No. 14.

The Hon. the Colonial Treasurer to the Stock Agents.

Gentlemen,— The Treasury, Wellington, 4th November, 1882.

I have the honour to transmit to you herewith copies of "The Treasury Bills Act, 1879," and "The Treasury Bills Act, 1880," relating to Treasury bills now afloat, amounting in the whole to £1,832,000, particulars of which are given in the enclosed statement.

In both Acts provision is made for taking up the bills at their due dates by borrowing upon debentures, with a currency of not more than three years from the date of issue, such sums of money as may be required for the purpose; the Government, when introducing the two measures in question to Parliament, having intimated their intention to convert the debentures ultimately into stock under "The New Zealand Consolidated Stock Act, 1877," with a view to adding the amount to the permanent debt of the colony.

You will observe, on referring to the 11th section of each Act, that the Colonial Treasurer is empowered to delegate to Agents in Great Britain or elsewhere the powers vested in him to create and issue the debentures; and I may inform you that these powers have been delegated to Sir P. G. Julyan and Sir F. D. Bell, whom I have appointed Agents in London under the sections quoted.

One instrument, delegating these powers to the extent of creating debentures to take up £942,000 of the Treasury bills, was despatched to the Agents on the 9th September last, and two further instruments, with respect to the remainder of the bills, amounting to £890,000, are being despatched by the present opportunity.

Bills to the amount of £942,000 are now in London; there are on the way £180,000, and £710,000 are now being forwarded; all of which, it is anticipated, will be exchanged on the 31st December next for three years' debentures to be created by the Agents I have named above. On that date the bills will be in the hands of the persons named in the enclosed statement, ready to be exchanged for the like amount of debentures.

I have now, therefore, to inform you that, in order to give effect to the intention of the Government, referred to in the second paragraph of this letter, it is their desire that the debentures in question should be converted into 4-per-cent. stock as soon after their creation as, in your opinion, it would be prudent to move in the matter, due regard being had to the desirability of abstaining from any action calculated to interfere with the successful floating of the million loan authorized last session of Parliament, which, it is anticipated, will be offered to the public in January. It is the wish of the Government that these three years' debentures should be thus early converted into stock, as it is considered very undesirable that so large a sum as £1,832,000 should be retained any longer than is necessary in the form of what is practically a floating debt.

I may state that I have reason to know that, with the exception of the Trustees of the Sinking Fund of the loan of 1863, with whom I have not yet had an opportunity of communicating on the subject, and who hold £367,000 of the Treasury bills, all the holders of bills about to be exchanged for debentures are desirous that the latter should be converted into 4-per-cent. New Zealand Stock.

As regards the terms on which the conversion should take place, the Government, after careful consideration, have decided that the amount of 4-per-cent. stock to be offered for every 5-per-cent. debenture of £100 with a currency of three years should not exceed £102, the exact terms within that limit being left to your discretion. With respect to the question of the currency, &c., of the stock the matter is left entirely in your hands, to act as you may deem best for the colony.

I may add that the Government are disposed to proceed with the conversion of the 4½- and 5-per-cent. 5-30 debentures on equivalent terms; but on this subject I will address you in a separate letter.

I have, &c.,

The New Zealand Stock Agents, London. H. A. Atkinson.

Enclosure in No. 14.

Treasury Bills, £1,832,000.

By whom held.	Treasury Bills Act, 1879; due Dec. 31, 1882.	Treasury Bills Act, 1880; due June 30, 1883.	Total.
	£	£	£
Bank of New South Wales	500,000*	...	500,000
Postmaster-General	108,900	159,200	268,100
Trustees of Sinking Fund of Loan of 1863 ...	367,000	...	367,000
Commissioners of Public Debt Sinking Funds ...	17,700	33,000	50,700
Public Trustee	50,200	4,000	54,200
Government Insurance Commissioner ...	98,200	211,500	309,700
Bank of New Zealand	100,000	180,000	280,000
Colonial Teasurer for—			
Armed Constabulary Reward Fund ...	...	2,000	2,000
Nelson Rifle Prize Fund	...	300	300
	1,242,000	590,000	1,832,000

* The debentures to be issued under the Act to take up these will be held: £380,000 by the Postmaster-General, 120,000 by the Colonial Treasurer, as an investment of the Public Works Fund.