

As an alternative to payment for negotiating the Five-million Loan, Sir Julius claims commission on the conversion of the debentures of this loan into Inscribed Stock, on the terms and conditions laid down in the prospectus. The other Stock Agents made a similar demand.

After full consideration the Government declined to entertain either claim, giving its reasons in my letter of 20th April, 1880 (B.-4, 1880, page 11).

On the assumption by Sir F. Bell of the office of Agent-General, this question was fully discussed between him and the Stock Agents, and in consequence of this discussion the Agents withdrew their claim. Sir Julius, however, reserved to himself the right to bring his case before the New Zealand Parliament (*vide* Sir F. Bell's letter, 27th May, 1881).

It will, I believe, be found that of these debentures of the Five-million Loan about £1,000,000 was converted into Inscribed Stock after the date on which Sir Julius ceased to draw salary as Agent-General.

If it can be shown that after this date Sir Julius rendered any appreciable service in connection with such conversion, he would, I consider, have a claim to adequate remuneration. It will, however, doubtless be found that if anything at all was done by Sir Julius and the other Stock Agents, it was of the most formal and mechanical nature.

The consideration and determination of the terms and conditions on which the conversion should be allowed were completed before the prospectus of the loan was issued, and formed part of it. The actual inscription which followed was a matter of clerical routine, not involving consideration by the Stock Agents, and, as a matter of fact, was done by the Bank of England.

The second claim of Sir Julius Vogel is for compensation for "being deprived of the agency for Inscribed Stock."

The facts, as far as I recollect them, are as follow: He had been appointed by Sir George Grey's Government (in April, 1879) one of the Agents for Inscribed Stock. Mr. Larnach and Mr. Ommanney were included in the same Commission.

In January, 1880, it became necessary to give effect to the conversion of the debentures of the Five-million Loan, and as Mr. Larnach had returned to the colony, and could therefore not act, a new Commission was issued, omitting the name of that gentleman; Mr. Ommanney's name was, for other reasons, also omitted. Sir Julius Vogel being at this time Agent-General, his reappointment did not involve any separate payment to him, any more than the former appointment had done.

The question of special remuneration was raised subsequently.

As already stated, when the Hall Government, in November, 1879, told Sir Julius that they considered the offices of Agent-General and the directorship of the Agency Company incompatible, they informed him that they were considering the expediency of appointing him Agent under the Inscribed Stock Acts, with remuneration at a percentage, and requested him to report the arrangements he would propose for this purpose. (Telegram, 10th November, 1879; B.-4, 1880, page 6.)

This report when received (B.-4, 1880, page 6; 18th November, 1879) proposed a remuneration to each Stock Agent of  $\frac{1}{2}$  per cent. on the amount inscribed.

This was replied to by me in an official telegram of 26th February, 1880 (B.-4, 1880, page 10) and an official letter of the following day. The former was to the following effect: "Government unable to sanction payment to you for last loan. Subject to approval of Parliament, pay each Agent 1-12th for commission."

The official letter went more fully into the question and stated: "You will not, however, consider this as an undertaking to pay a rate of commission without the sanction of Parliament, before which the whole question of the conversion of stock will be brought with as little delay as possible after the opening of next session."

His position was therefore clearly defined in official communications in the ordinary way.

By the same mail I wrote, as I generally did, a private letter, marked "Private," to Sir Julius, a short extract from which he has felt himself justified, without any communication with me, in laying before the Committee. I regret exceedingly that Sir Julius should have thought such a proceeding consistent with what is due both to himself and to me. Such conduct appears to me destructive of the confidence based upon an honourable understanding which should exist between public men in matters of this kind.

My objection, however, is not based on any wish to avoid responsibility for anything I have written, and, had I been asked, I should probably have consented to the publication of the extract in question, if I had ascertained that its separation from the rest of the letter did not convey an incorrect impression.

Now, what does this private letter, on which so much stress has been laid, amount to? It refers Sir Julius to certain official letters addressed to him by the same post, and gives my views respecting their contents. It contains itself no promise or undertaking whatever on the part either of the Government or myself. Anything of this kind would, of course, be given in official communications, and actually was so. The official telegram, already quoted, contained a promise of remuneration to Sir Julius as Stock Agent, subject to the approval of Parliament.

The official letter is still more emphatic on this point.

That letter was written on 27th February, 1880. From it I will make the following quotations:—

"You will not, however, consider this an undertaking to pay such a rate of commission without the sanction of Parliament, before which the whole question of the conversion of stock will be brought with as little delay as possible after the opening of next session."

Therefore, the whole matter was to be subject to the sanction of Parliament.

I think the Petitions Committee was not fairly dealt with when my private letter was produced as proof that certain engagements had been made by me, and my official communications, in which alone such engagements should be and were contained, were withheld from the Committee.

The Committee will note that I refer Sir Julius Vogel, in the extract from my private letter, to the official letter addressed to him by the same post, and give my views respecting its contents. It contained no promise or undertaking. The following is the extract from the private letter in question.

"By the present post you will receive answers to the official letters respecting the floating of the loan and the proposed inscription of stock. So far as they affect yourself I am afraid they will disappoint you; but with a full appreciation of your services, and with every wish to do you justice, we have not found it possible to accede to that for which you believe you have a fair claim.

"The argument that on all former occasions the services rendered by the Agent-General when acting as Loan Agent have been considered to be included in the duties of his office, appears to us insurmountable.

"We are not unmindful of the value of the arrangements which you effected with the Bank of England in 1875, nor of the services which, as Agent-General, you have rendered to New Zealand; but, on the other hand, it is sure to be said that those services have been followed by your appointment as one of the Agents for the inscription of stock—an appointment which will, with the exercise of little labour, return, in all probability, a considerable income, and assist materially your position in London, whilst leaving you free to engage in any other business. From this point of view it is sure to be argued that this is not an unreasonable recognition of your services."

My letter to Sir Harry Atkinson proceeds,—

The Government by me undertook to make certain propositions to Parliament, and that undertaking was fully carried out. Resolutions embodying our proposals were moved by me in a speech of considerable length (*Hansard*, August, 1880), and I did my best to carry them. To my disappointment, however, the debate went entirely against us, and the Government resolutions were negatived, not withdrawn. We were compelled by the general opinion of the House to suspend any conversions (with some unimportant exceptions) until Parliament should re-assemble.