

1876.

NEW ZEALAND.

INSCRIPTION OF STOCK BY THE BANK OF ENGLAND

(PAPERS RELATING TO THE PROPOSED).

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

No. 1.

The Hon. Sir J. VOGEL to the Hon. Dr. POLLEN.

General Government Offices, Wellington,
31st March, 1876.

SIR,—

I have the honor to forward to you a number of documents connected with the negotiations I ventured, on behalf of the Government, to undertake in London, for the purpose of enabling New Zealand securities to be inscribed by the Bank of England.

2. For a long period, Mr. Westgarth has endeavoured to persuade the Colonial Governments to adopt a plan by which, from time to time, colonial debentures could be registered, and made not transferable to bearer. I believe the Governments of all the Australasian Colonies have had Mr. Westgarth's plan under consideration; but, although there can be no doubt as to its being desirable to arrange that such securities shall or shall not be passable to bearer, at the pleasure of the holder, the plan did not find favour with any of the Governments. This Government declined to adopt it, on the ground (as I believe) that it would devolve too great a power upon whoever was selected to make the registration, and would subject the Colony to too great a risk.

3. Nevertheless, the result desired by Mr. Westgarth, of making securities either passable or not passable to bearer, has everything to recommend it. While I was in England, it was brought to my notice that a very large sum would have been invested in New Zealand securities, if trustees had been able to divest themselves of the personal responsibility of holding the debentures. After carefully considering the matter, I became convinced that the only safe way of attaining the result desired was to arrange with the Bank of England to perform for the colony duties similar to those performed by the Bank for the Imperial Government and for the Metropolitan Board of Works. Holders of Consols or Board of Works stock can, at any time, have the inscription cancelled, and bonds to bearer issued in lieu thereof, whilst the same bonds can be re-inscribed on application to the Bank. I felt, therefore, that I should be consulting the interests of the colony by endeavouring to effect such an arrangement on behalf of New Zealand. The Dominion of Canada has an inscribed stock, the inscription being effected through private bankers; but there are no arrangements for the issue of bonds to bearer. No doubt the Canadian Government have had the matter under consideration, and have found it impossible to give, under a system of private inscription, the option of obtaining bonds to bearer.

4. After very considerable difficulties, I was enabled to conclude the arrangement set forth in Nos. 3 and 4 of the letters which I append. I have to

1.—B. 6.