

No. 35.

The STOCK AGENTS to the PREMIER.

SIR,—

Downing Street, London, 16th June, 1880.

We have the honor to acknowledge the receipt of your letter of the 21st April, 1880, in which you state that you demur to the proposal submitted by us in our telegram of the 19th April last, respecting the charges to be made for loan conversions.

2. We should be content to leave the communications we have addressed to you since the despatch of the telegram in question to serve solely as an answer to your present letter, but for the passage in which you speak of the "liberal remuneration already received" by "two of the Loan Agents." We cannot fail to see that this expression implies that the proposal we telegraphed to you was unreasonable, having regard to the payment already made. We cannot admit the correctness of such an imputation, because, as a matter of fact, the charges which have been made for the work done and responsibilities undertaken were altogether inadequate, according to the rates which rule in this country for similar services. It is necessary, in our own justification, to make this clear to you.

3. We will not enter into the question of the remuneration of the Agent-General, as you place this in a separate category. Regarding the other two Agents, we would remind you that their services were partly rendered as Crown Agents, partly individually and separately, and that the total charge made for all these services was a quarter per cent. The services rendered by the three Agents cannot be dissociated from those incidental to their several positions. One of the Agents was throughout a Crown Agent; another was for a considerable part of the time a Crown Agent; and the third continued throughout Agent-General. In their aggregate, several, and collective capacities, they had to exercise the responsibility of financing for you to the extent of some millions. They had, to all intents and purposes, to devise the plan to be adopted to obtain money for immediate requirements, whilst for part of the time and part of the amount they had little beyond their own personal security upon which to raise the money. They had to accept bills to the amount of £125,000, in great measure uncovered by security. They had to issue short-dated debentures, and finally to negotiate the main loan. In the terms of that loan, they thought it prudent to insert an undertaking to convert into Inscribed Stock; but there was no machinery existent for making the conversion, beyond an agreement with the Bank of England that it would act in the matter.

4. When, at your invitation, we telegraphed to you the terms on which we were willing to act, we considered all the circumstances, with the view to deal as lightly as possible with the Government. The usual charges for the acceptance of the unsecured bills and the issue of the short-dated debentures would alone have amounted to more than double the whole charge made for the negotiation of the new loan.

5. All considerations were disregarded but the one of dealing liberally with the Government, and no charge was made for any services but for negotiating the loan, and for that the lowest rate was charged that ever had been paid. It was necessary, however, to set some limit to the date covered by the payment, and it seemed to us best to adopt the limit which saw an end to the loan negotiations.

6. The remuneration which you term liberal in no sense covered any charge for conversion. It was, as we have said, at the rate of the lowest paid for simple negotiation; it comprised no payment for the very exceptional and anxious special services to which we have referred; and it included the inscription up to the 1st of May of over a million of stock. The whole machinery for carrying the inscription into effect had to be constructed, quite apart from the loan negotiation, and the Agents were not even the same. We, however, did not consider strict rights, and looked more to the convenience of the thing.

7. After the 1st of May, the conversion might proceed more or less vigorously, and at any time other loans besides the five-million might be introduced. To have placed on different footings conversions after the 1st of May would, we thought, entail inconvenience and confusion, and the amount at stake was a mere bagatelle compared with the vast amount to which it related.

8. Payments made for financial operations are not regulated by the time they occupy or the physical labour they entail. They depend rather on the influence, judgment, experience, and knowledge which are required to bring them to a successful conclusion.

9. Finally, in reference to this very disagreeable subject, we may say that we shall regret if we have failed to remove from your mind the impression that the terms we named were unreasonable. You will doubtless think it fair to us to place this letter before your Parliament, if, as you state, the one to which it is a reply has been similarly treated.

10. We may add that the machinery for inscription is getting into working order. Most of the details are now arranged, and we are providing for the proper cancelment and removal from the register of debentures converted. This will have to be done carefully, to avoid not only fraud but provision for double payments of interest. We have an office placed at our disposal by the Crown Agents, who have also given us the services of a secretary. For the present, we think meetings once a week will suffice, but we are so arranging that special meetings can be called.

We have, &c.,

P. G. JULYAN,

JULIUS VOGEL,

W. C. SARGEANT,

Stock Agents.

The Hon. the Premier, Wellington, New Zealand.