

It is due to Dr. Featherston to state, that we have always found him most zealous and most conscientious in the discharge of his functions as Loan Agent; and that, while fearlessly expressing his own opinions as to what is best in the interests of the colony, his courtesy and practical good sense have invariably enabled us to reconcile our views with his on all important points, and to act in perfect concord, and with great pleasure, in everything where the financial affairs of New Zealand have called for our united action.

With the exception we have named, we shall in the future, as in the past, have great pleasure in furthering the views and objects of the New Zealand Government in this country to the best of our ability.

We have, &c.,

P. G. JULYAN.

W. C. SARGEAUNT.

The Hon. the Colonial Secretary, New Zealand.

[Receipt of the above was acknowledged by the Secretary to the Treasury, on the 17th November, 1875.]

No. 11.

EXECUTIVE MINUTE.

READ, the letter from the Crown Agents to the Hon. the Colonial Secretary, dated 21st September 1875, and agreed to the following memo. :—

1. The letter of the Crown Agents appears to the Executive to be inconsistent with their continued employment, as the writers assume to control the discretion of the Colonial Government in the appointment of Agents.

2. The Crown Agents have, during the past few years, acted as Loan Agents rather as individuals than in their official capacity. Sir Penrose G. Julyan only was at first appointed: subsequently, Mr. Sargeaunt was added, to meet the contingency of Sir P. G. Julyan's absence. Separate payments were made to them as Loan Agents, which it was understood did not pass into their official receipts. It therefore seems irregular to treat questions arising out of this employment as questions affecting the Crown Agents' Office.

3. That, as the Crown Agents' services as Crown Agents were placed at the command of the colony by the Colonial Office, a copy of the Agents' letter now under consideration be sent to the Secretary of State, together with a copy of the correspondence out of which it arose. It should, however, be explained, that the correspondence is forwarded for the information of Lord Carnarvon, and not with a view to elicit the Secretary of State's opinion upon it, since the Government consider they were at liberty to deal with the Loan Agents, and with questions relating to loans, without reference to the Colonial Office. Seeing, however, that the Crown Agents, as Crown Agents, have adopted the dispute, it becomes necessary to refer to the Colonial Office, for the purpose of making it understood that those Agents have placed their services on a footing different from that on which they were placed by the Colonial Office, and on a footing obnoxious to the Government.

4. In the opinion of the Government, the letter in question—apart from other causes—makes it desirable to dispense for the future with the services of the Crown Agents, and affords valid grounds for so doing.

5. The Government think it expedient to ascertain whether the Colonial Office desires that the Crown Agents should continue to manage the guaranteed loans. The Government would also ask the Colonial Office, in case it is desired that the Crown Agents should continue such management, if those gentlemen will be required to withdraw the letter, which the Government consider inconsistent with their employment. Further, the Government, in case the Secretary of State desires that the Crown Agents should continue to be employed, respectfully ask on what footing the colony stands with regard to any loss that might arise through such Agents. It has lately been stated to the Government, that neither the Colonial Office nor the Treasury holds itself responsible for the Crown Agents. If this be the case, the Government of New Zealand have to consider that the Crown Agents, without sureties of any kind, are constantly in a position of large liability to this colony, in respect of the custody of money and securities; and that the guarantee afforded by the periodical audit of the Agents' accounts is of an insufficient nature. Without implying anything against the honor of the present occupants of the office, the Government are of opinion that they are not justified in continuing to place such responsibilities in the hands of any two gentlemen who might hold the position, without having either the guarantee of the Imperial Government or very substantial securities. It may be urged that, by relieving the Crown Agents of the charge of the unguaranteed loans, their responsibilities will be much lessened. Whilst, doubtless, this is the case, the Government are of opinion that the question is one of degree only; that the position naturally involves much trust; and that, without devolving such trust, it would be inconvenient to transact business with the Crown Agents. If the Imperial Government are not liable, the Crown Agents stand to this colony in the position of gentlemen transacting an Agency without recognized capital at the command of the business, such as would presumably be available if a moneyed institution or house were employed.

6. In explanation of the employment of the Crown Agents since the receipt of their letter, it must be stated that the Government having occasion to dispose of the balances of a number of loans that remained unnegotiated, it was thought desirable not to make alterations in the Agency. Indeed, it would not have been convenient to have postponed operations respecting those balances until a reply to this Memo. could be received, or until definite action was decided on.

Wellington, 13th June, 1876.

Approved in Council, 14th June, 1876.

FOSTER GORING,
Clerk of the Executive Council.

By Authority: GEORGE DIDSBUXY, Government Printer, Wellington.