

1875.
NEW ZEALAND.

ARRANGEMENTS WITH CROWN AGENTS.

(COPY OF A CIRCULAR DESPATCH RELATING TO.)

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

No. 1.

COPY of a DESPATCH from His Grace the DUKE OF NEWCASTLE to the OFFICER ADMINISTERING THE GOVERNMENT OF NEW ZEALAND.

SIR,—

Downing Street, 31st December, 1863.

The great increase which has taken place in the business transacted by the Crown Agents for the Colonies has rendered it necessary for me to institute an inquiry into the composition and duties of their establishment, the cost of maintaining it, and the manner of apportioning that cost among the colonies concerned.

2. I find that during the three years ending on the 31st December, 1859, the average annual receipts and disbursements of the office had amounted to £1,243,390, and the average annual contributions of the colonies to £2,203. In the three following years the average annual receipts and disbursements increased to £3,169,217, while the colonial contributions have only risen to £3,127.

3. I have satisfied myself that this sum is quite inadequate for its purpose, looking to the amount of business which is performed, the increased responsibility which is thrown upon the heads of the department, and the necessity for securing and retaining the services of competent and trustworthy persons. The Lords of the Treasury concur with me in thinking it just and necessary that certain of the salaries should be raised, that the number of the establishment should be increased, and that the position of its members should be rendered more attractive by giving them advantages analogous, as far as possible, to those enjoyed by officers of the Imperial Government in respect of retiring allowances; and I must here add that the satisfactory way in which the business has been hitherto transacted gives the members of the office every claim for a liberal consideration on the part of those who benefit by their services.

4. With these views I have obtained the sanction of the Lords of the Treasury to a scale and mode of contribution which will, I hope, provide satisfactorily for all these objects. It must, however, be understood that, if in course of time the rate of payment should be found insufficient for its purpose, Her Majesty's Government reserves to itself the power of requiring the necessary increase. If it should be found more than sufficient, it will similarly be reduced. It is however not likely that a reduction could be effected at any earlier date, as the present payments are intended not only to meet the current expenses of the office, but to accumulate a certain reserve fund intended to meet any sudden falling off in the receipts of the office, and also to provide for the charges on account of retiring pensions and gratuities, to which claims are already accruing, although it is not probable that any such claim can be made for some time to come.

5. I now proceed to explain the manner in which I propose that these objects should be provided for, which does not materially differ from the arrangements that have been hitherto adopted.

In the first place, a commission of one-half per cent. will be charged on all loans contracted and paid off through the instrumentality of the Crown Agents, and on all interest paid through the same channel. A brokerage of one-quarter per cent. is already paid by the colonies upon the negotiation of fresh loans, which will be covered by the proposed commission. The remainder will go to the support of the office. I understand that a banker would probably charge about one per cent. for performing these functions.

Next, the colonies have hitherto paid the usual commission of one-eighth per cent. (or 2s. 6d. on £100) on investments, which was divided equally between the brokers and the Bank of England, from whom the brokers received their orders. Arrangements have been made by which the brokers will, hereafter, receive their orders direct from the Agents (in itself a decided improvement on the present mode of conducting this part of the business), and the sum hitherto paid to the Bank (one-sixteenth per cent., or 1s. 3d. per £100), will go to support the Agents' establishment. Thus a slight increase will be made to the income of the office, without any fresh charge upon the colonies.

Thirdly, any colony overdrawing its account will be required to pay interest at the rate of five per cent. per annum on the amount of its overdrafts. Little will be gained to the Agency by this new charge, which is principally imposed for the purpose of discouraging such overdrafts, by which, in effect, certain colonies have hitherto borrowed without interest from the rest.

Lastly (and from this source the bulk of the office income will be derived), those colonies which regularly employ the Crown Agents will, as heretofore, contribute an annual sum bearing some proportion to the trouble which the general business of each (irrespective of loans or investments) is found to impose on the Agents and their department.