

1876.
NEW ZEALAND.

INSCRIPTION OF STOCK BY THE BANK OF ENGLAND

(FURTHER 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 Mr. MACKRELL.

(From Wellington, July 17th.)

AUTHORIZE you take any steps you think necessary to promote Bank England Bill, including clauses Stock Certificates. Reply. VOGEL.
Mackrell, London.

No. 2.

Mr. MACKRELL to the Hon. Sir J. VOGEL.

(Received August 14th.)

GOVERNMENT abandoned Bill. Now promise [? promise] introduction first bag
[? day] next Session. MACKRELL.
Vogel, Wellington. London, August 4th.

No. 3.

Mr. MACKRELL to the Hon. Sir JULIUS VOGEL.

21, Cannon Street, London, E.C.,
29th June, 1876.

MY DEAR SIR JULIUS,—

A fortnight ago, the Colonial Office sent to the different Agents-General a print of the Bill they proposed to introduce into Parliament.

We at once went through the Bill, and prepared observations thereon, for consideration by the representatives of the different colonies, with a view to meeting upon the subject; and communicated with the Bank of England, to endeavour to learn their views upon the subject.

We had hoped to have been able to send a telegram to overtake the June mail at San Francisco, telling you the views of the representatives of the colony upon the Bill; but the death of Dr. Featherston delayed our having a meeting until last Friday.

We, however, sent the following telegram, which I hope reached you safely:—

“Government will introduce Bill applicable to all colonies. Bill includes “National Debt Act clauses. Draft under consideration by Bank of England and “Agents-General. Believe all going on right.”*

* This telegram, forwarded *via* San Francisco, did not reach Wellington until August 15th.

I felt it to be expedient to obtain the support of the Crown Agents to the Bill; and, having regard to the manner in which the Bill was framed, so as to enable them to undertake the keeping a register, if they thought fit, it did not appear likely they would oppose it. I, therefore, discussed the matter with Sir Penrose Julyan and Mr. Sargeaunt, and they led me to believe that they would do all they could to support the Bill, and make it a workable measure.

On Friday, we had a meeting at the office of the Government of Victoria, under the presidency of Mr. Michie, their Agent-General, which was attended by Sir William Power; Mr. Forster, the Agent-General for New South Wales; Mr. Larnach, of the New South Wales Bank; Sir John Rose, on behalf of Canada; and Mr. Hamilton, Secretary to the Department of Agent-General for Queensland (there being now no Agent-General), when the views we had expressed upon the Bill were assented to by all present, and were afterwards assented to by Mr. Dutton, who was then absent from London, on behalf of South Australia; and we were instructed to settle the Bill with Mr. Reilly, on behalf of the colonies, in the form in which it was desired it should be, and to prepare a letter to Lord Carnarvon, to accompany the amended Bill.

We saw Mr. Jenkyns, who had prepared the Bill, and learned from him that many of the clauses which were objected to had been introduced by him without instructions from the Treasury; so that we are hopeful that the alterations desired will not be objected to.

We obtained from the Bank of England a copy of their Counsel's Opinion and suggested amendments.

The Bill was amended, and a letter to Lord Carnarvon was signed by the Agents-General for New Zealand, New South Wales, Victoria, and South Australia.

Sir John Rose does not now officially represent Canada, but he has communicated to Lord Carnarvon his entire approval of what is proposed.

I saw Mr. Herbert with this letter, and he promised that no time should be lost in his seeing Mr. Welby, of the Treasury, and getting the matter dealt with; and we are very hopeful now that the Bill may pass this Session.

I purposed sending you herewith a copy of the amended Bill, and of the letter written to Lord Carnarvon; but I have not been able to procure a print to alter and send.

I send, however, a copy of the letter written to Lord Carnarvon, which explains the principal points; and I hope by the mail of the 7th July, *via* Brindisi, to send you an amended Bill.

You will be glad to hear that the feeling now is very unanimous, that if the Bill can be carried, as desired, it will be of great value to the colonies; and you may congratulate yourself upon having brought it about.

I have, &c.

JNO. MACKRELL.

[Enclosure.]

COLONIAL STOCKS BILL.

MY LORD,—

Westminster, 27th June, 1876.

We beg to acknowledge the receipt of the print of this draft Bill, which you were good enough to send to each of us for consideration, and to express, on behalf of the colonies we respectively represent, their appreciation of the response which Her Majesty's Government have made to the application for legislation for facilitating the issue and management of Colonial Public Loans.

We have fully considered the draft of the Bill, and we are glad to be able to say that it appears to us to accomplish generally, in a satisfactory way, what the colonies desire.

We would, however, suggest that some alterations should be made in it, to make it agree with the provisions relating to Stamp Duty, which were accorded in respect of Canadian Stocks and Metropolitan Consolidated Stock, and for the proper management of the Colonial Stocks.

We send herewith a print of the draft Bill showing the proposed alterations.

We trust that, upon consideration of the observations which we now offer to your Lordship in explanation of our suggestions, the Government may be willing to assent to and carry through the Bill as thus altered; and, having regard to the importance of the measure as affecting all British colonies, we hope that every possible effort will be made to get the Bill passed in Parliament during the present Session.

The second clause proposes to concede a reduction of the Stamp Duty on transfers, but although

this arrangement is favourable in the case of an ordinary transfer, yet in the case of a transfer upon the appointment of new trustees, it would be less favourable than the existing law, which in that case limits the stamp to 10s., whatever may be the amount of stock transferred (Stamp Act, 1870, section 78). It is felt to be of great importance to the colonies to offer all proper inducements to trustees to invest in colonial stocks when authorized to do so. It is presumed that the Lords of Her Majesty's Treasury will see no objection to the repetition, in this Bill, of the proviso in section 78 of the Stamp Act, 1870.

The third clause, although conceding the same amount of composition as that accorded in respect of the Metropolitan Consolidated and Canadian Stocks, only permits it to be made at the discretion of the Commissioners of Inland Revenue and the Treasury, whereas by the Act relating to Canada, that colony may, as of right, commute the Stamp Duty. Having regard to the letter received by your Lordship from the Treasury, in November last, it is not doubted that the alteration we desire in the Bill in this respect will be readily granted. A further point arises on clause 3. The Bill will operate to allow the conversion into inscribed stock of the existing loans issued upon debentures upon which a Stamp Duty of 2s. 6d. per cent. has been paid, and we trust that the Government will be willing to concede to the colonies an allowance in respect to this 2s. 6d. per cent. on account of the composition. From the letter from the Treasury to your Lordship, to which we have referred, it appears that they were not then prepared to assent to such an arrangement; but it is hoped that upon reconsideration they may be disposed to meet the wishes of the colonies in this respect. At all events, we trust that they will not refuse this allowance until they have given us an opportunity of conferring with them on the subject.

The Stamp Duty which the concluding words of clause 7 would impose on coupons, would be an entirely new duty, and as we cannot believe that Her Majesty's Government desire to impose an exceptional tax upon the colonies in this respect, we propose an amendment which will prevent the clause from having that effect. We would refer, as a precedent, to the most recent legislation on subjects of this kind, namely, "The Local Loans Act, 1875," section 19, which, in the case of loans of Municipal Corporations and other like bodies, expressly exempts their coupons from Stamp Duty. That section is especially deserving of your Lordship's consideration, as it gives, in effect, the reason for the exemption.

The Bill seeks to impose upon stock certificates, in cases where the composition has not been paid, the full amount of the composition.

In cases where a loan has been raised without the issue of debentures, and the composition has not been paid, it might not be unfair to impose a duty upon a certificate equivalent to that upon a debenture, namely, 2s. 6d. per cent.; but where the stock becomes inscribed on the surrender of debentures previously issued, in which such a Stamp Duty has been paid, it seems only fair to allow stock certificates to be issued without payment of duty. In cases, however, of the renewal of certificates, either upon the issue of fresh coupons, as mentioned in clause 9, or upon the loss of a certificate, as mentioned in clause 13, we think that no fresh duty should be payable. We have suggested amendments of clauses 8 and 9, and 13, to carry into effect these views.

It does not appear to us necessary or desirable that a copy of the authority for the issue of stock should, as provided in clause 16, be given to every holder of such stock upon request. This might involve supplying prints of the colonial Acts, and of the warrants of the Government in Council, and technical difficulties might arise as to the sufficiency and correctness of the information given. All the information that can really be required by a stockholder, or intending stockholder, seeking in good faith to know the position of the stock, can be obtained at Somerset House, under clause 1.

The provision in clause 18, for inspection of the register, we think dangerous, and in various ways objectionable. The residue of the clause, with the amendments we submit in it, may be useful.

We would suggest that additions for the following purposes should be made to the Bill, but we would leave it to Her Majesty's Government to determine the form:—

- (1.) The sending of dividend warrants by post.
- (2.) The prevention of falsification of entries and warrants, as in sections 20 and 21 of "The Metropolitan Board of Works Loans Act, 1869."
- (3.) The protection of the Registrar against forgery of printed signatures, as in the case of the Bank of England.

The other alterations which we have suggested in the Bill will, we think, commend themselves to the Government, without further remarks from us on this occasion.

We shall be glad to have an interview with your Lordship upon the Bill, should you think it necessary or desirable to see us; and in that case we hope, having regard to the late period of the Session, it may be convenient to your Lordship to make an early appointment with us.

We have, &c.,

The Right Hon. the Earl of Carnarvon, P.C., F.R.G.S.,
Secretary of State for the Colonies.

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1876.

Price, 3d.

