1885. NEW ZEALAND.

SETTLED ESTATES IN ENGLAND AND COLONIAL INVESTMENTS.

(PAPERS RESPECTING SUGGESTED IMPERIAL LEGISLATION.)

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

No. 1.

The PREMIER to the AGENT-GENERAL.

Sir,-Government Offices, Wellington, December 1, 1884. As you are aware, many estates in England are exchanged, the Courts allowing this to take place, so long as existing settlements are preserved. There are also many estates in England

on which there are charges in favour of younger sons.

2. If the law were altered, so as to allow settled property in England to be sold, on condition that the moneys were expended on freehold in one of the colonies, much capital now comparatively unproductive in England might be directed here. And if, instead of charges on estates, younger sons, &c., were allowed to purchase the equivalent in land here, the estate being mortgaged to enable

this to be done, there would also be more profitable investment made in the colony.

3. Of course, this is a matter beset with difficulties; and it may be almost impossible to get the Chancery Division of the High Court to surrender part of its functions in dealing with settled estates, &c. I have not the least doubt, however, if the alteration of the law I hint at could be made, a benefit would be conferred on many landowners in England, and on many persons having charges on estates, as well as upon the colony.

4. You might write to Mr. Mackrell about it, and ascertain his views as to whether it would be

of use to represent the matter to the Colonial Office, for submission to the Lord Chancellor.

5. I may add that the matter, though apparently trivial, might be of some service in further fostering that feeling of union with the Mother-country which so many of us desire to see strengthened. I have, &c.

Sir F. Dillon Bell, K.C.M.G., Agent-General.

ROBERT STOUT.

No. 2.

The AGENT-GENERAL to the PREMIER.

SETTLED ESTATES.—Mr. Mackrell advices introduce Bill this session. Instruct whether shall prepare same. Particulars are being sent by to-day's mail. F. D. Bell. London, February 10th.

No. 3.

The PREMIER to the AGENT-GENERAL.

SETTLED ESTATES.—Yes.

ROBERT STOUT. Wellington, February 12th.

No. 4.

The AGENT-GENERAL to the PREMIER.

SIR,-7, Westminster Chambers, London, S.W., 12th February, 1885. I have the honour to acknowledge the receipt of your letter of the 1st December, relating to the investment of trust moneys.

I laid the matter before Messrs. Mackrell and Co. as you desired, and now transmit two letters I have received from them, which you will doubtless read with interest.

Although a subject so large involves professional questions on which I am not, of course, competent to speak, Mr. Mackrell and I have frequently consulted upon one branch of it in which I have been somewhat concerned, namely, the investment of trust moneys in the inscribed stocks of

the colonies; and I was on the point of addressing you when your letter came.

You are no doubt aware that in the last session of the Imperial Parliament an Act was passed, intituled "The Trusts (Scotland) Amendment Act, 1884," whereby trustees were empowered, unless specially prohibited by the terms of their trust, to invest their trust funds (inter alia) in "stocks or other public funds of the Government of any colony of the United Kingdom approved by the Court of Session, or bonds or other documents of debt of any such Government so approved, provided such stocks, bonds, or others were not payable to bearer." I enclose three copies of that Act, for convenience of reference.

Last November, Mr. Westgarth called the attention of the several Agents-General to the Act, and some correspondence took place about it. On writing to my colleagues, they all expressed their willingness to join me in an endeavour to induce the Colonial Office to take an interest in the matter; but we have been waiting for a more favourable moment than the present. I enclose

copies of the various letters that passed at that time.

I fear that Mr. Mackrell's second letter will seem to you to contain an impracticable proposal. But, in a long conference with him, he stated very strongly that, without an adequate safeguard for the moneys invested, the Chancellor would certainly not give permission for the investment; and of course the Chancellor's views would have to be taken very seriously into account in considering the prospects of any Bill that might be introduced as Mr. Mackrell proposes. We concurred, however, in thinking that it is very desirable to test the sense of the Imperial Parliament on your proposals, by introducing a Bill: not with much hope of getting any Bill through in the first session, but to begin the ventilation of the subject. Accordingly, I sent you a telegram, asking whether we should prepare a Bill at once, and I was glad to receive your reply this morning authorizing this to be done. No time will be lost in the matter, and it will give me great pleasure to second, as far as I can, the objects you have at heart. I have, &c.

The Hon. the Premier, Wellington.

F. D. Bell.

Enclosure 1.

Messrs. Mackrell and Co. to the Agent-General.

21, Cannon Street, London, E.C., 4th February, 1885. DEAR SIR FRANCIS,-We have given full consideration to the suggestions of the Premier, contained in his letter to you of the 1st December, of which you have sent us a copy, and beg to report thereon

as follows:-A recent Act of the Imperial Parliament has enabled settled estates of all kinds to be sold, and

has determined the securities on which the proceeds of sales shall be invested.

The preliminary difficulty of obtaining Parliamentary powers to sell settled estates is therefore removed, and, to carry out the suggestion of the Premier, it would only be necessary to give trustees

power to invest in lands in the colonies.

By the Act above referred to, Parliament has sanctioned investments on Government securities; or on other securities on which the trustees of the settlement were, by the settlement or by law, authorized to invest the trust funds; or on security of the bonds, mortgages, or debentures, or in the purchase of debenture stock, of any railway company in Great Britain or Ireland incorporated by special Act of Parliament, and having for ten years next before the date of investment paid a dividend on its ordinary stock or shares.

You will observe that, besides the investments specially mentioned, power is given to invest in

other securities authorized by law.

By the 23rd and 24th Vict., cap. 38, the Lord Chancellor, with the advice and assistance of the Master of the Rolls, the Lords Justices, and the Vice-Chancellors, or any three of them, was empowered to make general orders from time to time as to the investment of cash under the control of the Court of Chancery, either in Consols, Reduced, or any such other stocks, funds, or securities as he (with such advice or assistance) should see fit; and it was declared that, when any such general order should be made, trustees having power to invest their trust funds upon Government securities, or upon Parliamentary stocks or securities, might invest the same, or any part thereof, in any of the stocks, funds, or securities in or upon which, by such general order, cash under the control of the Court might be invested.

It would therefore be necessary either to apply to Parliament for an Act to authorize the investment of the proceeds of the sales of settled estates in lands in the colonies, or to obtain an order of the Lord Chancellor (with the advice above mentioned) giving such authority.

Some time since, the question of allowing Chancery funds to be invested in the securities of Colonial Governments was considered by the authorities, and it was then deemed inexpedient to sanction such investments: (1) because the Colonial Governments are not under the control of the Imperial Parliament as to the extent of their issues, such as is the case with India stock and other securities in which trustees are authorized to invest; (2) because Colonial Governments cannot be brought under the jurisdiction of the English Courts; and (3) because the colonial loans were then almost entirely represented by bonds payable to bearer.

The passing of the Colonial Stock Act, under which so many of the Colonial Government loans have become inscribed, has led to the sanction by Parliament of the investment of trust moneys under the control of the Courts in Scotland, in any of the colonial inscribed stocks which may be

sanctioned by such Courts.

No order has yet been made by the Courts, but the subject has been lately brought under their consideration, and we hope before long to hear that an order has been made.

It is of great importance to the colonies to get this power extended to trust funds in England; which can be done either by obtaining the authority of Parliament, or an order of the Lord

Chancellor under the Act above referred to.

We think that, as two of the above-mentioned objections originally raised to investments in colonial securities have not been removed, there is little hope that the Lord Chancellor, and the Judges who are to advise him, would take upon themselves the responsibility of making such an order; and that, having regard to the Act passed last session relating to Scotland, and to the strong feeling which exists in Parliament in favour of drawing the Mother-country and the colonies more closely together, it would be better to apply at once to Parliament to extend to English trust funds the Act relating to Scotch trust funds; and not to risk a refusal of an order by the Lord Chancellor, which might prejudice the application to Parliament.

The Bill submitted to Parliament might embody the Premier's suggestion, and authorize the

investment of the proceeds of the sales of settled estates in lands in the colonies.

It would, however, be necessary to propose such safeguards as would be likely to make such a proposal acceptable to Parliament, and this would require very careful consideration.

The Bill might contain a clause for carrying out the other suggestion of the Premier, as to the shares of younger sons, by allowing their portions to be advanced on the security of lands in the

We are afraid that there might be a difficulty in allowing moneys to be borrowed on the English properties, to be lent on such securities; but of course a clause could be inserted which

should authorize this.

If any Bill is to be introduced into the next session of Parliament, there is of course no time to be lost, and, if it is wished to do this, we would advise that (as we did in the case of the Bill for the Colonial Stock Act) a Bill should be prepared on behalf of the colonies and submitted to the Colonial Office, with a request to the Secretary of State to get the Bill introduced and carried through as a Government measure.

Our conveyancing counsel, Mr. Wolstenholme, drew the Bill for the Settled Estates Act for the Government, and we should advise his being asked to settle the Bill to be submitted to the

Colonial Office.

Mr. Mackrell could come and talk this matter over with you on Saturday or Monday afternoon if you like. We have, &c.

The Agent-General for New Zealand.

MACKRELL, MATON, AND GODLEE.

Enclosure 2.

Messrs. Mackrell and Co. to the Agent-General. Settled Estate: Investment of Trust Funds.

21, Cannon Street, London, E.C., 10th February, 1885. DEAR SIR FRANCIS,-

As arranged at the interview Mr. Mackrell had with you yesterday, we now put in writing

our suggestions as to some of the details of the proposed Bill.

Assuming that Parliament will sanction the investment in lands in the colonies of the proceeds of the sales of settled estates, it will be necessary, in order to overcome the difficulties which would otherwise lie in the way of the Court of Chancery or trustees availing themselves of the Act, to provide (1) against any loss of income, or by way of exchange on the transmission of the funds to the colony, and until the moneys shall be invested; and (2) a plan of operations under which investments may be made with advantage, with safety to the trustees, and without risk of

loss to the cestui-que trusts.

We assume that the investments of the funds in colonial lands will be of very substantial benefit to the colonies; and we therefore suggest that the Colonial Governments shall undertake to relieve trustees of all loss, responsibility, and difficulty with reference to such investments. that the trust funds shall be deposited for investment with the London banks of the Governments; that the Government shall undertake to pay the interest thereon half-yearly, at the rate of 4 per cent. per annum from the date of such deposit, until income shall commence to accrue upon the investment, as also during the time occupied in transmitting the first investment to England; that the Government (by one of its departments) undertake the selection of suitable investments, the collection of the rents, and the transmission thereof to England, guaranteeing a minimum return at the rate of 4 per cent. per annum, payable half-yearly in England, until the estate shall become absolutely vested or the proceeds thereof shall become divisible amongst the cestui-que trusts; and then guaranteeing that the estate shall be of the full value of, or shall produce, the amount invested, as the case may require. This guarantee will manifestedly be limited in point of time.

We do not propose to make the Act obligatory upon any of the colonies, but (as in the case of the Colonial Stock Act) to make it apply only to those colonies which shall pass an Act

adopting it.

We do not doubt that Parliament would require the insertion in the Bill of powers enabling the guarantee of the Colonial Government to be enforced, which could not now be done, for the remedy against the Crown by petition of right is not available in England in respect of colonial Crown debts, nor is it available in the colonial Courts except under Acts passed by some of the colonies: which are, however, limited to debts contracted in the colonies respectively, and would not therefore apply to this case. Parliament would no doubt, moreover, require that the Colonial Legislature should provide a fund to answer a judgment or order obtained against the Crown under the Act. We think, therefore, that it would be wise to anticipate such requirements, and to introduce clauses into the Bill to meet these points.

The simplest plan to be adopted seems to be, to give power to the Courts in England to make an order for payment of any moneys to which trustees might become entitled, after hearing a petition to be presented against the Colonial Government, and served upon its Agent-General or other representative here; and to enable such order to be enforced by an execution against the funds of the colony in England, or against funds to be provided in the colony for the purpose.

We think that the providing of some such simple process for obtaining payment of interest and capital, when due, in respect of trust moneys invested in colonial stocks, would facilitate the obtaining Parliamentary sanction for such investments; and we suggest that it be carefully considered whether to frame the Bill accordingly: Of course the doing so might open up the whole question of how Colonial Governments should sue and be sued in England; but any objection to this might be trifling, compared with the advantage which would result to the colonies from the obtaining the sanction of Parliament to the investment of trust funds in colonial stocks.

The Agent-General for New Zealand.

We have, &c. MACKRELL, MATON, AND GODLEE.

Enclosure 3.

Messrs. Westgarth and Co. to the Agent-General.

8, Finch Lane, Threadneedle Street, London, E.C.,

DEAR SIR FRANCIS,-

13th November, 1884.

It appears that last year an Act was passed for Scotland, allowing trust money to be invested in Colonial Government securities, provided, in any particular case, the Scotch Courts approved.

My informant, Mr. H. Robson, of the Stock Exchange, says that this conditional permission is in most or all cases useless, because so much expense is incurred in each application. He therefore suggests that the different Agents-General address these Courts on behalf of their respective colonies, and claim once for all the privilege in question. He added that his brother's firm of solicitors (Scot. W.S.), Messrs. Miller, Robson, and Innes, W.S., 8, George Street, Edinburgh, who have had occasion to look into the matter lately, might act for the Agents-General, failing any solicitors of their own in Scotland.

This seems worth the attention of the first-class colonies. I suppose that any expenses would Faithfully yours,

W. Westgarth and Co. be of the most nominal kind.

Sir Francis Dillon Bell, K.C.M.G., Agent-General for New Zealand.

Enclosure 4.

Messrs. Westgarth and Co. to the Agent-General.

8, Finch Lane, Threadneedle Street, London, E.C., 22nd November, 1884. The enclosed copy of a letter just received from Mr. W. Robson, W.S., of Edinburgh, on the subject we lately brought to your notice, may further interest you and the other Agents-General, and no doubt you will be able to afford Mr. Robson the particular information he asks for as to the Faithfully yours,
W. Westgarth and Co. colonial registrable stocks.

Sir Francis Dillon Bell, K.C.M.G., Agent-General for New Zealand.

Sub-Enclosure.

Chambers, 8, George Street, Edinburgh, 21st November, 1884. DEAR SIR,

My brother, Mr. Henry Robson, writes me that he sent you a copy of the Act authorizing the investment of Scottish trust funds in Colonial Government securities which may be approved of by the Scottish Supreme Court, and sent me your answer to him of the 14th November current. The solicitors here are taking steps to bring the matter before the Court, with a view of getting their sanction to a list of colonial stocks in which trust funds may be invested, and I am one of the committee of the Society of Solicitors to whom the matter has been intrusted; and I hope you will

accept this as my apology for writing you on this subject.

The Act applies only to inscribed stocks, and in "Burdett's Official Intelligencer" for the current year, issued by the London Stock Exchange, I find, at pp. 990 and 991, a list of Colonial Government inscribed stocks; but, from the note prefixed to the list, it would appear that by this

time there may be some additions to the list.

On behalf of my Committee, I should be glad to have as complete a list as possible of the inscribed stocks to which the Act may apply, and all such information as may be useful to enable

the Court here to come to a decision as to approving of the stocks.

It would be desirable also to have information as to whether any notice of the trustees holding the stock as trustees would be allowed on the registers; and also as to whether the holders of the stocks would, by holding them, become subject to the jurisdiction of the colonial Courts, and, if so,

As you mention in your letter to my brother that you have written the several Agents-General on the subject, may I ask the favour of your communicating with them on the above points, and favouring me with replies at your early convenience?

I must apologize for giving you this trouble, but, not having the names and addresses of the several Agents-General, I cannot write them direct, as I shall be glad to do in future if you will kindly send me a list of them with their addresses; and as the matter is assuming a practical shape here, and is one of some interest to the colonies, this must be my excuse for troubling you about it. I am, &c.

William Robson.

Enclosure 5.

Messrs. Mackrell and Co. to the Agent-General.

21, Cannon Street, London, E.C., 10th December, 1884. DEAR SIR FRANCIS,-

We send enclosed, as promised by Mr. Mackrell yesterday, a copy of his memorandum as to the investment of trust funds; from which you will see that, if the Lord Chancellor, with the advice and assistance of the Master of the Rolls, the Lords Justices, and the Vice-Chancellors, or any three of them, will make an order authorizing investments in colonial stocks, an Act of Parliament will not be necessary.

We have, &c.

MACKRELL, MATON, AND GODLEE.

The Agent-General for New Zealand.

Sub-Enclosure.

Re Investments of Trust Funds.

By the 22nd and 23rd Vict., cap. 35, trustees, unless expressly forbidden so to invest, were authorized to invest trust funds on real securities in any part of the United Kingdom, or on stock of the Bank of England or Ireland, or on East India stock.

East India stock was, by the 30th and 31st Vict., cap. 132, declared to mean East India stock which existed previously to the 13th August, 1859, and also East India stock charged on the revenues of India, and created under and by virtue of any Act passed subsequent to that date, and the subsequent loans issued by the Indian Government under various Acts; which loans are entitled "India stock," and are declared to be within the provisions as to East India stock.

By the same Act, trustees were authorized to invest in any securities the interest of which was,

or should be, guaranteed by Parliament, in the same manner as if the same were East India stocks.

By the 23rd and 24th Vict., cap. 38, the Lord Chancellor, with the advice and assistance of the Master of the Rolls, the Lords Justices, and the Vice-Chancellors, or any three of them, was empowered to make general orders from time to time as to the investment of cash under the control of the Court of Chancery, either in Consols, Reduced, or any such other stocks, funds, or securities as he (with such advice or assistance) should see fit; and it was declared that, when any such general order should be made, trustees having power to invest their trust funds upon Government securities, or upon Parliamentary stocks or securities, might invest the same, or any part thereof, in any of the stocks, funds, or securities in or upon which, by such general order, cash under the control of the Court might be invested.

Under this Act, a general order was made on the 1st February, 1861, declaring that cash under the control of the Court might be invested in bank stock, East India Stock, Exchequer bills, and $2\frac{1}{2}$ per cent. annuities, and upon mortgage of freehold and copyhold estates in England or Wales, as

well as in Consols, Reduced, and New Three per Cents.

Various statutes have been passed from time to time, by which the investment of trust funds in the stocks of Municipal Corporations and other public bodies has been authorized; the first of these having been an Act passed in 1871, authorizing trustees to invest in the stock issued by the Metropolitan Board of Works; and the Court of Chancery has sanctioned a fund in Court being invested in Metropolitan Board of Works stock.

The Court has, however, refused to allow funds under its control to be invested in the shares of railways guaranteed by the Indian Government, although the instrument of trust authorized such

an investment.

By the Act passed in 1882, authorizing the sale of settled estates, Parliament sanctioned the investment of the proceeds of any sale on Government securities, or on other securities in which the trustees of the settlement were, by the settlement or by law, authorized to invest the trust funds; or on security of the bonds, mortgages, or debentures, or in the purchase of debenture stock, of any railway company in Great Britain or Ireland incorporated by special Act of Parliament, and having for ten years next before the date of investment paid a dividend on its ordinary stock or shares.

21, Cannon Street, 19th April, 1884.

Enclosure 6.

An Act to amend "The Trusts (Scotland) Act, 1867." [14th August, 1884.]

Whereas by an Act passed in the twenty-fourth and twenty-fifth years of the reign of Her present Majesty, intituled "An Act to amend the Law in Scotland relative to the Resignation, Powers, and Liabilities of Gratuitous Trustees," and by an Act passed in the twenty-sixth and twenty-seventh years of the reign of Her present Majesty, intituled "An Act to explain the Act for the Amendment of the Law relative to Gratuitous Trustees in Scotland," and by "The Trusts (Scotland) Act, 1867," certain powers are conferred on gratuitous trustees in Scotland:

And it is expedient to amend the said Acts, and to extend the powers thereby conferred:

Be it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:-

1. This Act may be cited as "The Trusts (Scotland) Amendment Act, 1884," and the said Acts and this Act may be cited as The Trusts (Scotland) Acts, 1861 to 1884, and shall be read and construed together.

2. In the construction of the said recited Acts and of this Act,—

"Trust" shall mean and include any trust constituted by any deed or other writing, or by private or local Act of Parliament, or by resolution of any corporation or public or ecclesiastical body, and the appointment of any tutor, curator, or judicial factor by deed, decree, or otherwise:

"Trustee" shall include tutor, curator, and judicial factor:

"Judicial factor" shall mean any person judicially appointed factor upon a trust estate or upon the estate of a person incapable of managing his own affairs, factor loco tutoris, factor loco absentis, and curator bonis:

The words "East India stock" shall have the meaning assigned to them by an Act passed in the session holden in the thirtieth and thirty-first years of Her present Majesty, chapter

one hundred and thirty-two.

3. Trustees under any trust may, unless specially prohibited by the constitution or terms of the trust, invest the trust funds-

(a.) In the purchase of-

(1.) Any of the Government stocks, public funds, or securities of the United Kingdom:

(2.) Stock of the Bank of England:

(3.) Any securities the interest of which is or shall be guaranteed by Parliament:

- (4.) Debenture stock of railway companies in Great Britain incorporated by Act of Parlia-
- (5.) Preference, guaranteed, lien, annuity, or rent-charge stock, the dividend on which is not contingent on the profits of the year, of such railway companies in Great Britain as have paid a dividend on their ordinary stock for ten years immediately preceding the date of investment:

(6.) Stocks or annuities issued by any Municipal Corporation in Great Britain, which annuities, or the interest or dividend upon which stock, are secured upon rates or taxes levied by such Municipal Corporation under the authority of any Act of Parliament:

(7.) East India stock, stocks or other public funds of the Government of any colony of the United Kingdom approved by the Court of Session, and also bonds and documents of debt of any such Government approved as aforesaid, provided such stocks, bonds, or others are not payable to the bearer:

(8.) Feu-duties or ground-annuals.

(b.) In loans-

(9.) On the security of any of the stocks, funds, or other property aforesaid:

(10.) On real or heritable security in Great Britain:

- (11.) On debentures or mortgages of railway companies in Great Britain incorporated by Act of Parliament:
- (12.) On bonds, debentures, or mortgages secured on rates or taxes levied under the authority of any Act of Parliament by Municipal Corporations in Great Britain authorized to borrow money on such security:

(13.) On Indian railway stock, debentures, bonds, or mortgages on which the interest is permanently guaranteed by the Indian Government and payable in sterling money in

Great Britain:

Provided that the trustees shall not be held to be subject as defendants or respondents to the jurisdiction of any of Her Majesty's Courts of Law or Equity in England or Ireland, either as trustees or personally, in any suit for administration of the trust by reason of their having invested or lent trust funds as aforesaid.

And section five of "The Trusts (Scotland) Act, 1867," is hereby repealed.

No. 5.

The AGENT-GENERAL to the PREMIER.

7, Westminster Chambers, London S.W., 12th March, 1885. SIR,—

In continuation of my letter of the 12th February, No. 159, on the subject of the proposed Bill for investing money belonging to settled estates, I now transmit herewith the first draft of the

Bill prepared by Mr. Mackrell.

As you will have seen from Mr. Mackrell's letter transmitted to you in my letter of the 12th February last, he was strongly of opinion that there would be no chance of obtaining authority for the investment of trust money in either New Zealand land or inscribed stock, unless the colony would consent to clothing such investments with a Government guarantee to a moderate amount. It is accordingly upon this principle that the Bill has been drafted. I am in frequent consultation with Mr. Mackrell on the subject, and, when the draft has been submitted to counsel and finally settled, I shall be able to describe the scheme more fully. In the meantime I transmit a copy of a letter from Mr. Mackrell giving a technical description of it.

The Bill is drafted for New Zealand only; but I propose, as soon as it has been finally revised, to send copies of it to the High Commissioner for Canada and the Agents-General for the Australian Colonies, inviting them to consider whether the scheme would not be one of such advantage to all the colonies as to make it expedient for their Governments to support it. In that case it might perhaps be advisable to convert the Bill into one not limited to New Zealand, but extending to the colonies generally. It will be in your recollection that when Sir Julius Vogel took the first steps for passing the Colonial Stock Act the measure was only proposed for New Zealand, and that it was afterwards made a general Act. Probably it would facilitate the passing of the present measure if a similar course were taken with regard to it.

You will notice that the Bill contemplates the Public Trustee being appointed to manage the investments in New Zealand, and also an "Investment Agent in London" being appointed to manage the investments on this side. I am now endeavouring to induce the Bank of England to take a part in the business; and it is needless for me to say how much, if I can succeed in this, the success of your proposal would be insured. I have, &c.

The Hon, the Premier, Wellington.

F. D. Bell.

Enclosure No. 1.

Messrs. Mackrell, Maton, and Godlee to the Agent-General for New Zealand.

New Zealand Investments.

21, Cannon Street, London, E.C., 11th March, 1885. DEAR SIR FRANCIS,—

We now send you a revised print of the Bill for authorizing the investment of trust funds in New Zealand securities.

It may facilitate the consideration of this draft Bill if we explain shortly the objects to be attained, and the mode of carrying out the proposed scheme.

It seems more convenient to refer firstly to the last section of the Bill.

In the last session of Parliament an Act was passed sanctioning the investment of Scotch trust funds in such of the inscribed stocks of the Colonial Governments as the Courts in Scotland should approve. It is proposed now that Parliament shall itself declare that any of the trust funds held in the United Kingdom may be invested in New Zealand Inscribed Stocks. If this be assented to there should be no question raised to the other portions of the Bill which sanctions the investment of trust funds in lands in the colony under a guarantee by the New Zealand Government, both as regards the capital and of 4 per cent. interest thereon. In this respect, however, the Bill will not be operative until the Legislature of New Zealand shall pass an Act making the Act binding on the Government of the colony, and otherwise as mentioned in section 4, which includes the providing the necessary funds to meet the Government guarantee.

Should the Government adopt the Bill, trustees will then be duly authorized, either with or without the sanction of the Chancery Division of the High Court of Justice, to invest trust funds in the purchase of lands in New Zealand, whether such trust funds shall have arisen from the sale of settled estates or shall be held under any trust for an infant, immediate or future, subject to the

consent of those of full age entitled beneficially to any intermediate interest.

The machinery proposed for the purpose of the Bill is as follows:-

The Government are to appoint an Investment Agent in London, who is to be empowered to enter into arrangements and engagements on behalf of the Government with trustees. arrangement has been come to, the trust moneys are to be deposited with the Investment Agent in London, to be transmitted to "the Public Trustee," who is constituted the Agent in the colony for

the purposes of the Act.

Upon the money being so deposited the Government are to become liable for interest thereon at the rate of 4 per cent. per annum until the money be invested, and thenceforth to make up a yearly return of not less than 4 per cent. per annum until the expiration of three* years from the date when a person becomes of full age and entitled in possession to dispose absolutely for his own use of the land purchased, unless, in the meantime, the purchase-money shall have been paid off. Upon receipt of the money the Investment Agent in London is to give to the trustees a debenture with warrants for payment of interest, in a form to be prescribed.

The Public Trustee, on receipt of the moneys from the Investment Agent in London, is to

invest the same in the purchase of the land which may have been previously selected, or otherwise at his discretion, and the same is to be vested in the trustees for whom the investment shall be made, who are to hold the same on the same trusts as if the land had been situated in England, but it may be arranged for the land being vested in some person in the colony for the purpose of

facilitating the management of the same.

Upon the completion of the purchase, and the delivery to the trustees of a proper certificate to that effect, the debenture issued by the Investment Agent in London, with all warrants for interest not accrued due, is to be delivered up. In case the whole of the moneys deposited shall not have been invested, a new debenture is to be issued for the balance.

The expenses attending the investment are to be borne by the Government, they being entitled

to deduct a commission.

The land purchased is not to be subject in the colony to succession duty, legacy duty, probate

duty, or other imposition in respect of devolution by death or otherwise.

The management of the property purchased is to be either by the trustees or by the Public Trustee, as may be arranged; but, if the Government are called upon to make good any deficiency of income to make up 4 per cent., the Public Trustee may obtain the appointment of a receiver or manager.

The necessary powers are conferred upon trustees to appoint agents in the colony for manage-

ment of the property purchased.

In case any person beneficially entitled in possession to the income of the trust funds should desire to have the trust funds returned to England, the Government are to be bound to repay the same, but not after the time when their guarantee of income ceases; and, if the land purchased shall be insufficient to yield an income of 4 per cent. for three consecutive years, the Government are to be at liberty to repay the trustees the purchase-money, with interest. On repayment of the trust funds the lands are to become the absolute property of the Government.

The Bill will thus afford to parties interested in trust funds in the United Kingdom the

opportunity of investing the same in lands in New Zealand, with a guarantee of the New Zealand Government of an income of not less than 4 per cent. per annum until three years after the time when the parties interested in the funds shall become absolutely entitled, and a right to repayment of the amount of the trust funds themselves, should the parties so desire at any time, whilst the

guarantee of income is current.

The Government will have the advantage of the investment of the trust funds in lands in the colony, which no doubt will induce a large number of settlers, at the risk of a guarantee which they can practically render perfectly safe, as the guarantee will only be in respect of investments made through their own officer, who can of course take care that the land shall yield the guaranteed income, and shall realize the trust funds themselves, should the Government be called upon to refund

The Bill provides for an inexpensive mode for trustees obtaining direction by the Court as to investments, and the Court is to consider the investment a proper one, and that the fact that any of the parties intend to reside in the colony renders the investment desirable.

The jurisdiction of the English Courts over the trust property is to be retained.

Questions between the Government and the trustees are to be settled by the High Court of Justice in England, in which the Government is to be represented by the Investment Agent in

The Bill contains the necessary provisions as to the evidence and adoption of the Act by the Government, and of the appointment from time to time of the Investment Agent in London, for delivery to the trustees of the necessary documents of title, and particulars of the investment; for the consolidation of several purchases on account of the same trust; for the orders of the High Court of Justice being enforced by the Courts in the colony; for the regulation by the Government of proceedings under the Act, and the adoption of such rules and forms as may be thought to be expedient; and for protecting the Government Agents from personal liability.

The Agent-General for New Zealand.

We have, &c., MACKRELL, MATON, AND GODLEE.

Enclosure 2.

A BILL intituled "An Act to authorize and facilitate Investments in the Land and Inscribed Stock of the Colony of New Zealand.'

BE IT ENACTED by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:-

Short Title.

1. This Act may be cited as "The New Zealand Investments Act, 1885."

Interpretation.

2. (1.) In this Act the word "colony" means the Colony of New Zealand: the words "land" and "settlement" have the same meaning respectively as the same words in "The Settled Land Act, 1882;" the word "trustees," where not inconsistent with the context, means the trustees of a settlement for the purposes of that Act: the expression "Colonial Government" means the Government of the Colony of New Zealand: the expression "Public Trustee" means the Public Trustee for the time being under an Act of the New Zealand Legislature, the Short Title of which is "The Public Trust Office Act, 1872," and any Acts of such Legislature amending the same.

Colony to adopt by passing an Act of the Legislature.

3. (1.) The colony shall be deemed to have adopted this Act when the Legislature thereof ha⁸ passed an Act having the following effect, namely:

(i.) Making this Act binding on the Colonial Government;

(ii.) Making proper provision for the appointment and continuance of an Investment Agent in London to act on behalf of the colony for all the purposes of this Act;

(iii.) Making proper provision for the appointment and continuance of the Public Trustee to

act on behalf of the colony for all the purposes of this Act;

(iv.) Expressly making the Colonial Government responsible for and bound by the acts and receipts of and the agreements entered into by the Investment Agent and Public Trustee

(v.) Declaring that all moneys which may become due and payable under this Act by the Government or by the Investment Agent or Public Trustee shall be charged upon and paid out of the Consolidated Fund of the colony; and that the Investment Agent in London shall, out of moneys to be appropriated for that purpose by the General Assembly of the colony, pay any sum or costs ordered to be paid by him under this Act by the High Court of Justice in England.

Investment Agent may be appointed.

4. (1.) Any person, corporation, or company may be appointed by the Colonial Government to be the Investment Agent in London for the purposes of this Act.

Evidence of adoption of Act and appointment of Investment Agent.

5. (1.) Publication in the London Gazette of a notice by order of one of Her Majesty's Principal Secretaries of State, to the effect that the colony has duly adopted this Act, shall be conclusive evidence of the due adoption thereof by the colony.

(2.) Publication from time to time in the London Gazette of a notice, by order of one of Her Majesty's Principal Secretaries of State, giving the name of the Investment Agent in London, shall be conclusive evidence of the due appointment of the Agent therein named.

Capital money arising under "The Settled Land Act, 1882," may be invested in land in a colony.

6. (1.) Notwithstanding any enactment to the contrary contained in "The Settled Land Act, 1882," capital money arising under that Act from land in England or Ireland may be invested in the purchase of land in the colony, unless the settlement expressly directs the contrary.

(2.) The whole fee-simple, estate, or other equivalent estate, according to the law of the colony, in land purchased under this Act, shall be conveyed or otherwise transferred, according to the law

of the colony, to and vested in the trustees, who shall hold the same on trusts and subject to powers and provisions corresponding with the uses, trusts, powers, and provisions, to on and Subject to which land in England purchased with the same money would be liable to be conveyed under "The Settled Land Act, 1882."

(3.) Where, by the law of the colony, an indefeasible title, or a title guaranteed by the colonial Government, or otherwise, can be obtained, the land shall be purchased with such indefeasible

or guaranteed title as the case may be, and not otherwise.

Purchase-money to be paid to Agent in London, and debenture given.

7. (1.) Money to be invested in the purchase of land under this Act may be paid by the trustees to the Investment Agent in London, and shall be by him remitted to the Public Trustee.

(2.) Upon receipt of such money, the Investment Agent in London shall give to the trustees a

debenture, with warrants for payment of interest, in the prescribed form.

(3.) A debenture issued under this section shall not be transferable except by delivery up thereof to the Investment Agent, and the issue by such Agent of a new debenture.

Land in a colony to be purchased by Agent there.

8. (1.) The purchase of land in the colony shall be effected by or under the direction of the Public Trustee according to the prescribed rules.

(2.) The money may be paid for the purpose of being applied to a purchase of land generally, at the discretion of the Public Trustee, or to a purchase with his consent of specified land, or of land of a specified kind or in a specified locality, or subject to any other special directions and conditions

(3.) Any such special directions, conditions, or qualifications shall be subject to approval by the Investment Agent in London, and shall be given in the prescribed form at the time when the money

is paid to such Agent.

Upon completion of purchase, documents of title and purchase-money, certificate to be delivered to trustees.

- 9. (1.) Upon completion of a purchase of land under this Act, the Investment Agent shall give notice thereof to the trustees in England or, if so agreed, elsewhere, and shall deliver to the trustees, or to any person duly authorized by them in the prescribed form, the documents, evidencing title to the land purchased, together with a certificate, to be called a purchase-money certificate, in the prescribed form.
 - (2.) Every purchase-money certificate shall contain the following particulars:—

(i.) A sufficient short description of the land purchased:

(ii.) The date from which the trustees become entitled to the income of the land:

(iii.) The amount of money laid out in the purchase (in this Act called "purchase-money"): (iv.) A sufficient statement of or reference to the trusts affecting the purchase-money, so as to show the persons who are or may become entitled to the income successively, and

ultimately to the capital thereof, or the land representing the same: (v.) Any other particulars deemed necessary or convenient to be inserted in the certificate.

(3.) On delivery to the trustees or other person under this section of a purchase-money certificate, the current debenture previously issued, with all warrants for interest not accrued due, shall

be delivered up to the Investment Agent.

(4.) On such delivery-up any proportion of interest accrued for a current half-year shall be paid by the Investment Agent to the trustees, and if any balance of money remains uninvested a debenture for such balance, with interest warrants in the prescribed form, shall be delivered by such Agent to the trustees.

Regulating devolution of land purchased.

10. The trusts affecting land purchased under this Act shall take effect, and the beneficial estate or interest in the land shall devolve, in the same manner, and the rights of all persons interested shall be the same, as if the land were situated in England, notwithstanding that all or any of the trusts may be incapable of taking effect under the laws for the time being in force in the colony.

Costs, &c., of remitting and of purchase to be paid by Colonial Government, and no colonial succession duty to be payable.

11. (1.) All costs and expenses incurred in remitting money to the colony for investment in the purchase of land there, and all costs, charges, and expenses incidental to the purchase and the conveyance or transfer to and the vesting in the trustees of the land, shall be paid by the colonial Government.

(2.) In consideration of paying such costs and expenses, the colonial Government may deduct and retain, for the use of such Government, out of the money remitted as aforesaid, a commission shillings for every one hundred pounds on the amount thereof, but on any not exceeding repayment of purchase-money under this Act the entire amount shall be repaid free of any such

deduction for commission.

(3.) The colonial Government shall also bear and pay all the expenses of any transfer of the

land in the colony required to be effected on any change of trustees.

(4.) Land purchased under this Act shall not be liable to any succession duty, legacy duty, probate duty, or other tax, duty, or imposition, in respect of the devolution by death or otherwise of the beneficial interest in such land or in the purchase-money, unless and until the colonial Government have ceased to be liable to repay such purchase-money.

(5.) The like succession duty or other duty shall continue payable in England in respect of

land purchased under this Act as if the land purchased were situated in England.

Provision for making good a sufficient income on purchase-money.

12. In order to make good a sufficient annual income from purchase-money under this Act, the following provisions shall have effect, that is to say,—

(i.) From the date of payment of the purchase-money to the Investment Agent in London until the colonial Government ceases to be liable to repay it under this Act, the

purchase-money shall carry interest at the rate of four per cent. per annum:

(ii.) Until the date when the purchase is completed and the trustees become entitled to receive the income of the land purchased, the interest on the purchase-money shall be paid in London or, if so agreed, elsewhere, to the trustees half-yearly by the Colonial Government through the Investment Agent:

(iii.) After the date when trustees become entitled to receive the income of the land purchased, such income shall be received by them or any person authorized by them to receive the same; and if required by them shall be paid to them in London by the Investment Agent

in London free of any charge for remittance;

(iv.) The net income, after payment and allowance of all proper outgoings, actually received in any year from the land purchased, when such net income exceeds interest at four per cent. on the purchase-money, shall be taken in discharge of all interest for that year; but, when it does not amount to such interest, the deficiency shall be paid to the trustees by the Colonial Government, and, if required by the trustees, shall be paid to them either in London by the Investment Agent in London or in the colony by the Public Trustee.

(v.) The year shall be reckoned from the date when the trustees become entitled to receive the

income of the land purchased:

(vi.) Where land is in the occupation of the trustees, or of any person by their permission, the amount of occupation-rent to be considered as payable in respect thereof may, at the cost of the Investment Agent, be agreed upon with such Agent or ascertained as by this Act

provided:

(vii.) The amount of deficiency (if any) payable by the Colonial Government under this section shall be agreed upon with the Investment Agent or ascertained as by this Act provided; and, if the trustees, or any person by their permission, should be in possession or in receipt of the income of the land purchased, proper accounts of receipts and payments shall be furnished for the purpose, and shall, at the request and cost of such Agent, be verified as may be required by him.

Provision for securing repayment on whole purchase-money if required.

13. For securing the repayment of purchase-money if and when required pursuant to this Act, the following provisions shall have effect, that is to say,—

(i.) On demand for repayment of purchase-money made in writing to the Investment Agent by any person beneficially entitled in possession to the income of land purchased under this Act or by the trustees at his request, the colonial Government shall repay the purchase-

money to the trustees:

(ii.) In case the deficiency of income to pay interest at four per cent. on the purchase money continues, and payment of such deficiency is required from and made by the colonial Government for any three consecutive years, but not otherwise, the colonial Government may, after giving notice in writing to the trustees, repay to the trustees the purchase-money:

(iii.) In consideration of repayment under this section the Trustees shall relinquish and give up to the colonial Government, and the Government shall be entitled to take possession of and to receive, as from the end of such current year, the land purchased and the

income thereof:

(iv.) Purchase-money repaid under this section shall be due at the end of the current year during which demand is made or notice is given, reckoning such year from the date of purchase; and repayment with all interest due shall be made in London by the Investment Agent in London unless otherwise agreed, and then at the place agreed upon, and in any case free from any deduction for cost of remitting or on any other account, and shall be accepted by the trustees at the expiration of three calendar months from the end of such current year, unless some other time is agreed:

(v.) From the end of such current year until actual repayment interest at the rate of four per cent. per annum on the amount to be repaid shall be paid to the trustees half-yearly by the colonial Government through the Investment Agent in London, or otherwise as

may be agreed:

(vi.) Immediately after the expiration of such current year the Public Trustee shall be entitled to have, at the cost of the colonial Government, a proper conveyance made, in such manner as he may direct, of the land in respect of which repayment is made and to take all proceedings necessary to obtain possession or a conveyance of the land, or an order of any competent Court equivalent to a conveyance thereof:

(vii.) Where two or more persons are beneficially entitled, in possession as tenants in common, or as joint tenants, or for other concurrent interests, to land purchased under this Act,

repayment of purchase-money shall be made on the demand of any one of them.

Time when right to repayment of purchase-money is to cease.

14. (1.) If within three years from the date when a person becomes of full age, and also entitled in possession, and to dispose of absolutely for his own use, land purchased under this Act, or would have become so entitled in respect to the purchase-money if no purchase-money under this Act had been made, and if neither of the following events has happened, that is to say,—

(i.) If no demand has been duly made under this Act to the Investment Agent for repayment of the purchase money;

11

(ii.) If no notice has been duly given under this Act, by or on behalf of the Colonial Govern-

ment to repay the purchase money;

then, at the expiration of such three years, the right of the trustees or any person beneficially interested to require repayment of the purchase-money, and the right of the colonial Government

to make the repayment, shall absolutely cease, and be no longer capable of being enforced.

(2.) Upon cesser of the right to require or make repayment, the land purchased under this Act shall be deemed duly purchased in accordance with the terms of the settlement, and shall be accepted by the persons beneficially interested under the settlement in substitution for the purchasemoney, and shall devolve in like manner as the purchase-money would have devolved if the purchase had not been make, and the trustees shall be discharged from all liability in respect to the purchase.

Receiver or Manager may be appointed on behalf of the colonial Government when they make good deficiency of income.

15. (1.) In case any claim is made upon the Investment Agent to make good a deficiency in the income of any land below interest at *four* per cent. on the purchase-money thereof, the Public Trustee may obtain the appointment by any competent Court in the colony of a receiver, or of a receiver and manager of the land.

(2.) The appointment of a receiver or receiver and manager shall not affect any rights or interests conferred by this Act, nor the liability of the colonial Government under this Act to pay

or make good interest at four per cent. on the purchase-money.

Trustees may appoint agents.

16. Trustees of money invested in the purchase of land under this Act may appoint agents in the colony for all purposes connected with such land and with the receipt and payment of income and other money in respect thereof, and the transmission to and from England of such money, and may let into possession and receipt of rents and profits of such land the person beneficially entitled to receipt of the income thereof; and such trustees shall not be liable in respect of any loss caused through the neglect or default of any agent appointed by them.

Several purchases on account of same trust consolidated for certain purposes.

17. When two or more purchases of land under this Act are made with moneys held on the same trust, all the purchases for the time being made shall be deemed one purchase for the purposes of this Act so far as regards the right conferred by this Act to repayment of and the liability to repay purchase-money, and the liability to make good a sufficient annual income from purchase-money.

Power to make certain other arrangements with respect to conveyance of land and receipt of income.

18. (1.) The Investment Agent in London and the trustees may agree to any arrangement of the following kind with respect to lands purchased:—

(i.) That the land, instead of being vested in the trustees, be vested in some person in the colony appointed for the purpose by the Investment Agent for the purpose of facilitating receipt of income and management:

(ii.) That the net income shall, at the cost of the colonial Government, be remitted elsewhere

than to London for payment to the persons entitled:

(iii.) That the purchase-money, if and when repaid, shall be remitted in like manner:

(iv.) That proper receiver's accounts of receipts and payments shall be furnished periodically by the Investment Agent to the trustees.

(2.) Any agreement made by the Investment Agent under this section shall be binding on the colonial Government, and the colonial Government shall be liable for all receipts, neglects, and defaults of every agent, receiver, or manager employed on behalf of such Government in reference to land purchased under this Act or the purchase-money thereof, and for all loss incurred in remitting capital or income or otherwise in respect to the agreement made.

Trustees may apply to the High Court for advice and direction.

19. (1.) Any trustee of money proposed to be invested in the purchase of land under this Act may make an application to the High Court of Justice in England (in this section referred to as "the

Court") for advice and direction with respect to the purchase.

(2.) On any such application an investment in the purchase of land under this Act shall be deemed a proper application of capital-money arising under "The Settled Land Act, 1882," unless the special circumstances of the case render the investment not advisable, and provided the settlement does not contain an express direction prohibiting the investment.

(3.) The fact that the applicant or any of his family intend to reside in the colony shall be

deemed a circumstance rendering the investment advisable.

(4.) Trustees shall be discharged from all liability by reason of an investment in the purchase of land under this Act made pursuant to an order of the Court.

Questions may be decided by the High ${\bf C}$ ourt.

20. (1.) Any question arising in respect to the following matters, namely, the amount of principal-money or interest or other money payable to the trustees, or to any person beneficially interested under the settlement, or claimed by way of deduction or otherwise by the colonial Government, or any question as to the repayment of purchase-money or notice, or as to the ascertainment of the amount of any occupation-rent, or as to any other question whatever arising in relation to any investment in the purchase of land under this Act, may be decided by the High Court of Justice in England.

(2.) An order of the Court made in reference to any such matter shall be binding on and be

observed by the colonial Government, and may be made an order of the Supreme Court or of any other competent Court in the colony.

Trusts of settlement to be administered only by the High Court in England.

21. (1.) The trustees shall, in respect of their trust, sue and be liable to be sued, and all proceedings in respect of the administration of the trust shall be taken, only in the High Court of Justice in England, and the trusts shall be administered in that Court only.

(2.) The Court shall have all the same jurisdiction, statutory and otherwise, in respect to the land purchased, and to the trusts affecting that land or the purchase-money, as if the land comprised

in the setlement were situated in England.

(3.) Any judgment or order of the Court with reference to land purchased under this Act or the purchase-money may, on the application of such person as the Court directs, be made a judgment or order of the Supreme Court or any other competent Court in the colony, and shall been forced by that Court accordingly.

Regulating application to the Court.

22. (1.) All matters within the jurisdiction of the High Court of Justice under this Act shall subject to the Acts regulating the Court, be assigned to the Chancery Division of the Court.

(2.) Every application to the Court shall be by originating summons at chambers, in which the Investment Agent in London may be plaintiff or defendant, and such Agent shall sufficiently repre-

sent the colonial Government.

(3.) On any application, notice shall be served on such persons (if any) as the Court thinks fit. (4.) The Court shall have full power and discretion to make such order as it thinks fit respecting the costs, charges, or expenses of all or any of the parties to any application, and may, if it thinks fit, order that all or any of those costs, charges, and expenses be paid by the Investment Agent in London, or out of the land, or the purchase-money repaid in respect thereof, or the income of the land, or out of any other money held on the same trusts as the purchase-money.

Rules, orders, and forms to be issued by the colonial Government.

23. (1.) The colonial Government shall make such orders, rules, and forms as shall be necessary for regulating the proceedings under this Act of any Investment Agent, and with respect to any other matters requiring to be provided for in carrying into effect the provisions of this Act; and such orders, rules, and forms may be amended, repealed, varied, or added to, or new orders may be issued from time to time.

(2.) Such rules, orders, and forms, or any amendment, repeal, or variation thereof, or any addition thereto, shall not contain anything inconsistent with the provisions of this Act.

(3.) A copy of such orders, rules, or forms, or of any amendment, repeal, or variation thereof, or of any addition thereto, approved by one of Her Majesty's Principal Secretaries of State, shall be published in the London Gazette, and shall take effect from the date of such publication.

(4.) Orders, rules, and forms, or any amendment or repeal, variation or addition, a copy of which is so published shall so far as not inconsistent with this Act be read and taken as part of this

Act, and shall have the same effect as if they had been enacted by this Act.

(5.) A form or mode of proceeding authorized by any orders or rules issued and published under this section is the prescribed form or mode referred to in this Act.

Agents not to be liable for administration of trusts or personality.

24. (1.) The Investment Agents shall not be in any way liable for the administration of the

trusts affecting land purchased under this Act or the purchase-money thereof.

(2.) The Investment Agent acting under this Act on behalf of the colony shall be liable only as representing the colony, and shall not be personally liable except to the colonial Government

and as their agent. (3.) The Investment Agent when acting under this Act on behalf of the trustees shall be deemed merely agent of the trustees, and liable only as such agent.

Money of infants may be invested in like manner as capital money under "The Settled Land Act, 1882."

25. (1.) Money held under any trust in trust for an infant, either absolutely or contingently, on attainment of the age of twenty-one years, or on any other event, may, unless the contrary is specially directed by the terms of the trust, be invested by the trustees thereof in the purchase of land in the colony, in like manner as capital-money arising under "The Settled Land Act, 1882; and all the provisions of this Act shall apply to money so invested in like manner as to capitalmoney under that Act.

2.) This section shall be in force although there be subsisting a life or other interest having priority to the trust for the infant; but the consent to the investment of every person of full age

entitled beneficially to any such prior interest shall be obtained by the trustees.

(3.) The land purchased under this section shall, unless and until the right to require repayment of the purchase-money has ceased, be deemed held on trust for sale and reconversion into money.

Trust money may, where contrary not directed, be invested in inscribed stock of a colony.

26. (1.) Money held on any trust may, unless the contrary is specially directed by the terms of the trust, be invested by the trustees thereof in the purchase of stocks or other public funds of the colonial Government.

(2.) The investment may be made whether the colony has actually adopted this Act or not.
(3.) The investment shall be made only in stocks or funds for the inscription and transfer of which a register is kept in England under "The Colonial Stock Act, 1877."

(4.) The investment shall be made only with such consent (if any) as is required to an investment authorized under the trust, or, if no consent be required, then only with the consent of the person (if any) of full age beneficially entitled in possession to the income arising from the investment when made.

No. 6.

The AGENT-GENERAL to the PREMIER.

On hearing that the s.s. "Ruapehu" had arrived, which took out my letter of the 12th February relating to settled estates, I telegraphed to you asking whether I might proceed with the proposed Bill on the lines submitted by Mr. Mackrell; and I duly received your reply of yesterday, stating that you would telegraph instructions to me in about three weeks. By that time you will have had in your hands my later letter of the 12th March, with the draft Bill, so that the delay in receiving your instructions will really be an advantage.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. Bell.

No. 7.

The Premier to the Agent-General.

Sir,—

Referring to your letter (No. 318) of the 12th March last, I have now the honour to inform you that, having considered the draft Bill for investing money belonging to settled estates, prepared by Mr. Mackrell, Ministers are of opinion that as drafted they could not recommend it for New Zealand.

So far as relates to the purchase of lands we do not think that any colony ought to undertake

the very onerous duties which would be cast upon them by the proposed Bill.

I had hoped that the Court of Chancery might have been authorized to allow purchases of land in the colony without any interference or liability so far as the colonial Government is concerned; and, if the purchase is only to be allowed on the terms mentioned by Mr. Mackrell, I feel certain that the Legislature of this colony will not pass any adopting Act should the Bill become law, nor would we recommend it to do so.

The question of investing money on mortgage and in inscribed stock is, we believe, one of vital importance to the colony. We are preparing to introduce a Mortgage Debenture Bill, and possibly, if it passes, you may be able to get the Bill of Mr. Mackrell's so formed as to allow the High Court of Justice, Chancery Division, to allow trust moneys to be invested under it. Sections 25 and 26 of Mr. Mackrell's Bill, if passed, would be of advantage to the colony, especially the latter.

I would have replied to your letter earlier, but I hardly thought, from the pressure of business

in England, that there would be any chance of the Bill being considered at present.

I have, &c.,

Sir F. Dillon Bell, K.C.M.G., Agent-General.

ROBERT STOUT.

By Authority: George Didsbury, Government Printer, Wellington.—1885.