**INSCRIPTION OF STOCK BILL 1895**

**House of Assembly, 15 October 1895, pages 1791-8**

Second reading

**The TREASURER**, in moving the second leading of this Bill, said that its objects were very simple, being first to provide for the inscription of stock in the Agent-General’s office, instead of at a bank in London, and secondly to provide for the issue in certain cases of bonds in lieu of stocks for portion of the loan sold in the early part of June last. The offices occupied by the Agent-General for a number of years past were situate about three miles from the Bank of England, but together with the offices of the other Australian Agents-General. On the other hand the inconvenience of these offices in being so far removed from the business of the city had been considerable. The new offices which the Agent-General had entered during the past few weeks were close to the Bank of England, within two minutes of the Stock Exchange, and close to the Wine and Produce Depot. The rent of the old offices was £398 yearly, whilst the rental of the new premises was £650. The lease of the old premises expire in March next, and the Government had secured a lease of the new offices, beginning on September 21, and to continue for 14 years, the landlord to pay rates and taxes. The probable saving from this change of policy would be £250 on every £1,000,000 worth of stock inscribed, or a total on so much as was inscribed of the £23,000,000 or £3,200 per year. Against that sum must be set an additional clerk and messenger representing some £400 a year, and the £250 additional office rent, making a total of £650 yearly. That would leave a very satisfactory saving, which would be increased as the years passed by and various loans were raised by £250 on every million pounds’ worth of stock inscribed. The agreement with Messrs. Glyn, Mills, & Co. was not of such a satisfactory character as it ought to have been. A written and strictly defined agreement ought to have been entered into, and this could have been referred to from time to time. There had been however merely a verbal agreement, and therefore there was some difficulty as to the term of notice required to terminate it. After looking at the matter all round and taking advice on the subject the Government thought that 12 months’ notice would be sufficient, and accordingly on March 27 last that notice was given by the Agent-General in London. The notice would therefore expire on March 27 next, and in the meantime the Agent- General would do the work himself after January 1. March 27 would anticipate the first quarterly payment that would have to be made after January 1 of next year. The only ground Messrs. Glyn, Mills, & Co. had to claim a continued enjoyment of the agency of the South Australian Government was that their names had been mentioned in successive prospectuses of loans. The Agent-General, however, had advised the Government that no difficulty would arise from that source. That was the difficulty which Sir Arthur Blyth and Sir John Bray had felt whilst occupying the position, but the present Agent- General having looked into the matter did not see any force in the argument at all, and recommended the change of domicile to which he had referred. It would have been resented by bondholders and inscribed stock holders, in fact by all business men, if the Government had proposed to take the inscription of the stock and the payment of interest out of the city to Westminster, but now that the office of the Agent-General had been removed the one argument hitherto used fell to the ground. Some suggestion had been made that Messrs. Glyn, Mills, & Co. were not willing to surrender the duty they had been performing, but the information he had was that they declined to surrender the papers or books until the colonial Act authorising the inscription of the stock in the Agent-General’s office had reached them, which of course was a very reasonable demand to make. For that reason the Government asked the House to pass the Bill through all its remaining stages without unnecessary delay, and to thus assist them in the new line of policy now proposed.

Mr. HOMBURG was sorry members took so very little interest in a Bill which had been the subject of so much discussion in the House for very many years past. What the Treasurer had said as to the advantages of transferring the business to the Agent-General’s Office would be appreciated by a great majority of the House. He thought the work would be done satisfactorily under the auspices of the present Agent-General. The Treasurer might, however, have said something more on the subject of the agreement with Messrs. Glyn, Mills, & Co. From the telegraphic communications in the press last week it was evident that Messrs. Glyn, Mills, & Co. were making a demand for considerable damages against the Government. (The Treasurer— “No, no.”) If when the prospectuses for these new loans were issued in London it was made a condition that the interest during the inscription of the loans was payable at the office of Messrs. Glyn, Mills, & Co., then that would amount by inference to a contract that Messrs. Glyn, Mills, & Co. during the currency of the loans were to have the sole right of inscribing the stock in their banking house. He would call attention to clause 7, which ran thus :—“Whosoever shall forge or counterfeit, or shall utter or put off, knowing the same to be forged or counterfeited, any stock certificate or coupon, or any document purporting to be a stock certificate or coupon, shall be guilty of felony, and, being convicted thereof, shall be liable to be imprisoned for any term not exceeding 14 years with hard labor.” How was it possible to punish under a South Australian Act an offence committed in England. He understood the certificates were issued in London? (The Treasurer—“There is an Adelaide registrar as well.”) He thought that the clause referred both to the Adelaide and London offices.

Mr. GLYNN wished to call attention to the Imperial Act, as he did not know whether the Treasurer had considered if they had power to pass the Bill or not. The Inscribed Stock Act of 1882 was passed under the authority of the Imperial Act, No. 59, of 1877, and for the moment he did not know whether we had original rights in the matter independent of the Imperial Act. He would assume for a moment that we had not the powers which were derived from the Imperial Act quite apart from any constitutional right, and then the appointment of a registrar in Adelaide might be *ultra vires.* The Act No. 59 of 1877 said-—“ When provision has been made by the Legislature of a colony and otherwise for the inscription and transfer in a register kept in the United Kingdom” certain things might be done. This referred to the inscription of stock in the United Kingdom. Under clause 5 they were attempting to pass the Bill under the Imperial Act of 1877, as it stated :—The provisions of an Act of the Imperial Parliament, 40 and 41, Victoria, chapter 59, intituled “ The Colonial Stock Act 1877,” shall, so far as applicable thereto, apply to all stock inscribed in the Treasury in Adelaide. That Act only gave the House power to inscribe stock in London. The Question arose whether the agreement with Messrs. Glyn, Mills, & Co. did not amount to a statutory obligation.

Mr. SOLOMON said Mr. Glynn had some-what anticipated his remarks, and he thought the Government should have obtained the best legal opinions on the matter raised by that member. The Agent-General might have secured the opinions of certain bankers, but it was incumbent on the House to see that they did not pass an Act which would involve the colony in legal expenses. (The Attorney- General—“He has obtained the opinion of Messrs. Freshfield & Williams, solicitors to the Bank of England.”) The Treasurer did not state that in his speech. The prospectus of the loan of 1886 stated distinctly that the loan would be issued in stock to be inscribed at Messrs. Glyn, Mills, Currie, and Co., 67, Lombard-street, E.Q., and further that “ Principal and interest are made payable in London; the interest on the 1st of October and 1st of April of each year, and the principal at par between the 1st day of April, 1917, and 1st of April, 1936, upon giving six calendar months notice to Messrs. Glyn, Mills, Currie, and Co., or to the persons by whom the said stock shall, for the time being, be inscribed. The first interest will be payable on the 1st October, 1887.” The tenderers for the loan looked to some extent to the standing of Messrs. Glyn, Mills, & Co., who acted as middlemen between the borrower and the lender and in whom both had confidence. Passing from the question as to whether we had the power to inscribe our own stock, he would ask would our creditors be satisfied with the change ? He had not looked into the question so closely as Mr. Glynn, but the point raised by him was worthy of consideration. as we should be careful not to break faith either with Messrs. Glyn, Mills, & Co., or with our creditors.

The ATTORNEY-GENERAL said, as to the point raised by Mr. Glynn, he was sure he would admit that the clauses dealing with the matter were most admirably drafted, especially when Mr. Glynn recognised that he (Mr. Glynn) was the framer of them himself. Had there been anything in the constitutional point, he was sure Mr. Glynn would have pointed it out at the time he framed the clauses. It would be strange indeed if our power of legislation within the colony depended on an Imperial Act passed so late as 1877. That Act simply provided that any colony having made provision for the inscription of its stock in England, and having taken certain means to identify that stock should have in England certain benefits prescribed by the Act. There was not the slightest doubt as to our constitutional powers, and the agreement with Messrs. Glyn, Mills, & Co. was subject to a reasonable notice being given as to its termination. (Mr. Howe— “What do you call reasonable notice?”) Messrs. Glyn, Mills, & Co. wished to see a copy of the Act when passed, and it was then simply a matter of arrangement between them and the Government as to whether one or two years’ notice should be given. He could assure the House that the Government intended to do nothing that would involve the country in legal expenses.

Mr. DOWNER thought there was little in the remarks concerning the prospectus, as that was a question between the Government and the tenderer, and not between Government and Messrs. Glyn, Mills, & Co. They were bound by the conditions of the bond, and not by those of the prospectus. The more important question seemed to be whether we had the right to end the agreement with Messrs. Glyn, Mills, & Co. by giving a year’s notice. It would be absurd to suppose that the agreement should go on ad infinitum. He gathered from what the Treasurer had said that the point at issue with Messrs. Glyn, Mills, & Co. was whether that firm were entitled to one or two years’ notice. There was no agreement in writing and no definite term. The Inscribed Stock Act of 1882 authorised the Government to make an agreement with the Bank of England or any other bank. It provided in section 7:—“ 1. For the inscription of stock in the books of such bank and for its issue. 2. For effecting the conversion of debentures into stock, and regulating transfers of stock. 3. For paying interest on stock. 4. For issuing stock certificates to bearer, and, as often as occasion shall require, reissuing or reinscribing stock certificates. 5. For receiving from time to time all moneys raised under this Act, and for paying such money from time to time into the public account with the bank in which such account is kept, or into such bank as may be duly appointed in that behalf. 6. For issuing scrip for deposits on loans raised by the sale of stock. 7. For paying off capital on stock or loans. 8. Generally for conducting all business connected with stock or loans. 9. And for the protection and remuneration of any such bank under and in respect of such agreement. Provided that no such agreement should be made for a longer term than seven years, unless it shall contain provisions enabling the Governor or such bank to determine the same, at any time after the expiration of seven years, by giving two years’ notice to the other contracting party to determine the agreement.” The Treasurer said there was an agreement made for seven years liable to be determined after that period by giving two years’ notice. If that position was taken he was afraid the Treasurer would be bound to pay Messrs. Glyn, Mills, & Co. the profits made during the time covered by the two years’ notice . He trusted the Attorney- General would give the subject calm consideration in the best interests of the colony. It would be better to give two years’ notice than to become involved in costly litigation.

The Bill was read a second time.