No. 9.

The Agent-General to the Premier.

Sir,— 7, Westminster Chambers, London, S.W., 19th April, 1881.

In a letter to the Bank of England a few days ago, the Agents appointed under "The Consolidated Stock Act, 1877," announced to the Bank that their functions had now ceased. See No. 11, Enclosure 2.

This seems to me a good opportunity for the Government to reconsider the position which the present Agents hold under the existing Orders in Council of 31st January, 1880.

By section 9 of the Act, the Governor in Council might appoint three or more persons to be Agents, and might transfer to them all or any of the powers vested in himself. By section 10 the Agents might, subject to any terms of their appointment, delegate their powers either wholly or in part, absolutely, conditionally, or otherwise, to any other person or persons (which the Act went on to say should be either one or two persons), with such limitations and powers as the Agents might prescribe.

By Order in Council on the 31st January, 1880, the Governor revoked the appointments then existing, and appointed Sir Penrose Julyan, Sir Julius Vogel, and Mr. Sargeaunt to be Agents, with an unrestricted authority not only to exercise all the powers vested in him, but to delegate the same powers to others without limitation. See B-4, 1880, Enclosures to No. 10.

At that time the Five Million Loan was being issued, and the Government must have deemed it indispensable to place an unlimited power in the hands of the Agents, lest they might be hampered in any proceeding required with regard to that particular loan.

It appears to me that it is not free from doubt whether the Governor is not now absolutely divested of all his powers, and whether such powers have not wholly passed to the Agents, notwithstanding any executive instructions they may receive. If so, I assume that it could hardly have been the intention of the Government to let the matter remain permanently in that position. There will never again be a necessity for making an absolute transfer of all the powers of the Act, especially in regard to delegation, to any one in England; and now that the pressing need there was in 1880 has passed away, and all the functions of the Stock Agents in respect of the Five Million Loan are exhausted, it seems to me (if I may be allowed to suggest a course to the Government) that the powers should be again resumed by the Governor.

I make this suggestion for another reason. The Agent-General ought certainly to be one of the Stock Agents, and indeed you have already expressed your desire that I should act in any future conversions that may be undertaken. But there will be many serious questions to be first decided, not only as to the *personnel* of the Agents, but as to the extent to which the Governor will vest power in them, if I am to be concerned in any future proceedings; and some of these questions are of a kind that will inevitably require any advice to be secret which I may offer to the Government. I think, therefore, it will on all accounts be convenient if, without reference to any future views of mine, and without special relation to any ultimate decision to which Parliament and the Government may come, the powers of the Act should now be replaced where they ought to be, in the Governor in Council.

I have accordingly to recommend that the existing Orders in Council under the Stock Act should be revoked, in order that there may be no personal question in the way whenever the Governor may be advised to determine the course which it will be for the good of the colony to take in effecting any further conversion of the public debt.

I have, &c.,
F. D. Bell.

The Hon. the Premier, Wellington.

No. 10.

The Stock Agents to the Premier.

Sir,— Downing Street, London, 21st April, 1881.

By the last San Francisco mail we informed you of the extent to which the Five-Million Loan had been converted into Inscribed Stock, up to the close of the operation on the 16th ultimo; and it only now remains for us to send you the two statements enclosed: one giving the numbers and values of all the debentures withdrawn, unregistered, and cancelled, and the other shewing the sums received and expended by us between the 20th April, 1880, and 31st March, 1881, in discharge of expenses incidental to inscription.

We have, &c.,
P. G. Julyan,
W. C. Sargeaunt,
New Zealand Stock Agents.

The Hon. the Premier, Wellington, New Zealand.

P.S.—The 9,870 withdrawn bonds have been placed in the custody of the Crown Agents for the Colonies, to await your instructions.