

however, the Government seems to have no control more than it has over joint-stock companies. The Premier states that they have proved successful financially, and are extensively used by the public.

I quote the amount of capital and number of shareholders of three: The South African Association for the Administration and Settlement of Estates, £29,400, 84 shares of £350 each; Board of Executors, £24,000, 120 shares of £200 each; General Estate and Orphan Chamber, £20,000, 100 shares of £200 each. These are incorporated by Acts of Parliament.

There are others, I am informed, of a purely voluntary nature, their business being conducted under deeds of settlement; and yet another, called "The Western Province Administration and Trust Company (Limited)," which, although formed on the same basis as the last-mentioned, is registered as a limited liability company under "The Joint-stock Companies' Limited Liability Act, 1861."

I have, &c.,

The Hon. J. N. Wilson, M.L.C., Napier.

ROBERT STOUT.

No. 5.

The Hon. J. N. WILSON to the PREMIER.

Memorandum for the Hon. the Premier.

WITH reference to the Premier's letter of the 20th March, I have the honour to submit the following observations:—

I do not think to look to the Cape Government for good legislation. The population of the country is largely of Dutch origin. The country is governed by Roman-Dutch law, and I am not aware that its legislation is of a particularly satisfactory nature. The present state of the country is not reassuring.

In England legislation has always set its face against the business of trusteeship being carried on for profit. Nearly forty years since a vigorous attempt was made to found a company for the purpose of carrying on such a business. I believe an appeal was made to Parliament to obtain an Act, but I do not think the Act went to a second reading. It was understood that the Judges were consulted, and almost unanimously were adverse. Lord St. Leonards in particular was violently opposed, as may be seen in his writings. I am not aware whether a further appeal has been made to Parliament, but, at all events, no such company is in existence in England.

After the passing of the Administration Act in New Zealand, whereby trustees are allowed a recompense for the performance of their duties, it does not appear that, on principle, a legitimate objection can be made to a company executing a trust for profit any more than to an individual. I submit, however, that any company carrying on such a business should, in the interest of the public, give satisfactory security for the performance of its trust.

There are several companies existing and carrying on trust business in New Zealand. Several, if not all, have obtained special Acts from the Parliament giving them certain powers. These companies are all registered under the Limited Liability Act, and, previous to obtaining special Acts, had been registered under the Companies Act, each with a separate memorandum of association. If these memoranda are inspected it will be seen that the operations of these companies are by no means limited to the execution of trusts, but that the companies are authorized to enter into businesses and trades of a very varied and speculative nature.

The companies in question claim to carry on their business without the restriction that the law imposes on ordinary trustees. Amongst other regulations the companies ask that, having once given security for the sum of £10,000, no further security shall be required of them in cases of administration being granted to them, no matter what the value of the estates may be. A Committee of the Legislative Council considered this question last session. I enclose a copy of their report, and of a draft Bill prepared by the Committee. The lateness of the session when the Bill was introduced prevented its being proceeded with.

The subject is one of great importance, and has not received the attention that it deserves. It may be observed, too, that any delay in dealing with the question will harden the companies now formed in claiming a vested right in the privileges granted by previous Parliaments.

Considering that the Government, in establishing the office of Public Trustee, have given to the public the guarantee of the colony to all estates and trusts committed to the care of the Public Trustee, and, by establishing strict rules for the conduct of such business, have given facility to the public for its protection, it does not seem too much to ask of the companies that they should submit to some reasonable control.

The two points that weighed most with the members of the Legislative Council were—first, that companies (as in the case of all well-managed private trusts) should keep separate accounts with a bank of each trust; second, that companies should be restricted in their investments (as in the case of private trustees) either in the public funds or on security of real estate.

31st March, 1885.

J. N. WILSON.

No. 6.

The PREMIER to the Hon. J. N. WILSON.

SIR,—

Premier's Office, Wellington, 2nd April, 1885.

I have the honour to acknowledge the receipt of your memorandum dated 31st March relative to Trustees and Executors Companies, and to assure you that your suggestions, &c., shall receive careful consideration.

I have, &c.,

Hon. J. N. Wilson, M.L.C., &c., Napier.

ROBERT STOUT.