

the Sinking Funds Act of 1868. But it was not clear how far the Act of 1868 was still in operation, while it was certain, at any rate, that those sections did not apply to a conversion effected under the Stock Acts of 1877 and 1884, but only to a conversion or exchange under the Consolidated Loan Act of 1867; and the release was actually made under section 8 of the Consolidated Stock Act of 1884, the amount being apportioned between the two periods during which the Acts of 1868 and 1884 were assumed to be respectively in operation.

By the Sinking Funds Act of 1868, the funds were vested in Commissioners. Then the amending Act of 1869 empowered the Governor to exempt any loan from the management of the Commissioners; and this was done, as to the loan of 1863, by Order in Council of the 18th September, 1869. The Trustees who had been acting in this country were thereby continued in their functions, and the powers given to the Commissioners by the Act of 1868 became vested in the Trustees, subject to the provisions of that Act. Then came the Stock Act of 1884, section 8 of which said what was to be done by either the Commissioners or the Trustees when a loan had been partially converted.

A careful examination of these Acts, and of the other Acts affecting the Sinking Funds, must, I think, lead to the conclusion that it is doubtful what the actual position, powers, and duties of the Trustees in England really are. In the arrangement with the Trustees in 1886–87, I was only acting as Agent-General, and not as a Trustee; but when, in contemplation of the sixes of 1863 having to be redeemed, the Agent-General was made a Trustee, it became necessary to determine what course would most nearly comply with the intentions of the Legislature. Under these circumstances, the following is the course that is being pursued:—

1. In the case of bonds brought in for conversion, so much of the Sinking Fund as is equal to the amount converted being set free by the automatic operation of the Act of 1884, the Trustees will either sell stock to that amount, or transfer the stock itself to the Agent-General and Audit Officer if so directed by the Government.

2. In the case of bonds not converted, but presented for payment at the domicile of the loan, the Crown Agents send in requisitions to the Agent-General, and their requisitions are met by Commissioners' orders on the Public Account. So much of the Sinking Fund as is equivalent to the debentures paid off being thereupon set free, the Trustees are selling stock to recoup the Public Account.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

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