

1899.

NEW ZEALAND.

## ASSETS REALISATION BOARD

(CORRESPONDENCE BETWEEN THE NEW ZEALAND THAMES VALLEY LAND COMPANY AND THE).

*Laid on the Table of the House of Representatives by Leave.*

LETTER from ASSETS BOARD to COMPANY, dated 14th October, 1897.

DEAR SIR,—

The Assets Realisation Board, Wellington, 14th October, 1897.

At our regular Board meeting held on the 6th instant the Right Hon. R. J. Seddon was present, and the subject of his interview with you in London came up for discussion.

My Board desires me to thank you for ready response to our Mr. Seddon's advances, and I am now instructed to say that we are willing and would wish to have the control of the Thames Valley Land Company's property in the colony handed over to us, thus relieving that company to a large extent of the colonial expenses in connection with the office and direction.

The writer was asked by our Board to suggest a scheme of control. This, however, he is unable to do until after having inspected the property and investigated the working. This inspection and investigation, for reasons which will no doubt be readily conceived by you, he prefers not to make until he has a full measure of control and authority.

At this stage we do not desire to say anything further, but would suggest that, should you approve of handing over the control to us here, the better plan would be for you to appoint the writer (general manager for the time being of the Assets Realisation Board) the attorney for your company in New Zealand. We shall be glad, if you decide upon this, if you will give the speediest possible effect thereto, as it is essential, if better results are possible, that they be obtained without delay.

Yours faithfully,

WALTER G. FOSTER, General Manager.

The Chairman, New Zealand Thames Valley Land Company, London.

LETTER from COMPANY to ASSETS BOARD, dated 24th December, 1897.

New Zealand Thames Valley Land Company (Limited),

Dashwood House, 9, New Broad Street, London, E.C.,

24th December, 1897.

DEAR SIR,—

I am instructed to acknowledge receipt of your favour of the 14th October, addressed to the chairman, and which has been laid before the directors, in which, after referring to your Board meeting held on the 6th October, at which the Right Hon. R. J. Seddon was present, you state that your Board desires you to thank us for our ready response to Mr. Seddon's advances, and that you are now instructed to say that your Board are willing and would wish to have the control of the Thames Valley Land Company's property in the colony handed over to them, thus relieving this company to a large extent of the colonial expenses in connection with the office and direction; that you had been asked by your Board to suggest a scheme of control, but that this, however, you were unable to do until after having inspected the property and investigated the working; that this inspection and investigation, for reasons which you suggest would be readily conceived by us, you prefer not to make until you have a full measure of authority. You then propose that, should we approve of handing over the control in New Zealand to your Board, the better plan would be for us to appoint you (general manager for the time being of the Assets Realisation Board) the attorney for our company in New Zealand; and you add that you will be glad, if we decide upon this, if we will give the speediest possible effect thereto, as it is essential, if better results are possible, that they be obtained without delay.

And in reply I am desired to say that there appears to be some little misapprehension on your side as to the effect of what passed at the friendly interview referred to between two of our directors and your respected Premier, Mr. Seddon, the day before he left England. This is perhaps natural, as the interview was somewhat hurried, and did not admit of any details what-

ever being discussed. No notes were taken, and nothing whatever was defined, the whole occasion being one of conversation and exchange of views, and not of negotiation or of making any compact. Mr. Seddon stated his views to be that his Government, through the Assets Board, of which we understand you are the general manager for the time being, should have a more direct control over the management in New Zealand of the company's property than they now have, with the object of economizing in the management, and of rendering more productive the property of the company. My directors stated generally that if these only were the objects desired, and if the Premier would cause the Assets Board to make any practical suggestions to show that they would be attained by such control, they would be happy to consider them, and, if approved, would be prepared to concur in any reasonable method for carrying them out, even to the extent, if advisable, of adding the name of your Board's representative in our power of attorney, Mr. Seddon having assured them that such suggestions would only be made as would be in the equal interests of all the shareholders alike, and not for the purpose of forcing the company into liquidation or its property to a forced sale, upon which the English shareholders had expressed anxiety. My directors promised to consider the views of the right honourable gentleman so soon as he was in a position to put them in writing. This he kindly promised to do as soon as convenient after his return to the colony, and embody therein suggestions how it would be possible to reduce the present management expenditure and economize generally, and also formulate a policy whereby the returns of profits would be enhanced. These are points you, no doubt, will admit, as he did, that the directors, as trustees for all the shareholders, are bound to consider carefully before committing themselves to handing over control.

What my directors therefore suggest is that you should first make your inspection into the company's property and affairs, for which every facility shall be given you by directions sent from this side by this mail to our manager, and having done that, you should then be good enough to state to us where and in what respects the management of the company's affairs is faulty or capable of improvement with economy and prudence, or a greater productive result could be obtained, and to formulate your suggestions, showing how you, if you had the control, would insure economy in the expenditure or increase in the returns, and my directors would then consider your proposals.

It may be that when you visit the property—and we hope you will do so soon—you will find that little or no improvement can, in the present condition of your markets, be effected either in the point of economy or in the operations of working; but pray do so first—look into the affairs on the spot, talk them over with Mr. Hume and Mr. Harrison, both of whom we appointed on the recommendation of the Estates Board, and we suppose are therefore favourable to and would give due consideration to any suggestions emanating from your Board.

These gentlemen have been instructed from the first not only to do this, but also to consult your Board upon points of policy in which you might like to give an opinion.

I am, &c.,

C. DUGALD BUCKLER, Secretary.

W. G. Foster, Esq., General Manager, Assets Realisation Board,  
Wellington, New Zealand.

EXTRACT, LETTER from COMPANY to Mr. HUME, its Local Director, dated 24th December, 1897.

DEAR SIR,—

24th December, 1897.

Thanking you for your favour of 29th October, we have to confirm our last dated 27th ultimo.

2. *Assets Realisation Board.*—You will see from the enclosed copy of correspondence which I am directed to send you that the above Board, who hold more than half the shares in the company, have asked us to appoint their general manager, Mr. Foster, to be the attorney for the company in New Zealand, with full control and authority in the local management. The Board may not be adverse to taking this step, or of granting a joint power with you, if agreeable to yourself, provided Mr. Foster will first satisfy them that by doing so a reduction in the expenses, without impairing efficiency, will be effected, and that improvement in result of working the property under his policy is to be obtained.

You will observe that Mr. Foster asks for this power of attorney at once, and without in the least foreshadowing his policy of management or plans for working the property to better advantage. It seems that he has never seen and does not know the estate or its capabilities, so the Board will ask him to be good enough to pay it and you an official visit of inspection, and to consult with you and Mr. Harrison as to the methods of working now adopted, the results obtained, and the possibilities of obtaining better results under a new and more economical policy. The Board desires, therefore, that when Mr. Foster visits you for this purpose you will afford him full facilities for inspecting the property, and the assistance he may require in acquainting himself with the past and present system of management.

I am to add that the Board will in no case sanction any alteration to take effect until the 1st May next, as they feel that it is due to you and the present staff that you should complete your operations to the end of the financial year, and render the accounts to 31st March, together with your annual report on the year for which you are responsible.

I remain, &c.,

C. DUGALD BUCKLER, Secretary.

James Hume, Esq., c/o Bank of New Zealand, Hamilton, New Zealand.

EXTRACT, LETTER from Mr. HUME to COMPANY, dated 19th February, 1898.

The New Zealand Thames Valley Land Company (Limited),  
Auckland, 19th February, 1898.

DEAR SIR,—

*Assets Realisation Board.*—I have in the meantime written to Mr. Foster, the general manager, to the effect that I will be glad to confer with him and arrange to give him full information, and that Mr. Harrison shall show him over the estate. I enclose press copy of my letter to him herewith.

The Secretary, London.

Yours, &c.,

JAMES HUME, Local Director.

LETTER from Mr. HUME to ASSETS BOARD, dated 19th February, 1898, referred to in above.

DEAR SIR,—

Auckland, 19th February, 1898.

I am advised by my London Board that you will probably desire to make an inspection of this company's property to enable you to report to them as to the working of the estate, with a view of effecting greater economy in connection therewith.

I shall be pleased, therefore, to arrange with Mr. Harrison to meet you at any time you may wish for this purpose, and give to you every information. I shall also be prepared to confer with you myself at any time you may desire.

Yours, &c.,

JAMES HUME, Local Director.

W. G. Foster, Esq., General Manager, Assets Realisation Board, Wellington.

LETTER from ASSETS BOARD, dated 11th March, 1898.

DEAR SIR,—

The Assets Realisation Board, Wellington, 11th March, 1898.

I am in receipt of your favour of the 24th December, 1897.

*Control in New Zealand.*—I submitted your letter to my Board for its consideration, and am desired to reply that our Mr. Seddon, whilst remembering that his interview with your directors was brief and somewhat hurried, certainly understood it to be the wish of your Board—and in this impression he is supported by statements made to the writer by Mr. Tegetmeier; however, as this is apparently not the case, it is not in our opinion desirable we should lose time in inspecting and reporting upon the property and management. That economies are practicable we are convinced; and for many reasons we consider the company's interest would be best served by the suggested changes. The New Zealand charges, with the exception of the working-expenses, could be almost entirely saved, and we think greater profits may be earned.

Yours, &c.,

WALTER G. FOSTER, General Manager.

The Secretary, Thames Valley Land Company, London.

TELEGRAM from ASSETS BOARD to COMPANY, received in London 4th October, 1898.

HUME resigned from bank. Are you arranging for successor, and who?—ASSETS BOARD.

TELEGRAM from COMPANY to ASSETS BOARD, sent 14th October, 1898.

HUME offers continue company's agency existing terms. Do you suggest anything better?

TELEGRAM from ASSETS BOARD to COMPANY, received 20th October, 1898.

We do not approve of Hume appointment. Should be Assets Realisation Board.

LETTER from COMPANY to ASSETS BOARD, sent 22nd October, 1898.

DEAR SIR,—

22nd October, 1898.

We have to acknowledge the receipt of your telegram as follows: "Hume resigned from bank. Are you arranging for successor, and who?—ASSETS BOARD."

We deferred replying at once, anticipating that we should receive from Mr. Hume, in his letter *via* San Francisco, then shortly due, information which would enable the Board to judge the position better than they could from your telegram only. Mr. Hume's letter duly arrived, and in it he states that he was likely to be leaving the service of the bank shortly, having decided to take his pension, but would be pleased to retain his connection with this company, provided the Board still feel disposed to intrust him with their confidence. I am directed to state to you that the Board have every confidence in Mr. Hume's abilities and integrity, and consider that his management of the affairs of this company in New Zealand has been prudent, and, on the whole, beneficial to the interests of all concerned. They always feel, of course, that your Board, owning so large a proportion of the shares of this company as they do, are entitled to a voice in the question of how it should be managed, as is shown in the past by the appointment of Mr. Hume and Mr. Harrison in the colony, and Mr. Holmes on the London Board, all of which gentlemen were appointed either directly or by nomination of the Estates Company or the Bank of New Zealand, or both, for we have some difficulty in gathering what is the connection between the two associations, as also between them and your Board, in whom the shares—most of which were held by the vendors, and afterwards by the Bank and the Estates Company—have since

become and are now vested. Although, subsequent to Mr. Holmes's appointment to this Board, the shares in this company which stood in the name of the Bank of New Zealand Estates Company, registered in the names of the vendors, have been transferred into the name of your Board, that gentleman has, we understand, continued to represent on this Board the joint interests in the shares of the parties concerned.

The Board, desirous of doing what is just in the interests of all the shareholders, and in order to arrive at some definite suggestion from yourselves, have instructed me to forward you the following telegram, which I did through the Bank of New Zealand on the 14th instant—viz., "Hume offers continue company's agency, existing terms. Do you suggest anything better?"—and they propose to defer taking any action to alter the existing arrangements until they have received your views, and any suggestions, if you have any which you wish them to consider. They hope you will agree with them in continuing Mr. Hume's services, seeing that his past superintendence has given him a considerable knowledge of our estate and its qualities, and that now he may be in a better position of greater freedom to give even more attention to it, and his reputation does not appear to be in any way depreciated by his leaving the bank or otherwise. If you, however, in New Zealand have any facts within your knowledge, in the interests of the company, to the contrary, the directors desire me to assure you they will give them their best attention.

Yours, &c.,

C. DUGALD BUCKLER, Secretary.

The Manager, Assets Realisation Board, Wellington, New Zealand.

P.S.—Since this letter was drafted and approved by the Board, the Bank of New Zealand have handed us your telegram of the 20th instant, as follows: "We do not approve of Hume; appointment should be to Assets Realisation Board." We shall, no doubt, be receiving from you by early mail letters covering your telegrams and going more into detail, and giving reasons for your proposals, and suggestions as to the best way to carry them out, which it is difficult to state effectively in a telegram. When that letter arrives, or your reply to this communication, the Board will at once deal with the matter; but, in the meantime, they think it better they should take no action.

LETTER FROM ASSETS BOARD TO COMPANY, dated 4th October, 1898.

DEAR SIR,—

Assets Realisation Board, Wellington, 4th October, 1898.

The balance-sheet of the affairs of your company as at 31st March last is duly to hand, as well as local and London reports. We notice with regret that the year's business, apart from the special £500 from the Prospecting Syndicate, shows a loss of £232 Os. 10d. Were this deficiency peculiar to the year there would perhaps be nothing very alarming, but you will notice that, notwithstanding the favourable prognostications annually made, the position of the company is becoming gradually worse, until it now seems within measurable distance that the capital remaining visible in the stock, plant, &c., will have disappeared.

For your information I enclose copy of letter addressed by me to the Right Hon. R. J. Seddon when he was in your city, and would suggest your consideration of the proposals I therein submitted. That a change is desirable is beyond question, as the cost of management is excessive and unnecessary. London expenses, totalling some £900, are almost entirely unnecessary, and in the condition of affairs impossible to afford. Local expenses are higher than need be, and we see no course open to us but to take steps to bring about a liquidation of the company, unless, of course, your Board can submit some better plan.

We have our solicitor's opinion that the Court would under all circumstances grant us relief, and, unless we hear from you in course of mail submitting some better proposal, we purpose taking the necessary steps to this end.

You are no doubt aware that your local director, Mr. James Hume, has retired from the service of the Bank of New Zealand, is no longer living in the Waikato, and has no further interest in the bank's or the company's affairs, and I am cabling you to-day as per schedule herewith.

In conclusion, I may mention that in July, 1896, we authorised the London branch of the Bank of New Zealand to sell our interest in the company for £2 per share, and we are still prepared to sell at that figure, if obtainable. Should the London shareholders desire to acquire our interest we shall be pleased to quote a very liberal concession off that price.

Yours, &c.,

WALTER G. FOSTER, General Manager.

The Chairman, New Zealand Thames Valley Land Company (Limited), London.

[Enclosed with above Letter.]

DEAR SIR,—

Assets Realisation Board, Wellington, 15th June, 1897.

*New Zealand Thames Valley Land Company.*—You will, no doubt, remember your raising the question of the future control and management of this company's land in Waikato. The reports of the New Zealand director and chairman promised after the payment of the last call a much improved condition of affairs, which, judging by their last balance-sheet, has not eventuated, and, so far as can be ascertained locally, not very satisfactory progress has been made this year. Their annual meeting is close at hand, and the Board thinks it would be desirable some steps should be taken to bring about at any rate a large share of control in the colony. I may point out that the same chief management which was, at any rate, not beneficial to the Estates Company exists in regard to the Thames Valley Company. I am quite at a loss to understand that better results are not obtainable, and can only attribute the failure to indifferent management. You will perhaps remember that Mr. James Hume, the manager of the Bank of New Zealand at Hamilton, is the local director, but, whilst no doubt a capable man in most

respects, he has not proved quite successful in the management of properties, if the Estates Company may be taken as an instance. As already advised you, I have not been over the property nor investigated its management, we having no control. However, the time has come when, unless we wish to face another call, we must interfere. The expenses attendant upon London management, office expenses, &c., added to those of New Zealand, are so heavy as to render it impossible in so small an area as is under stock to carry through with a surplus, at any rate under present management. I would suggest that the control be handed over to our Board, with merely a nominal office in London; or, failing this, that I be appointed the local director in place of Mr. Hume. Possibly it might be agreeable to the London Board to appoint me attorney for the company in New Zealand, with power to act in place of Mr. Hume. Should neither of these proposals be accepted, I would suggest that the estate be divided, we taking our share of the land, &c., on the basis of our interest in the company, and working out our own salvation. Should the company be intractable, it might be desirable to force the concern into liquidation, rather than go on as now, with the certainty of further calls.

Yours, &c.,

W. G. FOSTER, General Manager.

Hon. R. J. Seddon, Agent-General's Office, London.

LETTER from COMPANY to ASSETS BOARD, dated 2nd December, 1898.

New Zealand Thames Valley Land Company (Limited),  
Dashwood House, 9, New Broad Street, London, E.C.,  
2nd December, 1898.

DEAR SIR,—

We have to acknowledge receipt of your letter of the 4th October, 1898, enclosing copy of a letter from you to the Hon. R. J. Seddon of the 15th June, 1897.

This letter of yours to Mr. Seddon was not shown by him to our Board while he was in this country. In each of these letters you make observations on alleged unnecessary expenditure incurred in managing the affairs of the company. I may observe at once that you are in error in supposing that the London expenses amount to £900; the total amount, including auditors' fees, as per last balance-sheet, is £718 2s. 6d. With reference to Mr. Hume's management, my Board are of opinion that the fact that he has each year considerably diminished the deficit, until in the last year it was reduced to a comparatively small amount, affords ground for belief that in the early future the working of the properties will show a balance of profit. In the year 1894-95, when Mr. Hume took charge, the deficit was £1,146; since then it has been—in 1896, £762; 1897, £47 Cr.; 1898, say, £232 Dr.

In your letter you suggest different modes of proceeding, in order, as you think, to diminish the cost and to improve the management of the company. In each letter you allude to the liquidation of the company. We pass over that as a threat which cannot have been made in earnest.

In your letter to Mr. Seddon you make three suggestions—(a) That the entire control of the company should be handed over to the Assets Realisation Board, reserving merely a nominal office in London; or (b) that you should be yourself local director in place of Mr. Hume; and (c) that the lands of the company should be divided, your Board taking possession of a share of the same on the basis of your interest in the company.

As to proposal (a), you must bear in mind that though your Board holds more than half of the shares of the company, being principally those of the vendors of the land to us, there are 130 shareholders in this country whose interests the Board are bound to protect. You may not be aware of it, but we may mention that about three years and a half ago the question of transferring the control of the affairs of the company to a local Board in New Zealand, preserving only a nominal Board in London, was raised by the Bank of New Zealand Estates Company, and, though we were ready to assent to an arrangement in that direction, provided proper provision was made for the protection of the interests of the shareholders in this country, this proposal fell through, it having met with no response from your side. In our opinion the only authority which we could delegate to your Board without the prior concurrence of the English shareholders would be power of management of the company's properties under a strict and well-considered power of attorney. We could not confer any authority to control the finances of the company, to borrow money, to create any charge on or to alienate the company's land, in part or whole, without the Board's sanction, or to make calls on the shareholders; accounts and reports would have to be furnished to us as now.

(b.) In the case of power of attorney to you personally the authority could not be less restricted than to your Board. We may state that we are as anxious as others that no further call should be made on the shareholders, and, equally with you, we desire that all expenditure should be regulated to this end. The appointment of your Board to the control of the properties would, therefore, not introduce any new policy in this direction.

(c.) If the lands and buildings could be fairly and equitably apportioned, there might be no objection to assigning to your Board a portion of the estate in proportion to your share in the company, if permissible in law, which is doubtful. There appear difficulties in the way of devising a method of division which in practice would be satisfactory to all concerned.

On the question of expense in New Zealand (£776 18s. 10d. is occasioned annually by taxes paid to the Government of New Zealand), we must remark that you nowhere point out how or where the cost of working or upkeep can be diminished by your having the control of the company's estates placed in your hands, nor have you availed yourself of our invitation to you to visit the properties, look into the details of management, consult with Mr. Hume on every point on which you might desire information, and then report to us with any recommendation you might wish to

make. But, without indicating any direction in which there is room for economy or more effective management, you offer us your unsupported opinion that such room exists, and desire us thereon to agree to a change in administration which may or may not prove of advantage to the shareholders. Certainly you do not assist us with any data in submitting your proposals.

As regards the London expenses, our opinion is that they are so low as to afford no room for reasonable objection; but, we may add, the subject of reduction therein to an aggregate of £500 per annum is being considered. We shall be glad to hear the nature and extent of the economies in New Zealand which you have in view in submitting your proposals.

Finally, this Board is certain to give most careful attention to any proposal for the better management of the company's properties which may be put before it.

With regard to the disposal of your shares in London, which you state you would transfer for a very liberal concession from the £2 per share previously mentioned: we do not know whether we could assist you in this, but if you will state the lowest price and give us a firm offer for months we will see what can be done in your interests.

I am, &c.,

C. DUGALD BUCKLER, Secretary.

The General Manager, Assets Realisation Board,  
Wellington, New Zealand.

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LETTER from ASSETS BOARD to COMPANY, dated 7th December, 1898.

DEAR SIR,—

Assets Realisation Board, Wellington, 7th December, 1898.

I am duly in receipt of your favour of the 22nd October.

As regards Mr. Hume's continuance as local director of the company's business in the colony, I have, by direction of my Board, already cabled you that we do not approve. As to Mr. Hume's integrity we have no doubt whatever, but his ability to manage and control is quite another matter, and in this direction we unhesitatingly differ from you. The results of the past management have been disastrous, and we see nothing foreshadowed by the management to indicate a more profitable outcome in the future. There is surely some misconception on the part of your Board as to our having been consulted upon the management, as neither of the appointments referred to have been made at the instance or with the approval of the Assets Realisation Board, which only became proprietors of the shares in your company as from the 31st March, 1895, from which date till the 31st March, 1896, its affairs were controlled by the attorneys of the Bank of New Zealand Estates Company.

The Assets Realisation Board is vested with the bulk of the assets of the Estates Company for the purpose of realisation, and is entirely independent of either the Estates Company and or the Bank of New Zealand.

We have, as you are doubtless aware, large properties of similar description to yours, viz., pastoral country, which we are managing with considerably greater success than was the case when Mr. Hume acted for the Estates Company in a somewhat similar capacity to that he is now occupying with you. Mr. Hume, who has been a worthy and capable bank officer, is, in our opinion, not qualified for his continuance in the local directorship. He is now also living at much greater distance from the property; and, besides, I believe his new business (that of secretary and manager of a large flour-milling company in Auckland) will probably very fully occupy his time. From March, 1895, his supervising control of the Estates Company's properties in the Waikato was determined by the attorneys of the Estates Company, who were also directors of the bank.

My Board considers that, in view of the large interest that we have in your company, the local control should be placed with us. We have the necessary expert machinery, and may be well trusted to do our very best for all parties. My Board confidently anticipates that you will appreciate this. Should you decide as suggested, we will, on being properly authorised, report upon and arrange a system that will insure better results. As time is of consequence, perhaps you will wire us your decision.

Yours, &c.,

WALTER G. FOSTER, General Manager.

The Secretary, New Zealand Thames Valley Land Company,  
Dashwood House, 9, New Broad Street, London, E.C.

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TELEGRAM from COMPANY to ASSETS BOARD, sent 16th January, 1899.

REFERRING to our letter of 2nd December, we await reply.

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TELEGRAM from ASSETS BOARD to COMPANY, received 30th January, 1899.

In our opinion correspondence on subject explains position fully. We await your reply letter December seventh.—ASSETS BOARD.

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LETTER from COMPANY to ASSETS BOARD, sent 11th February, 1899.

New Zealand Thames Valley Land Company (Limited),  
Dashwood House, 9, New Broad Street, London, E.C.,

DEAR SIR,—

11th February, 1899.

We thank you for your favour of the 7th December, in which, however, you do not give us detail of your plans for future management, and the economies and improvements to be effected thereby.

We wired you on the 16th ultimo as follows: "Referring to our letter of 2nd December, we await reply"; and on the 30th ultimo we received your cable as follows: "In our opinion correspondence on subject explains fully. We await reply letter December 7th."

Mr. Kimber, M.P., having unfortunately been taken ill and gone to Egypt to recover his health, and his colleagues considering it important that they should have the benefit of his assistance in dealing with this important matter, and especially with regard to the drafting of a power of attorney, decided to defer taking further action until a full Board can reassemble, which I hope will be shortly.

Yours, &c.,

C. DUGALD BUCKLER, Secretary.

The General Manager, Assets Realisation Board,  
Wellington, New Zealand.

LETTER FROM COMPANY TO ASSETS BOARD, sent 24th March, 1899.

New Zealand Thames Valley Land Company (Limited),

DEAR SIR,—

9, New Broad Street, London, E.C., 24th March, 1899.

In our letter to you of the 11th February last we informed you that, in consequence of the illness of Mr. Kimber, which had obliged him to go to Egypt, we had decided to defer taking action until a full Board could reassemble. Mr. Kimber has now returned, and the Board have at once proceeded to consider the whole matter of our recent correspondence.

The earliest in point of date is your letter to Mr. Seddon of the 15th June, 1897, when he was in this country. This letter was not communicated to us until we received a copy of it with yours of the 4th October, 1898. In that letter to Mr. Seddon you made three suggestions, which have already been referred to by us in our letter to you of the 2nd December last. In the present position of this question, created by the attitude you have taken up, no one of these suggestions could be given effect to by us except with the full assent of our shareholders in this country.

We have already called your attention to the fact that we have been long waiting to learn your suggestions as to more economical and more advantageous management of the estates in New Zealand, but we have not received any details as to the mode in which you consider the expenditure can be diminished in New Zealand without impairing efficiency, and in which more profitable returns can be secured.

We also notified you in our letter of the 2nd December of the fact that you had taken an erroneous view of the expenses in London, which you quoted as being £900 when they were only £718 per annum in the accounts you had before you, and these are now reduced to £500.

In all the circumstances we feel it to be impossible for us to carry out your suggestion of handing over the management and control of the estate without the assent of our shareholders, to obtain which it would be necessary to give reasons and facts to explain the advantages of adopting such a course, with the detail of which, however, you entirely fail to acquaint us, while, on the other hand, you threaten to put the company into liquidation if we do not acquiesce.

Another of your proposals in your letter to Mr. Seddon was that the lands of the company should be divided, the Assets Board taking a share of the same on the basis of their interest in the company. As the Assets Board hold already a great deal of land to the south of this company's estate, it might be to their interest to become possessors of a sufficient proportion of the southern portion of our lands which adjoin or are near those already in their possession. The question of giving effect to the suggestion of cancelling your shares and dividing the land equitably presents itself to this Board as surrounded by many and serious difficulties, among which the following may be mentioned: (1.) What portion and what proportion of the land do you consider you would be entitled to receive in exchange for your shares if it were legally possible to effect such an arrangement? (2.) In this connection it must be considered that, if the shares are cancelled, you will be relieved of your present liability of £2 per share; not so, however, the rest of the shareholders. What consideration would you propose to give to them as a *quid pro quo*? (3.) The £46,000 debit to Revenue Account would also have to be considered. (4.) Application, supported by all these details, would have to be made, with the sanction of three-fourths of the shareholders, to the Court of Chancery here, to permit such an arrangement. It is difficult to get the Court to sanction the cancelling of shares when they are not fully paid up. The Judges are most careful to safeguard and protect the interests of the shareholders remaining in the concern, and any scheme put before them will require to be supported by evidence showing it to be equitable. (5.) All this would entail considerable expense. Would your Board be willing to bear it?

The Board are disposed to favour an equitable division of the property if it be found practicable to carry it out, and possible to obtain the legal authority to do so. Should the question of division of the land be not entertained by the shareholders, then, if your detail of the mode and terms of local management is before them, it might be discussed and decided, so that the interests of the English shareholders be protected.

In order to come to a satisfactory conclusion with regard to any of the alterations suggested by you in your letter to Mr. Seddon of June, 1897, it would be necessary, after your views in detail had been thoroughly ascertained, to call a meeting of our shareholders in this country to fully consider the matter. And it would, perhaps, be advisable that your Board should be represented at such meeting, and by some one, possibly yourself, who would have full authority to agree to any proposal made in the interest of the company. To enable you, if you think fit, to be so present, and to give you sufficient time to arrange it, we propose to give such notice in convening the ordinary general meeting in July next as to make it extraordinary, and give it power to deal with the matter, and we trust this arrangement will meet your convenience.

We have abstained from discussing the contents of our former letters, as they speak for themselves. We, however, remark that a settlement of the questions would have been facilitated if you

had seen your way to accept our invitation to acquire a personal knowledge of the estate, which we know from experience is one requiring special knowledge, particularly with regard to grassing and to the handling of the sheep, which latter duty necessitates constant attention and vigilance on the part of the responsible manager.

If the decision be arrived at to divide the land and cancel your shares, and it is authorised by the Court, a reconstruction of the company might be necessary, and the remaining property transferred to another company of the same name. We should be glad if you will ascertain officially and inform us whether, in the case of such a transfer, your Government would, under the circumstances, grant us exemption from stamp duties on transfer and registration, and other fees, if any, payable thereon.

Yours, &c.,

C. DUGALD BUCKLER, Secretary.

The Manager, Assets Realisation Board, Wellington.

LETTER FROM ASSETS BOARD TO COMPANY, dated 18th May, 1899.

DEAR SIR,—

The Assets Realisation Board, Wellington, 18th May, 1899.

I have to acknowledge receipt of your favours of the 2nd December and the 24th March. The Board has carefully considered your letters, and I am instructed to reply.

The Board sees no reason to alter its view of the position, nor do we see that any useful purpose could at present be served by inspection and report upon the property and its management. We are fully aware of the nature of the country. We are working properties of a similar nature immediately adjoining, and are obtaining remunerative results, whereas the balance-sheet of your company shows figures which are quite the reverse, and we are inclined to expect no improvement on your balance-sheet for this year, even supposing you do not show a considerable loss.

Setting the question of the working of the property on one side, it is obvious that the improved country, especially the cleared bush portion, is worth a rental, if only a small one, and I am convinced that it would be more profitable to let in suitable areas, even at low figures, than to go on as at present. There would in such case certainly be a small margin of profit: at present there is none.

In any case, in respect of the control we have asked for, I may point out that it is no more than you have felt it within your power (without reference to shareholders) to grant in the past to Mr. John Murray, who was at the time managing director of the Estates Company. These powers were very full.

Our pecuniary interest in this property is, taking numbers of shares into account, greater than any other shareholder—or, in fact, than the whole of the shareholders—and our object unquestionably would be, and is, to bring about the best results for all concerned. Had you conceded our request for this control, we should at once have submitted to you for your approval a scheme, or alternative schemes, such as we might have thought practicable and best, and we confess to some little surprise that your Board should have hesitated to place such confidence in us as it did in the Estates Company, per its managing director.

As regards the division of the property, I may say that we have no desire to increase the area of our holdings, but it seemed, as you were not disposed to accord us reasonable voice in the management of the property, the best course to be taken. We cannot see any insurmountable difficulty, and in submitting the suggestion we have not had for one moment in our minds the selection of any special portion of the property, but had this course commended itself to you we should have suggested the appointment of independent and impartial experts to examine and decide as to the apportionment *pro rata*, on the interests affected. We are quite prepared in this connection for an equitable division of any nature.

With regard to the cancellation of our shares, I do not see any difficulty. If the property is apportioned and there is no indebtedness other than to shareholders, I see no reason whatever why this could not be done. The effect would simply be that your capital could be written down by the £2 per share remaining uncalled upon our shares. We should not be prepared to give any consideration for this, as the relief to the company by the division would be a sufficient *quid pro quo*.

As regards the £46,000 to debit of Revenue Account, this, of course, should be written off Capital Account; but I do not see that this affects the position at all. We ask a fair and equitable division on the present position of affairs.

As regards your remarks as to the procedure for cancellation of shares, we cannot conceive that where there are no outside creditors whatever, that an equitable division such as this could be objected to. In this division, as you refuse us the opportunity of a more profitable outcome, we are not disposed to bear this expense, but, of course, in such division, if decided upon, our proportion of the expense would be *pro rata* on our holding.

I note what you say as to submitting these matters to a meeting of your shareholders, and whilst it might conduce to a settlement that some one be authorised to agree to a proposal, we do not feel disposed to incur so heavy an expense as would be entailed by the writer's visit to London.

In conclusion, I may say that we do not consider our suggestions either impracticable or, if properly carried out, likely to be expensive, and we feel that we must protest in the strongest terms against the continuance of the present disastrous system, which year by year is resulting in loss of capital.

I do not know that there is more can be said beyond this, that the Board, without any wish to convey a threat, is advised that, in view of the continuous losses, the Court here would grant a winding-up order which the Board would feel it its imperative duty to obtain if we cannot obtain justice in any other way.



I trust that your Board may see its way to meet us, in which case our best efforts will be used to bring about a satisfactory solution of the difficulties surrounding the position.

Yours, &c.,

WALTER G. FOSTER, General Manager.

The Secretary, New Zealand Thames Valley Land Company (Limited),  
Dashwood House, 9, New Broad Street, London, E.C.

New Zealand Thames Valley Land Company (Limited),

London, E.C., 29th July, 1899.

DEAR SIR,—

You will have seen from the directors' report, copy of which we posted to you by last mail, the manner in which the directors brought before the English shareholders in the company the alternative proposals submitted by you for the future control or management of the company's properties.

The annual meeting of shareholders, at which these proposals were discussed, was held on the 25th instant, and was attended by sixteen shareholders, and proxies were received from thirty-seven others; of the proxies all but four were without conditions, although the report invited shareholders to attach any conditions they thought fit as to the manner in which they desired their proxies to be used, and left the matter entirely in the hands of the Board to deal with.

At the meeting the matter was fairly and patiently discussed, and ultimately the views of all present directors and shareholders were unanimously expressed in a resolution in the following terms, viz.: "The shareholders present are of opinion that the directors may, as they recommend, reasonably give power, at all events for such term as the directors think fit, to the Assets Realisation Board of New Zealand to manage the affairs of the company in New Zealand on their assurance that their sole object is to work the same for the benefit of the company and the shareholders as a whole to the best advantage and profit and at a saving of expense, but that it should be subject to such conditions as the directors may agree upon with the Assets Board, the following being suggested by this meeting and left to the discretion of the directors, viz.: (1) That the Assets Board will not incur any liability or engagement which might involve a call being made on the shareholders; (2) that they will not attempt to sell or mortgage or give options of purchase of the company's land without the privity and consent of the London Board of Directors; (3) will only lease or let at full rack-rents or full value, and upon such terms as the London Board concur in; (4) that the present overdraft of £2,000 be not exceeded; and (5) that the Assets Board will make and render equally full reports and accounts to the directors in London upon the details of the working of the business as the directors now receive from the present local director and manager and accountant. The meeting is also of opinion that the Assets Board should be invited to make a definite proposal for participation of the property, or, if they think fit, for a purchase by the Assets Board of the shares held in England; or, alternatively, a sale of the Assets Board's shares to the English shareholders, if they should be disposed to buy."

Acting upon these views, the directors now direct me to write you as follows:—

They desire that the Assets Realisation Board will be good enough to give them their assurance that, if the management of the company's properties is intrusted to them, their object and intention will be to work the estates and stock for the common benefit and best advantage and profit of the shareholders as a whole, and at a reduced annual expenditure than at present; also that they will be prepared to accept and will abide by the conditions set forth in the above resolution.

Upon your notifying us by letter to our present local director, Mr. Hume, that your Board will accept the management on these conditions, he will (as we instruct him by this mail to do) cable the fact to us by code-word, and a power of attorney in favour of the Assets Realisation Board will be prepared and despatched to you with as little delay as possible. In the meantime, and without waiting for such power, Mr. Hume will be prepared to make such arrangements to induct you into the company's affairs and the present method of working the estates, and assist in carrying out any reasonable suggestions you may offer in that direction; and he can act under the power of attorney which he holds in such manner as you and he agree upon until the new power reaches you.

I am to mention that under his agreement with the company Mr. Hume is entitled to six months' notice of the termination of his appointment as local director, but this will obviously not present a difficulty, as during the six months' running of the notice you will perhaps be glad of the opportunity of conferring with him and availing yourself of any information he can give, and which we are assured he will be pleased to afford.

As an alternative to the arrangement thus rendered possible, or concurrently with it, if the Assets Realisation Board are disposed to submit a specific proposal for the division of the estate between them and the other shareholders, and the severance of its interest in the company from theirs, or if your Board prefer to make an offer to sell their shares and interest in the undertaking, or, alternatively, to buy out the shares and interests of the English shareholders, my directors will be glad to receive and consider the same. Any propositions on any of these three lines the directors would be obliged by your sending through Mr. Hume, that he may (as we have asked him to do) give us the benefit of his opinion on the subject.

It was incidentally mentioned at the shareholders' meeting that, from the inception of the company down to the present moment, every manager was appointed at the recommendation of the holders for the time being of the shares now held by your Board, and some shareholders felt that the result did not encourage them to follow colonial advice in the future. My directors have, however, not allowed any feelings of prejudice on these grounds, or the irritation which the terms and manner of some of your letters produced in the minds of the shareholders, to prevent a

fair consideration of your position as the largest shareholder, and the reasonableness of your desire to be allowed to make trial of working our joint property at a profit, and hope that you will perceive in the result of the shareholders' meeting a fair effort to co-operate with you in your desire, and that the ultimate result will be to the benefit of all.

As regards the position of Mr. Harrison and Mr. O'Halloran should the management be passed on to you, the Board wish me to say that they hold these gentlemen in high esteem, and appreciate the loyal and faithful services they have rendered to the company for many years. They will be glad if their services are retained and advantage taken in the company's interest of their experience and the knowledge they have of the company's business and estates; and the Board feel sure that, when dealing with this delicate question, you will do so with a liberal spirit, and with a due regard to their wishes.

I remain, &c.,

C. DUGALD BUCKLER, Secretary.

The General Manager, Assets Realisation Board,  
Wellington, New Zealand.

DEAR SIR,—

Assets Realisation Board, Wellington, 29th September, 1899.

I have to acknowledge receipt of your letter of the 29th July. I cabled you on the 9th instant, through the Bank of New Zealand, as follows: "Subject to approval conditions power of attorney Assets Realisation Board will accept control upon receipt of power of attorney."

Your letter now under reply was considered by my Board at its meeting held on the 6th instant, and I was instructed to cable you as above quoted, and I now await receipt of the power of attorney promised.

My Board considers that generally the tone of your letter is scarcely friendly, and certainly does not display the confidence in my Board's *bona fides* that it is entitled to expect. You have already had in past correspondence its assurance that its object is to bring out the estates in the best way possible in the interests of all parties. This, I think, covers the whole of the assurance asked for.

We have not thought it necessary or desirable to correspond through your Mr. Hume, and see no reason why this should be asked for, nor do we think it desirable to take any steps until after the power of attorney has reached us, when, if its conditions are approved by my Board, I will at once cable you accepting, and would ask you then to advise Mr. Hume that the local control will at once pass to the Board.

I note the terms of Mr. Hume's engagement, which, of course, will be respected, but I do not think it probable that we shall need his assistance.

Whilst we are quite willing to accept control and do our best for the company as a whole, we should still prefer a division of the estate, or, failing that, to sell our share in the company. Should the first of these two proposals be likely to receive your favourable consideration, I would suggest that the partition be arrived at in the ordinary manner—namely, your company appointing one arbitrator, my Board another; these two arbitrators, if necessary, to appoint their umpire; both your Board and mine agreeing to be bound by their decision.

As regards the sale of our shares, we have already offered them to you at £2 per share, and are quite prepared to accept that figure.

I note your remark as to the appointment of managers. We are not responsible for the acts of those who controlled the property prior to this Board's coming into existence—namely, 31st March, 1895—but since that date we have not at any time been consulted at all in the management of the property. That previous appointments have been unsatisfactory I have no reason to doubt, as that condition was not, unfortunately, confined to the New Zealand Thames Valley Land Company alone.

In conclusion, I can only say that our desire is to do the best for the estate and all parties interested therein.

Yours, &c.,

WALTER G. FOSTER, General Manager.

The Secretary, New Zealand Thames Valley Land Company,  
Dashwood House, 9, New Broad Street, London, E.C.

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