

1881.

NEW ZEALAND.

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# INSCRIPTION OF STOCK

(FURTHER PAPERS RELATING TO THE).

(In continuation of B.-4B, 1880.)

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

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## No. 1.

The PREMIER to the STOCK AGENTS.

GENTLEMEN,—

Government Offices, Wellington, 10th September, 1880.

With reference to the correspondence that has taken place on the subject of the inscription of New Zealand stock, I have now the honor to inform you that the question has been brought under the notice of the House of Representatives by resolutions, of which copy is annexed. See Hansard, vol. 37, pp. 632 and 713.

2. I regret to state that, after considerable discussion, the resolutions were rejected. The *Hansard* report of the debate will show you that the Government undertook that further operations under the Consolidated Stock Act should be limited to so much of the Five Million Loan as may be offered for conversion within the time specified in the prospectus, and to those debentures now held in London for the Postmaster-General, the Public Trustee, and by the Sinking Fund Trustees. As to these latter, it is felt that if they are to be placed on the market for the purchase of Treasury bills, it would be desirable they should be so placed in the shape of Inscribed Stock rather than as ordinary debentures of various denominations.

3. I shall feel obliged if you will keep me informed as to the progress which is made in the inscription of debentures of the Five Million Loan; and if you will state in detail the duties which have devolved upon you in connection with that operation. You will gather from the report of the debate on the subject that, although the Government cannot recognize that such duties justify the payment to each Agent of one-twelfth of 1 per cent. on the amount inscribed, they are prepared to make such remuneration as the labour and time specially devoted to the duties may seem to call for.

4. But this condition is not meant to apply in the case of the Agent-General, to whom a letter on the subject is being addressed. See A.-5, 1881, No. 11.

The New Zealand Stock Agents, London.

I have, &c.,  
JOHN HALL.

## No. 2.

The STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

Downing Street, London, 30th July, 1880.

We enclose for your information copy of a correspondence we have had with Her Majesty's Government on the subject of the proposed increase in the rate of commutation, in lieu of stamp duties, from 7s. 6d. to 12s. 6d. per cent. on the issue and transfer of stock in this country.

This change will apply to Home as well as colonial stocks; and our efforts, though supplemented by aid from other quarters, have not been able to effect more than the promised exemption from the increased charge of so much of the five million loan as may be converted into stock prior to the 16th March, 1881.

We have, &amp;c.,

P. G. JULYAN,  
W. C. SARGEANT,

The Hon. the Colonial Treasurer, New Zealand.

New Zealand Stock Agents.

## Enclosure 1.

The STOCK AGENTS to the COLONIAL OFFICE.

MY LORD,

7, Westminster Chambers, London, S.W., 17th July, 1880.

We have the honor to represent to your Lordship that the increase which has been carried by resolution in Committee of Ways and Means of the commutation of stamp charges for transfers of stock under "The Colonial Stock Act, 1877," will prove very prejudicial to the Government of New Zealand, who have appointed us Agents under the Act, and under a local Act passed in conformity with it.

The charge for commutation appointed in the Act of 1877 was based on the same charge being appointed in the case of a previous Act applying solely to Canada, which Act it is also proposed to alter. When the Colonial Stock Bill was under consideration, it was thought that the charge of 7s. 6d. per cent was a very heavy one, especially as no return was made of 2s. 6d. per cent. already received for the debentures converted. It was understood, however, that the amount was fixed after negotiation with Canada, and that it was a fixed charge which would be liable to no alteration.

Acting on this assumption, our Government, through us, have given the option to holders of converting, at a fixed rate over twelve months, some five millions of debentures. This option is still current, and the increase of  $\frac{1}{4}$  per cent. now proposed will probably, on this one loan, mean a loss of £7,500 either to our Government or to the converters.

Apart from this particular loss, we take leave to point out that the object of the Colonial Stock Act is liable to be frustrated if it be understood that the charges thereunder are liable to such changes. The principal use to which the Act is likely to be put is to convert outstanding loans into inscribed stock. To do this an option extending over more or less time, on fixed terms, must be given; but how will it be safe to adopt such a course if the terms are liable to disturbance through additions to the stamp commutation charges? The very nature, indeed, of a commutation charge is the expression of a fixed and definite bargain.

We trust we may be allowed the opportunity of personally representing to your Lordship or to the Treasury authorities the hardship of the proposed change, as also to urge, if it is to be persisted in, that options such as those we have described already existent shall be exempted from its operation, and that the 2s. 6d. duty on debentures converted be returned.

We have, &amp;c.,

P. G. JULYAN,  
JULIUS VOGEL,  
W. C. SARGEAUNT.

## Enclosure 2.

The COLONIAL OFFICE to the STOCK AGENTS.

GENTLEMEN,—

Downing Street, 22nd July, 1880.

I am directed by the Earl of Kimberley to acknowledge the receipt of your letter of the 17th instant, respecting the proposed increase of the commutation of stamp charges for transfers of stock under "The Colonial Stock Act, 1877," and I am to inform you that his Lordship is in communication with the Lords Commissioners of the Treasury on the subject, and that a further letter will be addressed to you shortly.

I have, &amp;c.,

JOHN BRAMSTON.

## Enclosure 3.

The COLONIAL OFFICE to the STOCK AGENTS.

GENTLEMEN,—

Downing Street, 26th July, 1880.

In reply to your letter of the 17th instant, respecting the proposed increase of the commutation of stamp charges for transfers of stock made under "The Colonial Stock Act, 1877," I am directed by the Earl of Kimberley to transmit to you a copy of a letter from the Treasury on the subject.

I have, &amp;c.,

JOHN BRAMSTON.

## Sub-Enclosure to Enclosure 3.

The TREASURY to the COLONIAL OFFICE.

SIR,—

Treasury Chambers, July, 1880.

I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Secretary of State, that they have considered the letter of the New Zealand Agents enclosed in your letter of the 20th instant, on the subject of the proposed change in the rate of composition for stamp duty on transfers of certain stocks.

Sir P. Julyan, Sir J. Vogel, and Mr. Sargeaunt state that an offer has been actually given to the holders of certain New Zealand debentures, enabling them, within a certain period terminating on 16th March next, to convert their debentures into Consolidated Stock, and they

appeal to Her Majesty's Government to allow the old rate of duty to apply to the stock issued to persons accepting the said option.

2. They ask that the 2s. 6d. duty already paid on debentures exchanged for Consolidated Stock may be returned.

3. They remonstrate generally against alteration of the composition rate.

I am to state generally, with regard to the third point, that Her Majesty's Government must regulate the duties levied here to meet the requirements of this country, and they cannot admit that Colonial Governments have any ground for remonstrance against an increase of a composition rate which the Treasury has ascertained to be inadequate, when the increased rate is applied equally to all classes of stocks, Home or colonial, entitled to compound.

Upon the first point my Lords think that the New Zealand Agents shew fair cause for an exception in favour of stock issued to persons accepting the option offered them in March last—that option being open for a year from the date of the offer being made, and expiring, therefore, on the 16th March next. They have, accordingly, placed an amendment on the Notice Paper to the following effect: "Insert at the end of clause 53, provided that where the holders of the debentures of the Government of a colony have, before the 1st of July, 1880, had an option given to them to exchange such debentures, within twelve months, for colonial stock, to which 'The Colonial Stock Act, 1877,' applies, the composition for the stamp duty on transfer of colonial stock issued in accordance with any option declared within the said twelve months, shall be the same as if this section had not been enacted."

My Lords regret that they cannot meet the wishes of the New Zealand Agents on the second point. The Colonial Government is under no obligation to compound for stock, and, if it suits them to do so, they must conform to the law which applies indifferently to all issues of stock, for no reason is adduced to show why a special exception should be made in their favour.

I have, &c.,

R. E. WILBY,  
Pro Secretary.

#### Enclosure 4.

53. (1.) Where any debenture stock, corporation stock, municipal stock, or funded debt, by whatever name known, has been or shall be created and issued by the council of any municipal borough under the provisions of "The Local Loans Act, 1875," or of any other Act, the Council may, with the sanction of the Commissioners of Her Majesty's Treasury, agree with the Commissioners for the payment to them, by way of composition for the stamp duty on transfers of such stock, of a sum calculated (1) at the rate of one shilling and threepence for every full sum of ten pounds, and the like for every fraction of ten pounds of the nominal amount of such stock inscribed in the name of each and every stockholder at the date of the composition; with the addition (2), when the period within which the stock is to be redeemed or paid off, or during which annual or other payments in respect of the redemption or payment off of the same are required to be made, exceeds sixty years but does not exceed one hundred years from that date, of threepence for every such ten pounds or fraction of ten pounds; and (3) if the said period exceeds one hundred years, or no period is fixed for such redemption or payment off, or no such annual or other payments are required to be made, with the addition of the said sum of threepence, and a further sum of threepence for every such ten pounds or fraction of ten pounds; and in consideration of such payment transfers of the stock in respect of which such composition has been paid shall be exempt from stamp duty.

(2.) The provisions for composition contained in this section shall be substituted for any other enactments for a composition for the same duty, but shall not be applicable where any composition has been actually paid previously to the passing of this Act in respect of any stock then created and issued.

54. The sum to be paid by way of composition for stamp duty in the following cases, that is to say,

- (1.) Under sections three and four of "The Metropolitan Board of Works (Loans) Act, 1870, on transfers of metropolitan consolidated stock and metropolitan annuities from time to time issued or granted after the passing of this Act; or
- (2.) Under section four of "The Canadian Stock Stamp Act, 1874," on transfers of stock of the Government of Canada from time to time inscribed after the passing of this Act in books kept in the United Kingdom; or
- (3.) Under section three of "The Colonial Stock Act, 1877," on transfers of colonial stock to which from time to time that Act is made to apply after the passing of this Act, shall be calculated as if the rates enacted by this Act for the composition of the duty on transfers of stock created and issued by the council of any municipal borough were substituted for the rate or sum of seven shillings and sixpence in the said section respectively: Provided that where the holders of the debentures of the Government of a colony have, before the first day of July, one thousand eight hundred and eighty, had an option given to them to exchange such debentures within twelve months for colonial stock, to which "The Colonial Stock Act, 1877,"

applies, the composition for the stamp duty on transfers of colonial stock issued in accordance with any option declared within the said twelve months shall be the same as if this section had not been enacted.

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No. 3.

The STOCK AGENTS to the PREMIER.

SIR,—

Downing Street, London, 4th November, 1880.

See No. 1.

We have the honor to acknowledge the receipt of your letter of the 10th September last, enclosing copies of resolutions relative to the conversion of the debenture debt of the colony into stock, which had been brought under the notice of the House of Representatives and rejected by that body; also, a *Hansard* report of the debate which had taken place on the occasion, from which we understand that it is the will of your Government that operations under the Consolidated Stock Act shall be limited to so much of the Five Million Loan as may be offered for conversion within the time specified in the prospectus of that loan; and to those debentures now held in London for the Postmaster-General, and the Public Trustee, and by the Sinking Fund Trustees. We shall take care that the limits herein prescribed are in no case exceeded.

2. With regard to the securities held by the Sinking Fund Trustees, which comprise debentures of eight different loans, we think it possible that when we point out to you that we should be under the necessity of creating a new deed poll to cover the transaction, and be required to publish the proceeding in order to secure a quotation for the stock, you may think it preferable to adhere to the first intention, and to dispose of the debentures in the market and with the proceeds take up Treasury bills. In fact this operation would have been already carried out by the Trustees, but that in the present sensitive state of the market for New Zealand securities, they feared that it might have become known to the public that they were large sellers, and that the result would in all probability have been most prejudicial to the holders of New Zealand securities generally.

These considerations induced them to postpone all action in the matter until a more favourable opportunity presents itself. We are at present inclined to think, however, that the sale of comparatively small parcels of debentures forming fragments of various issues long since placed on the market, may be attended with less disadvantage than the sale, under the circumstances described, of a large amount of inscribed stock. We will, however, give the subject further careful consideration before adopting either course.

3. Official reports of the progress made in converting debentures of the Five Million Loan into stock, referred to in the third paragraph of your letter, have been sent to the Treasurer monthly for the last four months. A copy of that which goes by the present mail is herewith enclosed; from which you will observe that the process is by no means a rapid one, and that the total amount of debentures converted up to the 31st ultimo is only £2,251,200.

The latest transactions for the Four-per-cent. stock in the open market—for small quantities—have been at 85 $\frac{7}{8}$ , 1886.

I have, &c.,

P. G. JULYAN,  
(for self and colleagues),

The Hon. the Premier, Wellington, New Zealand.

New Zealand Stock Agents.

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No. 4.

The STOCK AGENTS to the PREMIER.

SIR,—

Downing Street, London, 2nd December, 1880.

By last mail we forwarded to the Colonial Treasurer a statement of our disbursements on account of stamp charges and other expenses incidental to the conversion of the Five Million Loan. It will be seen that we have opened a Stock Agents' Account at the Bank of England, and that it has been kept in funds by advances from the Agent-General.

The question as to how the expenses of conversion were to be met, was one on which we deemed it desirable to obtain a legal opinion, as we were not quite clear as to the intention of the Colonial Stock Act. We accordingly referred the matter to Counsel, and we transmit for your information copies of three cases submitted to Mr. Joseph Browne, Q.C., with his Opinions thereon; also copies of correspondence with our solicitors on the subject; and with reference to the preparation of a deed-poll and the declaration for the Inland Revenue Department.

The arrival of your telegram of the 7th September, instructing us to proceed no farther with conversion than had already been sanctioned, with certain comparatively small exceptions (more fully explained in your letter of the 10th September last), prevented our taking further steps in the matter, and we have arranged that the expenses which will be incurred until a more extended conversion takes place will be met as before by advances from the Agent-General.

The enclosed papers will show you that, if the debentures held on Sinking-Fund account were as you suggest, converted into Inscribed Stock, it would be necessary to have a special deed-poll for the operation, involving publicity of the whole transaction.

Further reflection since we last wrote, does not lessen the objections which, in our opinion, attach to the partial conversion you propose. We do not think it was intended that the conversion should be used to enable stocks in the hands of the Government, or under *quasi* Government control, to be increased in value or made more saleable, without offering similar advantages to other holders. Again, as the holders of trust funds would expect something approaching to an exchange of exact intrinsic value, the conversion would not be profitable, whilst it would act as an evil precedent if the Government ever decided to convert on terms which would leave a legitimate profit. Again, there are the objections of dealing with a small amount of each of many loans; and there is also the risk—a very great one, we think—of exciting much dissatisfaction amongst holders of New Zealand securities, at an increase of Inscribed Stock for the mere purpose of manipulating Sinking-Fund securities. Notwithstanding these serious objections, we shall be glad, as far as possible, to give effect to your wishes. When we have been furnished with the views of the Sinking-Fund Commissioners, we will take an early opportunity of considering them, and arriving at a decision as to at once carrying out the operation, or referring the matter back to you for further consideration.

We have, &c.,

P. G. JULYAN,  
JULIUS VOGEL,  
W. C. SARGEAUNT.

The Hon. the Premier, Wellington, N.Z.

New Zealand Stock Agents.

### No. 5.

The PREMIER to the STOCK AGENTS.

GENTLEMEN,—

Treasury, Wellington, 27th January, 1881.

With reference to that part of your letter of the 2nd December last which deals with the question of converting into stock the securities held by the Trustees of the Sinking Fund of the loan of 1863, and the application of the proceeds of the sale of such stock to the purchase of Treasury bills, I have the honor to inform you that, on further consideration, the Government concurs in the opinion expressed by you that it would be undesirable the securities in the hands of the Trustees should be converted into Inscribed Stock. A letter to this effect has been transmitted by the present opportunity to the Trustees, who have been asked to exchange the debentures as they now stand for Treasury bills.

The New Zealand Stock Agents, London.

I have, &c.,

JOHN HALL.

### No. 6.

The STOCK AGENTS to the PREMIER.

SIR,—

Downing Street, London, 24th March, 1881.

We have the honor to report for your information that, on the evening of the 16th instant, when, as you are aware, the operation of converting the Five Million Loan of 1879 closed, it was found that the total amount of stock inscribed in the books of the Bank of England was £5,371,200; the scrip and debentures surrendered representing £4,476,000. The amount of the loan still in circulation in the form of debentures is, consequently, £524,000.

The debentures withdrawn have been unregistered by the Crown Agents, and are now in the strong-room of their office, subject to the order of the Colonial Government for their final disposal.

With reference to the paragraph which appeared in the money article of the *Times* and other daily papers a short time ago, and of which a copy is attached to the margin hereof, reminding holders of debentures of the Five Million Loan that the opportunity of converting would soon cease, we have to state that such notice was inserted without our knowledge or sanction, which we should not have felt justified in giving after the dissatisfaction expressed by the Legislature of the colony as to the terms of exchange offered, from which we could but infer that the smaller the amount converted the better the Government would be pleased. Although we consequently abstained from drawing the attention of holders to the necessity of converting not later than the 16th instant, we could not exercise any control over the Press, and we have no doubt but that the paragraph in question materially affected the amount inscribed.

The sums which will henceforth be required half-yearly (on the 1st May and 1st November) for payment of interest and charges for management on the stock and debentures of this loan will be as follows, respectively:—

	£	s.	d.
Half-year's interest on £5,371,200 stock at 4 per cent.			
per annum .. .. .	107,424	0	0
Bank charges for management at £600 per million of			
stock per annum .. .. .	1,611	7	2
<b>Total for Bank of England .. .. .</b>	<b>£109,035</b>	<b>7</b>	<b>2</b>

	£	s.	d.
Half-year's interest on £524,000 debentures at 5 per cent. per annum .. .. .	13,100	0	0
Crown Agent's charges $\frac{1}{4}$ per cent. on amount of interest	32	15	0
Total for Crown Agents .. .. .	£13,132	15	0

We may add that, in accordance with the arrangement made with the Bank of England, the amount of interest on the stock must be paid in one month before the dividends are due.

We have, &c.,

P. G. JULYAN,

W. C. SARGEANT,

The Hon. the Premier, Wellington, New Zealand.

New Zealand Stock Agents.

ENCLOSURE.

“It may be useful to call the attention of those interested to the fact that the 16th instant is the last day when, by the terms of the New Zealand Five-per-cent. bonds of 1889, the holders can exercise the option of conversion into four-per-cent. inscribed stock, transferable at the Bank of England at the rate of £120 stock for £100 of the five-per-cent. bonds.”—*Times*, 8th March, 1881.

No. 7.

The AGENT-GENERAL to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 23rd March, 1881.

I have the honor to inform you that, on the 16th instant, pursuant to the conditions of the Five Million Loan, the right of the subscribers to convert debentures of that loan into inscribed stock at the Bank of England ceased, and the operation was brought to a close.

On the evening of that day the total amount of scrip and debentures surrendered for conversion was £4,476,000, and the amount of inscribed stock created by their conversion was £5,371,200. I sent you a cablegram to that effect a few days ago, whereof copy is enclosed. The interest on the inscribed stock will now be half-yearly £107,424, and the first dividend at the new rate will be paid by the Bank of England on the 1st May. There only remain now, therefore, £524,000 of debentures of the Five Million Loan uninscribed.

In accordance with what passed between yourself and me before I left New Zealand, I have devoted much time and study to the various questions to be considered in connection not only with the inscription of the Five Million Loan, but with the general subject of future inscriptions. It was also necessary that I should discuss with the Stock Agents appointed for the inscription of that loan, the very unsatisfactory position in which the question of their remuneration appeared to be left by the papers laid before the General Assembly. But I have thought it expedient to reserve any opinions until the result of the inscription just closed should be known.

I have now arrived at a conclusion in my own mind on some of the chief points involved in the whole subject, and shall, by an early mail, tell you the course I would suggest to be taken.

I have, &c.,

F. D. BELL,

Agent-General.

The Hon. the Premier, Wellington.

No. 8.

The AGENT-GENERAL to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 8th April, 1881.

Adverting to the last paragraph of my letter of 23rd March relating to inscription of stock, I am sorry that I have not yet been able to complete the further letter which I hoped to have sent you by this mail.

In the meantime, however, I may mention that the claim adduced by the Stock Agents in their letter of 20th April, 1880 (Parliamentary Papers, 1880, B.—4, p. 14), for commission on inscribing the Five Million Loan, was founded on a mistake as to the work to be done by them; and that I have made an arrangement with the Bank of England which will preclude, in any future inscription, a claim of the same kind arising again.

I have, &c.,

F. D. BELL,

Agent-General.

The Hon. the Premier, Wellington.

## No. 9.

The AGENT-GENERAL to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 19th April, 1881.

See No. 11,  
Enclosure 2.

In a letter to the Bank of England a few days ago, the Agents appointed under "The Consolidated Stock Act, 1877," announced to the Bank that their functions had now ceased.

This seems to me a good opportunity for the Government to reconsider the position which the present Agents hold under the existing Orders in Council of 31st January, 1880.

By section 9 of the Act, the Governor in Council might appoint three or more persons to be Agents, and might transfer to them all or any of the powers vested in himself. By section 10 the Agents might, subject to any terms of their appointment, delegate their powers either wholly or in part, absolutely, conditionally, or otherwise, to any other person or persons (which the Act went on to say should be either one or two persons), with such limitations and powers as the Agents might prescribe.

By Order in Council on the 31st January, 1880, the Governor revoked the appointments then existing, and appointed Sir Penrose Julian, Sir Julius Vogel, and Mr. Sargeaunt to be Agents, with an unrestricted authority not only to exercise all the powers vested in him, but to delegate the same powers to others without limitation.

At that time the Five Million Loan was being issued, and the Government must have deemed it indispensable to place an unlimited power in the hands of the Agents, lest they might be hampered in any proceeding required with regard to that particular loan.

It appears to me that it is not free from doubt whether the Governor is not now absolutely divested of all his powers, and whether such powers have not wholly passed to the Agents, notwithstanding any executive instructions they may receive. If so, I assume that it could hardly have been the intention of the Government to let the matter remain permanently in that position. There will never again be a necessity for making an absolute transfer of all the powers of the Act, especially in regard to delegation, to any one in England; and now that the pressing need there was in 1880 has passed away, and all the functions of the Stock Agents in respect of the Five Million Loan are exhausted, it seems to me (if I may be allowed to suggest a course to the Government) that the powers should be again resumed by the Governor.

I make this suggestion for another reason. The Agent-General ought certainly to be one of the Stock Agents, and indeed you have already expressed your desire that I should act in any future conversions that may be undertaken. But there will be many serious questions to be first decided, not only as to the *personnel* of the Agents, but as to the extent to which the Governor will vest power in them, if I am to be concerned in any future proceedings; and some of these questions are of a kind that will inevitably require any advice to be secret which I may offer to the Government. I think, therefore, it will on all accounts be convenient if, without reference to any future views of mine, and without special relation to any ultimate decision to which Parliament and the Government may come, the powers of the Act should now be replaced where they ought to be, in the Governor in Council.

I have accordingly to recommend that the existing Orders in Council under the Stock Act should be revoked, in order that there may be no personal question in the way whenever the Governor may be advised to determine the course which it will be for the good of the colony to take in effecting any further conversion of the public debt.

The Hon. the Premier, Wellington.

I have, &c.,  
F. D. BELL.

## No. 10.

The STOCK AGENTS to the PREMIER.

SIR,—

Downing Street, London, 21st April, 1881.

By the last San Francisco mail we informed you of the extent to which the Five-Million Loan had been converted into Inscribed Stock, up to the close of the operation on the 16th ultimo; and it only now remains for us to send you the two statements enclosed: one giving the numbers and values of all the debentures withdrawn, unregistered, and cancelled, and the other shewing the sums received and expended by us between the 20th April, 1880, and 31st March, 1881, in discharge of expenses incidental to inscription.

We have, &c.,  
P. G. JULYAN,  
W. C. SARGEAUNT,  
New Zealand Stock Agents.

The Hon. the Premier, Wellington, New Zealand.

P.S.—The 9,870 withdrawn bonds have been placed in the custody of the Crown Agents for the Colonies, to await your instructions.

## Enclosure 1.

## NEW ZEALAND FIVE-MILLION LOAN, 1879.

STATEMENT showing the Numbers of the different Values of Debentures Converted.

	Debentures of £1,000 each.	Debentures of £500 each.	Debentures of £200 each.	Debentures of £100 each.
Up to 30th June, 1880 ... ..	207	489	266	652
During July ... ..	43	304	38	263
August ... ..	30	132	42	140
September ... ..	35	78	9	111
October ... ..	34	69	10	163
November ... ..	170	359	131	395
December ... ..	70	241	21	170
January, 1881 ... ..	31	235	62	229
February ... ..	105	252	66	612
Sixteen days of March ... ..	338	985	499	1,784
	<u>1,063</u>	<u>3,144</u>	<u>1,144</u>	<u>4,519</u>
1,063, at £1,000 ... ..				£1,063,000
3,144, at £500 ... ..				1,572,000
1,144, at £200 ... ..				228,800
4,519, at £100 ... ..				451,900
<u>9,870</u>	Total value of debentures converted			<u>£3,315,700</u>
	Total scrip converted			£1,160,300
	Total amount of loan converted			4,476,000*

\* Equal to £5,371,200 stock.

## Enclosure 2.

STATEMENT showing the Receipts and Expenditure incidental to the Conversion of Debentures—issued under “The New Zealand Loan Act, 1879”—into Inscribed Stock, under “The New Zealand Consolidated Stock Act, 1877.”

The STOCK AGENTS in Account with the GOVERNMENT of NEW ZEALAND from 20th April, 1880, to 31st March, 1881.

*Abstract Account.*

Dr.	£	s.	d.	Cr.	£	s.	d.
20th April to 4th May, 1880.—To amount received from Loan Agents, as per abstract and vouchers forwarded in their letter of 19th May, 1880 ... ..	5,938	10	0	20th April to 4th May, 1880.—By amount paid for Commutation of stamp duty, as per abstract and vouchers forwarded by Loan Agents in their letter to Treasurer, dated 19th May, 1880 ... ..	5,938	10	0
5th May to 31st October, 1880.—To amounts received from the Agent-General, as per abstract forwarded in Stock Agents' letter to Treasurer, dated 4th November, 1880 ... ..	5,000	0	0	5th May to 31st October, 1880.—By amounts paid as per abstract and vouchers forwarded in Stock Agents' letter to Treasurer, dated 4th November, 1880 ... ..	3,923	16	8
1st November, 1880, to 31st March, 1881.—To amounts received from the Agent-General, as per abstract forwarded in Stock Agents' letter to Treasurer, dated 20th April, 1881 ... ..	9,575	0	0	1st November, 1880, to 31st March, 1881.—By amounts paid as per abstract forwarded in Stock Agents' letter to Treasurer, dated 20th April, 1881 ... ..	10,651	3	4
	<u>£20,513</u>	<u>10</u>	<u>0</u>		<u>£20,513</u>	<u>10</u>	<u>0</u>

21st April, 1881.

P. G. JULYAN,  
W. C. SARGEANT, } Stock Agents.

NOTE.—At the special request of the Agent-General, the vouchers supporting the account for the period 1st November 1880, to 31st March, 1881, have been handed to him.

## No. 11.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 26th April, 1881.

I transmit to you herewith copies of a letter from the Bank of England to the Stock Agents, dated 8th April, transmitting the half-yearly account for Management of inscribed stock, and their reply, together with a letter thereon which I wrote to the Bank, and the Bank's reply to myself.



You will observe that the amount of inscribed stock of the Five Million Loan, on the 16th March last, when the conversion closed, being £5,371,200, the half-yearly charge for management by the Bank of England (at the agreed rate of £600 per million) will in future be £1,611 7s. 2d.

The Hon. the Colonial Treasurer, Wellington.

I have, &c.,

F. D. BELL.

### Enclosure 1.

The BANK OF ENGLAND to the STOCK AGENTS.

GENTLEMEN,—

Bank of England, London, E.C., 8th April, 1881.

I beg to forward you herein a statement of the management of New Zealand Consolidated Stock for the half-year to the 30th April, 1881, amounting to £1,250 for which sum I will thank you to forward me a cheque.

I have, &c.

F. MAY,

Chief Cashier.

The Stock Agents for the New Zealand Government,  
Downing Street, S.W.

### Enclosure 2.

The STOCK AGENTS to the CHIEF CASHIER, Bank of England.

SIR,—

Downing Street, 13th April, 1881.

I am directed by the New Zealand Stock Agents to acknowledge the receipt of your letter of the 8th instant, enclosing a statement of the amount due to the Bank of England for the management of New Zealand inscribed stock for the half-year ending on the 30th instant.

In reply, I am to inform you that, as the functions of the Stock Agents have now ceased, these demands should be made on the Agent-General for the Colony direct, to whom your letter has been forwarded.

I have, &c.

R. MARSH.

### Enclosure 3.

The AGENT-GENERAL to the BANK OF ENGLAND.

SIR,—

20th April, 1881.

The statement of account which you sent to the Stock Agents for the management of New Zealand Consolidated Stock for the half-year ending 30th April, 1881, having been sent on to me by them, I have the honor to enclose herewith a cheque for £1,250 in settlement of the same.

In future the half-yearly statements should be sent to this office direct. I shall be obliged if you would direct a computation to be made of the sum which will be payable to the Bank after the 30th April, under the agreement, as the inscription of the Five Million Stock is now closed.

I have, &c.,

F. D. BELL.

### Enclosure 4.

The BANK OF ENGLAND to the AGENT-GENERAL.

SIR,—

Bank of England, London, 22nd April, 1881.

I beg to acknowledge the receipt of your letter of the 20th instant, enclosing a cheque for £1,250, for the management of New Zealand Consolidated Stock for the half-year ending 30th April, 1881, a receipt for which in duplicate I enclose herein.

I note that future statements should be sent to you direct.

In reply to your enquiry, I beg to state that, should the amount of Inscribed Stock remain the same (now £5,371,200), the charge for management at £600 per million per annum will be £1,611 7s. 2d. each half-year.

I have, &c.,

F. MAY,

Chief Cashier.

The Agent-General for the New Zealand Government.

### No. 12.

The PREMIER to the AGENT-GENERAL.

SIR,—

Government Offices, Wellington, 18th June, 1881.

I have the honor to acknowledge the receipt of your letters of 8th April and 19th April, upon matters relating to the Agents under the Consolidated Stock Act.

I note that you have made an arrangement with the Bank of England as to certain work in any future inscriptions, but I need not, I think, refer further to your communications, because, as you will learn from another letter of this date, the appointment of the Agents has been

revoked, and every question affecting terms, &c., will be open for settlement whenever, with a view to further inscription, the Government propose to appoint other Agents.

The Agent-General for New Zealand, London.

I have, &c.,

JOHN HALL.

No. 13.

The PREMIER to SIR P. G. JULYAN, &c.

GENTLEMEN,—

Government Offices, Wellington, 18th June, 1881.

I have the honor to acknowledge the receipt of your letter of the 21st April, enclosing statements (1) of all the debentures withdrawn, unregistered, and cancelled; and (2) of the sums received and expended by you between the 20th April, 1880, and 31st March, 1881, in discharge of expenses incidental to inscription of stock.

2. You had previously informed me of the extent to which the Five Million Loan had been converted into Inscribed Stock, up to the close of the operation on the day limited, namely, 16th March. I have now learned that you have officially addressed the Bank of England, stating that your functions as Agents under the Stock Act of 1877, so far as regarded the Five Million Loan, had ceased.

3. The unreserved delegation to you, as Agents, of the powers which by the Act of 1877 are vested in the Governor in Council, was, no doubt, rendered necessary by the circumstances in which the Five Million Loan had to be negotiated.

4. But the Government have already informed you that, in their opinion, further inscription is inadvisable at the present time. This decision, taken with the completion of the colony's engagements in respect of the Five Million Loan Act, makes the time a fitting one for reconsidering the whole question of the powers to be given to Agents for future operations.

5. The Government have, therefore, decided that it was desirable the existing appointments and exceptional powers should be revoked; and Orders in Council revoking them have been signed by His Excellency the Governor.

6. Copies of the Orders, properly certified, are enclosed.

7. I desire, on behalf of the New Zealand Government, very sincerely to thank you for your successful exertions respecting the Five Million Loan; and to repeat our conviction that, in your use of your large powers under the Consolidated Stock Act, you were influenced only by the desire of doing the best that was possible for the colony, whose interests were, at a very critical time, committed to your hands.

I have, &c.,

JOHN HALL.

Sir P. G. Julyan, K.C.M.G.

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

W. C. Sargeaunt, Esq., C.M.G.

See Enclosures to  
No. 14.

No. 14.

The PREMIER to the AGENT-GENERAL.

SIR,—

Government Offices, Wellington, 18th June, 1881.

The gentlemen who have acted as Agents under the New Zealand Consolidated Stock Act are being informed by letter, of which a copy is enclosed for your information, that His Excellency the Governor in Council has been pleased to revoke the delegations of his powers, and to cancel the warrant appointing them as such Agents.

A copy of each of the Orders, as duly certified by Mr. Forster Goring, Clerk to the Executive Council, is enclosed; and I have to request that you will, without delay, in such manner as you may be advised is necessary for giving legal effect thereto, inform the Chairman of the Bank of England of the action taken by His Excellency.

I have, &c.,

JOHN HALL.

The Agent-General for New Zealand, London.

Enclosure 1.

*(Revoking the Appointment of Agents under the New Zealand Consolidated Stock Act.)*

A. GORDON, Governor.

ORDER IN COUNCIL.

At the Government House, at Wellington, this seventeenth day of June, 1881.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS, by an Order in Council bearing date the thirty-first day of January, one thousand eight hundred and eighty, made and issued under the provisions of "The New Zealand Consolidated Stock Act, 1877," Sir Penrose Goodchild Julyan, Sir Julius Vogel, and William Charles Sargeaunt, therein described, were appointed to be Agents in England for the purposes of the said Act, as, and in the manner in the said Order in Council particularly mentioned:

And whereas it is expedient that the said appointments should be revoked:

Now, therefore, his Excellency the Governor of the Colony of New Zealand, in pursuance and exercise of the power and authority vested in him by "The New Zealand Consolidated Stock Act, 1877," and of all other powers in any way enabling him in that behalf, and by and with the advice and consent of the Executive Council of the said Colony, doth revoke the said Order in Council and the appointments thereby made.

FORSTER GORING,  
Clerk to the Executive Council.

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Enclosure 2.

*Revoking Appointment of Agents under the Colonial Stock Act.*

A. GORDON, Governor.

IN pursuance of the provisions of an Act of Parliament of the United Kingdom of Great Britain and Ireland, passed in the fortieth and forty-first years of the reign of Her Majesty Queen Victoria, which may be cited as "The Colonial Stock Act, 1877," His Excellency the Governor of the Colony of New Zealand, in exercise of every power and authority enabling him in this behalf, and by and with the advice and consent of the Executive Council of the said Colony, doth, by this instrument issued under the seal of the said Colony, revoke a certain warrant made and issued in Council under the seal of the said Colony, appointing Sir Penrose Goodchild Julyan, Sir Julius Vogel, and William Charles Sargeaunt, Esq., to be the persons from time to time to make any declaration or statement required by the provisions of the here-inbefore mentioned Act, and in and about such declaration and the record thereof with the Commissioners of Inland Revenue to do all such necessary acts as ought to be done by or on behalf of the Government of the said Colony, to give effect to the provisions of the said Act, which warrant was dated the thirty-first day of January, one thousand eight hundred and eighty.

Given under the hand of His Excellency the Honorable Sir Arthur Hamilton Gordon, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, her Majesty's High Commissioner for the Western Pacific, Governor and Commander-in-Chief in and over Her Majesty's Colony of New Zealand and its Dependencies, and Vice-Admiral of the same, and issued under the Seal of the said Colony at the Government House, at Wellington, this seventeenth day of June, in the year of our Lord, one thousand eight hundred and eighty-one.

Approved in Council—

FORSTER GORING,  
Clerk to the Executive Council.

JOHN HALL,

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Enclosure 3.

*Notifying Bank of England as to Revocations.*

A. GORDON, Governor.

ORDER IN COUNCIL.

At the Government House, at Wellington, this seventeenth day of June, 1881.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS, by an Order in Council, a true copy whereof is hereto annexed, bearing even date herewith, made and issued under the authority of "The New Zealand Consolidated Stock Act, 1877," the Governor in Council revoked a certain Order in Council dated the 31st day of January, 1880, appointing Sir P. G. Julyan, K.C.M.G. Sir Julius Vogel, K.C.M.G. and W. C. Sargeaunt, Esq. C.B. as Agents for the purposes of the said Act; and also the appointments thereby made:

Now, therefore, His Excellency the Governor of the Colony of New Zealand, in pursuance of the requirements of "The New Zealand Consolidated Stock Act, 1877," and by and with the advice and consent of the Executive Council of the said Colony, doth hereby notify to the Bank of England that the appointments of the said Sir P. G. Julyan, Sir J. Vogel, and W. C. Sargeaunt, Esq. have been revoked, and they have been removed from being such Agents as aforesaid.

FORSTER GORING,  
Clerk to the Executive Council.

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No. 15.

The AGENT-GENERAL to the PREMIER.

SIR,—

7, Westminster Chambers, London, May 25th, 1881.

I have in previous letters informed you that, since coming to England, I have devoted much time and care to the study of the many complicated questions to be considered in any further conversion of our public debt into inscribed stock.

I reserve for the present the question of whether it would be wise to go on with further conversions at all. In this letter I am confining myself to the mere process, which it is desirable should be better understood than it has yet been.

In speaking of this process, it will not be necessary to explain in any detail the functions which devolve upon Agents appointed under the Stock Act of 1877. These have already been succinctly defined by yourself in your letter of 21st April, 1880, where you point out that (divested of technical phrases) they are limited to two objects: first, to declare the terms upon which the bonds of a loan may be converted into Inscribed Stock; secondly, to authorize the creation and issue of such stock. When the Agents have done these two things, their powers are exhausted.

In consequence of the system we have followed in raising our loans, the functions of the Agents we have employed (though often exercised by the same persons) have been so separated as to multiply the work, and make it easy to think that several processes were required, which will in future be avoided. For instance, it would be difficult to say what part of the work of negotiating, issuing, and converting the Five-Million Loan was done in the character of Loan Agents, what part in the character of Crown Agents, what part in the character of Stock Agents, and what part fell to the lot of the brokers and the Bank. In some of the business, they all acted jointly and in consultation with each other; but there were certain special duties which could only be performed in some one of the characters. Thus the Stock Agents alone could fix the terms of the conversion and create the Inscribed Stock; the Loan Agents alone could create (or authorize to be created) the actual scrip and debentures of the loan; the Crown Agents alone could create the registers of so much of the loan as was domiciled with them. But there was no necessity for our legislation to have made all this separation of function; and it certainly need never happen again, whether in the issue of a new loan or the conversion of an old one; for the fact is, that we have already to our hand a perfect organization which will do nearly all we want, and we have already arranged what it is to cost.

The agreement of 1875, with the Bank of England, substantially made every provision necessary, whether for the issue or the conversion of a loan. Under that agreement, the Bank was to do for the colony exactly what it did for the Imperial Government and the Metropolitan Board of Works. The Bank was not only to convert debentures of an existing debt, but to bring out any new loans; and as the Bank was to make no charge for receiving scrip deposits, tenders for new loans were to be invited there in exactly the same way as for a Board of Works loan. It was even urged at the time, as one great advantage of the agreement, that it would "render wholly unnecessary" the payment of any more commissions on the negotiation of new loans. The  $\frac{1}{4}$  per cent. which (except in the case of the Rothschild loan) the Crown Agents had been accustomed to receive, was to be saved: under the "new system" there was to be no creation of debentures until after inscription, and if there were any then they were to be created by the Bank: and in comparing the commissions the Bank was to get with those formerly paid, we were assured that the Bank was not only to do the work of issuing new loans, whereby this saving of  $\frac{1}{4}$  per cent. would be made, but was also, in addition, to do for the agreed remuneration everything that was required in the inscription, the issue of bonds to bearer, or the re-inscription of the stock.

The intent and purpose, therefore, of the Bank agreement of 1875 was quite clear. Nor is there any doubt that its effect as well as its purpose was to entitle the Government to require that whatever routine work had to be done about a loan, whether for the issue or the conversion of it, should be done by the Bank of England. This, indeed, came out clearly in the Five Million Loan. When the Bank formally intimated to the Loan Agents, in a letter dated 5th February, 1880, that it was prepared to inscribe the stock on the terms set forth in the agreement, the Bank letter, together with the prospectus of the loan and the letters of 1875 which constituted the agreement, were submitted for Counsel's opinion whether any more formal instrument was necessary; and on the 11th February Mr. Dennistoun Wood advised, not only that the letters embraced all the matters referred to in Section 7 of our Stock Act, but that it was an implied term of the agreement created by the letters of 1875, that the Bank, like other agents, should comply with the directions of its principals, if reasonable and not inconsistent with the express terms of the agreement.

The Bank, it is true, did not undertake by the agreement to be concerned in fixing the terms on which a new loan should be issued or converted; but, nevertheless, it really was very much concerned in the terms for the Five-Million Loan, since it received the  $\frac{1}{2}$  per cent. commission of £25,000 for issuing it. Upon these terms being settled, the Bank was perfectly ready to do, and actually did, whatever it was told. The prospectus of the Loan was issued at the Bank itself, the subscription lists were opened there, the tenders were sent in there, the allotments were made there, the money was all received there, the scrip was issued there, the scrip was exchanged for debentures there; and, if the Government had chosen to delegate to the Bank even the work of making out the debentures themselves, there is no reason for thinking that the Bank would have made any more difficulty about issuing the debentures than it did about issuing the scrip.

As the same time, I thought it desirable to prevent any doubt arising hereafter as to the construction which the Bank would put upon the agreement of 1875. I therefore waited on the Governor of the Bank, and had interviews with him and the Chief Cashier and Chief Accountant, which resulted in the correspondence I now enclose. You will observe that I distinctly asked the Bank whether any work would fall upon it in future operations which was not covered by the agreement, as it was essential that no one else should have to be paid for doing what the

Bank was itself ready to do. In reply, I received the satisfactory assurance that the Bank did not foresee any duties arising out of future conversions which would not be covered by the agreement.

In any future operation, therefore, the Bank of England will simply do whatever the Government may (within the four corners of the agreement) instruct it to do. The inscription will go on from beginning to end as a mere matter of ordinary routine at the Bank. The Stock Agents will have nothing whatever to do with it. Their function will, as I have said, be at an end when they have declared the terms of the conversion and created the stock.

Nor will any new machinery whatever be wanted. Perfect machinery for inscribing stock has existed at the Bank of England ever since there were any Consols to inscribe, and nothing is wanted to make it applicable to the conversion of a New Zealand bond. But if there were, it is the Bank that would have to construct the machinery, and not the Stock Agents. All the latter will have to do in the way of "machinery" is to declare the terms on which the proposed conversion is permitted, and the manner in which they have created a particular amount of stock; to make the declaration under the Imperial Act for the Inland Revenue; and to give any formal directions which may be required by the Bank for its guidance and protection. Everything else will be done by the Bank of England.

But the question may, perhaps, be asked whether it is not necessary for a debenture to be identified, de-registered, and cancelled before it is inscribed, and whether its cancellation and de-registration ought not to be done by the Stock Agents; also, whether this must not be done in order to prevent fraud and double payments of interest. My answer is that it will never be the business of the Stock Agents to do any of this work at all. The identification and cancellation will be done by the Bank of England; the de-registration will be done by the Crown Agents; and there never will be any danger whatever of interest being paid twice over either at Downing Street or at the Bank.

As this is a matter which may be entirely misunderstood, it will be convenient that I should make it clear. I will do so by explaining what was done about the Five-Million Loan.

The Crown Agents and the Bank of England were the instruments employed by the Loan Agents in carrying out the details connected with the raising of the Loan. The Crown Agents' Office was made the domicile of that part of the Loan which was taken in debentures, and the Bank of England was made the domicile of that part which was taken in stock. The debentures were printed, numbered, and registered in the office and under the supervision of the Crown Agents. The Loan Agents signed them and handed them over to the Bank for issue. Those subscribers who elected to take debentures received them from the Bank, and the rest of the subscribers were at once inscribed at the Bank for their quota of stock.

At this point, the whole Loan having passed into the hands of the public, the joint labour and responsibility of the Loan Agents, the Crown Agents, the Stock Agents, and the Bank came to an end. The powers and functions of all the Agents in respect of the Loan became exhausted; the Bank alone retained any function; and the Bank's function was the single one of converting into Inscribed Stock any debentures that might be brought in for that purpose up to the 16th March, 1881.

Now, when a debenture was brought in to be inscribed, the Bank forthwith cancelled it by printing on its face in large red letters the word *INSCRIBED*, and by punching out and defacing the coupons. I enclose one of these defaced bonds, and also a defaced scrip, to show you how it was done. The bond thereupon became mere waste paper. It was for ever made incapable of being presented at any domicile of the Loan for payment of either interest or principal. The Bank had taken all the responsibility of identifying it at the time it was inscribed, and there was no fraud possible which could inflict loss or liability upon any one else. The Bank became bound to pay the interest on the stock for which the debenture had been inscribed, and if the Crown Agents chose to pay interest on a defaced coupon afterwards, that was their business.

Thus the Stock Agents, in any future conversion, will not have any more to do with the de-registration of a debenture than with its identification and cancellation. It was not they who created it or registered it, and they can no more de-register it than cancel it. Whatever de-registration is necessary, it will again be the business of the Crown Agents, where the Loans are domiciled. The registers are the joint property of the bondholders, the Agents at the domicile, and the Government; and the bondholders are entitled not only to have them kept at the domicile, but to have no entry made in them there except by the Crown Agents.

The de-registration, indeed, is a very simple affair. In one column of each page, the bonds are registered by their consecutive printed numbers; in the other columns the payment of each coupon is recorded opposite the number of the bond. When the Bank of England sends back any cancelled bonds, the de-registration is done by drawing a red line along the page across the coupon columns. The red lines show at a glance what bonds have been inscribed, and what bonds still remain for the Crown Agents to pay interest upon. That is all.

Even this is not really indispensable. If the red line were never to be drawn across the page, a defaced coupon would not be any the less incapable of being presented for payment, or the bond to which it belonged either. Exactly the same thing would happen as if the bond and coupon were lost or burnt. The effect in both cases would be, that as the bondholder had ceased to hold his bond he could not produce it, and no entry could be made in the coupon column. The column would remain blank: and if it remained blank for ever, no harm could come to anybody.

However, some form of de-registration, though not indispensable, is wanted by the Crown Agents, who are the custodians of the registers. But when I came to think again over this business of the Bank of England sending back the cancelled bonds for de-registration, it seemed to me that the very risk which is alleged of double payment of interest, will make it desirable that in any future conversions the cancelled bonds should not travel any more than can be helped from place to place. I found that in other cases where the bonds are cancelled by the Bank, they are sent back to the Government that created them. I therefore arranged with the Bank that, in any new inscription, the bonds, when inscribed and cancelled, should (if you desire it) be sent out direct to the Treasury: certified lists of them being given periodically by the Bank to the Crown Agents, so that the red lines may be drawn across the pages in the respective registers before dividend day comes round. This plan may, perhaps, have to be further considered, for safeguards against forged bonds being in circulation: and it may also be necessary to take other precautions, such, for instance, as keeping the bonds for a certain time before sending them out. But any such details can easily be arranged with the Bank.

I have now gone through all the points which it seems necessary to explain in relation to mere process. The larger question of the principles on which any new conversion should take place, will be examined in another letter.

The Hon. the Prime Minister, &c.

I have, &c.,

F. D. BELL.

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### Enclosure 1.

The AGENT-GENERAL to the GOVERNOR of the BANK OF ENGLAND.

SIR,—

7, Westminster Chambers, London, S.W., 12th April, 1881.

At the interview with which I was lately honored by the Governor of the Bank, I promised to state in writing the points which, on behalf of the Government of New Zealand, I brought under his notice.

My Government has for some time had under consideration the question of permitting further conversions of the public debt into Inscribed Stock; and the extent to which the Five-Million Loan has been inscribed will probably lead to the inscription of other existing loans. As any such operation, however, must embrace not only an appreciable saving of interest to the colony, but a fair inducement to the bondholder, the closest economy in working expenses is necessary, to leave as much margin as possible for both the saving and the inducement.

The agreement of November, 1875, between the Bank and the Government, seems to provide for all the work necessary to be done in any inscription. The Bank did not, of course, undertake to be concerned in fixing the terms on which either a new loan should be issued or an existing loan converted. These were to be decided by the Government. But when once the terms were fixed, all the details of the business, whether for the conversion of an old loan or the issue of a new one, were to be done by the Bank. Thus in the case of the Five Million Loan, the Bank issued the prospectus, received the subscriptions, issued the scrip, cancelled the scrip when inscribed, as well as the debentures afterwards brought in for inscription, and paid the duty to the Inland Revenue.

But it has been the practice of the Bank, after cancelling the scrip and debentures of the Five Million Loan, to send them back to the Stock Agents—a course which in future and larger operations may be unnecessary. When the bonds are cancelled by the Bank, they become waste paper, and the more convenient plan may be for the Bank to send them out direct to the Treasury in New Zealand. It would only be requisite, in addition, for the Bank to send, from time to time, to the Crown Agents for the Colonies, certified lists of the cancelled bonds, in order that the Crown Agents should make entries in the original registers of the loans, to mark the distinction between bonds which had been inscribed and cancelled, and bonds on which interest would continue to be paid in Downing Street.

I take this opportunity of asking whether, in the opinion of the Bank, the experience of the Five Million inscription has shown that any work is likely to devolve upon the Bank, in future conversions, which is not covered by the agreement of November, 1875. A successful conversion of further portions of the New Zealand debt would probably make a large addition to the annual sum now payable to the Bank under the agreement; and it is essential that no one else should have to be paid for doing work which the Bank is itself ready to perform.

I have, &c.

F. D. BELL,

The Governor of the Bank of England, &c.

Agent-General for New Zealand.

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### Enclosure 2.

The BANK OF ENGLAND to the AGENT-GENERAL.

SIR,—

Bank of England, 20th April, 1881.

I am directed by the Governor to acknowledge the receipt of your letter of the 12th instant, in which, referring to an interview you lately had with him, you state that the Government of New Zealand have had under consideration the question of permitting further conversions of their public debt into Inscribed Stock.

With regard to the proposal that bonds when cancelled by the Bank upon the inscription of stock should be sent direct to the Treasury in New Zealand, and certified lists of such bonds be sent to the Crown Agents, I am to say that if it is desired that in future such a course should be adopted, the Bank will be prepared to carry out that arrangement without making any further charge.

In reply, therefore, to the general question which you raise, I am to state that the Bank do not foresee any duties arising out of future conversions which would not be covered by the agreement of November, 1875, already referred to.

I have, &c.

HAMMOND CHUBB,  
Secretary.

Sir Francis Dillon Bell, 7, Westminster Chambers, S.W.

### No. 16.

The PREMIER to the AGENT-GENERAL.

SIR,—

Government Offices, Wellington, August 13, 1881.

I have the honor to acknowledge the receipt of your letter of May 25th, in which you describe the process of converting New Zealand debentures into Inscribed Stock, &c., under the Consolidated Stock Act of 1877; and you make proposals as to the future mode of dealing with cancelled bonds.

2. While thanking you for this letter generally, I desire especially to thank you for the clear definition given in it of the relative duties of the Agents under the Act and of the Bank of England. That definition shows that the view expressed in the letter to the late Agents dated April 21st, 1880, is correct, and that apart from declaring the terms and conditions of a proposed conversion, and authorizing the creation and issue of the necessary Inscribed Stock, the duties of the Agents must be of a formal and nominal character—the detailed business, and the actual issue, &c., of the stock devolving upon the Bank, and coming within the duties undertaken by it for a payment of £600 per £1,000,000 of stock converted.

3. Your letter, as a whole, must be very useful in connection with future operations under the Act; and I have to express the obligation of the Government to you for having prepared it.

I have, &c.,

JOHN HALL.

The Agent-General for New Zealand, London.

### No. 17.

The AGENT-GENERAL to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 29th June, 1881.

I received on the 19th instant your cablegram informing me that the appointments of the late Agents under the Stock Act had been revoked; also that I had been appointed one of the Commissioners under the Public Revenues Act, in the room of my predecessor in office.

In accordance with the instructions contained in your telegram, I have informed the gentlemen in question of these arrangements, by letters, of which I enclose copies; and I now await the orders which you tell me were to be sent by the mail on the subject.

I am very glad of the decision to which the Government have come, as it relieves me of embarrassment from which I could not be free while the former Orders in Council existed. In particular it enables me to review the recommendation I made with regard to remuneration if new Stock Agents are now appointed, but I cannot do this till I see the new Orders in Council.

I withhold for the present the remarks which I should otherwise have submitted to the Government on the letter of the late Stock Agents to you, dated 15th July, 1880, a copy of which they sent me on the 23rd instant.

I have, &c.,

F. D. BELL.

The Honorable the Premier, Wellington.

### Enclosure 1.

GENTLEMEN,—

7, Westminster Chambers, London, S.W., 22nd June, 1881.

Adverting to the last letter I had the honor to write to you, under date 3rd instant, I beg to state that I was on the point of addressing you again, when I received a cablegram informing me that His Excellency the Governor in Council had been pleased to revoke the Orders in Council appointing Stock Agents, and that I should presently receive official instructions on the subject.

For the present, therefore, further communications between us in the matter of the stock inscription are necessarily suspended; but perhaps you will allow me to bring to your recollection my request that you would let me have a copy of your letter to the Government dated 15th July, 1880.

I have, &c.,

F. D. BELL.

Sir Penrose Julyan, K.C.M.G., C.B.

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

W. C. Sargeant, Esq., C.M.G.

## Enclosure 2.

SIR,—

7, Westminster Chambers, London, S.W., 23rd June, 1881.

I have the honor to inform you, in compliance with instructions to that effect from the Government, that, deeming it to be expedient that the Agent-General for the time being should be one of the Commissioners under the Public Revenues Act, the Government have thought fit to revoke the appointment which you held in that capacity, and to issue a new Order in Council for the above purpose.

In conveying this decision to you, I am to request your acceptance of the thanks of the Government for the services you rendered as one of the Commissioners.

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

I have, &amp;c.,

F. D. BELL.