.,

Hon. Colonial Secretary, Wellington.

JULIUS VOGEL, Agent-General.

Enclosure 1.

The AGENT-GENERAL for VICTORIA to the AGENT-GENERAL for NEW ZEALAND.

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

1st May, 1877.

SIR,—

I have the honor, by direction of the Agent-General for Victoria, to thank you for a printed copy of your letter of the 7th February last, No. 147, addressed to the Hon. the Premier of New Zealand, having references to the inscription of colonial stock.

The Agent-General for New Zealand,
7, Westminster Chambers.

I have, &c.,
S. YARDLEY.

Enclosure 2.

The AGENT-GENERAL for SOUTH AUSTRALIA to the AGENT-GENERAL for NEW ZEALAND.

Office of Agent-General for South Australia, 8, Victoria Chambers,

SIR,—

Westminster, London, S.W., 1st May, 1877.

I have the honor to acknowledge the receipt of, and to thank you for, the printed copy of the correspondence on the subject of "Inscription of Colonial Stock," you so considerately forwarded for my perusal.

I have, &c.,
ARTHUR BLYTH,
Agent-General.

The Agent-General for New Zealand, &c.

No. 4.

The Hon. the COLONIAL SECRETARY, New Zealand, to the Hon. the COLONIAL SECRETARY,
New South Wales.

SIR,—

Colonial Secretary's Office, Wellington, 27th June, 1877.

I have the honor to forward, for the information of the Government of New South Wales, a copy of correspondence relative to the proposed Colonial Stocks Bill, by which it will be seen that differences have unfortunately arisen between Mr. Forster, the Agent-General for New South Wales, and Sir Julius Vogel, the Agent-General for New Zealand. Nos. 1, 2, and 3.

As the proposal to inscribe New Zealand stock in London, and the negotiations with the Imperial Government and the Bank of England, were initiated by Sir Julius Vogel when in London in 1875, it is natural that he should have felt much anxiety on finding that the proposed measure was not progressing, and that he should have taken steps to further the object which his Government had in view.

The Agents-General of the several colonies interested have hitherto worked harmoniously together, and we hope that the Agent-General of New South Wales will see the necessity of acting in cordial co-operation with the Agents-General of the other Australasian Colonies.

I have, &c.,
CHARLES C. BOWEN.

The Hon. the Colonial Secretary, New South Wales.

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1877.

