to the company, and authorizing me as such agent to receive said debentures on the company's behalf, and to give a receipt for the same in the company's name, also authorizing me to sell and dispose of said debentures in the company's behalf (at a minimum price stated in separate instructions), and to give delivery of said debentures to the purchaser; (2) a further letter stating the minimum price (referred to in No. 1) which I am to be empowered to accept. Please reply promptly to above address. I have, &c.,

The Secretary, Waimate Railway Company. W. J. STEWARD.

I then received a letter dated the 3rd October—or a telegram, rather—from Mr. Slee,—

Mr. W. J. Steward, Auckland. Waimate, 3rd October, 1885.

NOT having heard from you *re* debentures, directors took advice, and hear they are worth par in London. What could you get here? Have not yet seen the Act as passed. FRANK SLEE.

To that I wrote a reply on the 5th October,—

SIR,— Auckland, 5th October, 1885.

Referring to your telegram of the 3rd instant, I may premise that the postal communication between Auckland and the South Island is unsatisfactorily infrequent, there being only two boats a week—one *viâ* each coast. As the reply of Mr. Luckie only reached me on Wednesday last, the 30th September, my letter to you, posted same day, was forwarded by first opportunity (Thursday's boat), and will have reached you on Tuesday, 6th instant (to-morrow). In coming on here I had it in my mind that, while visiting my sister, I should also have the opportunity, if necessary, of negotiating with the Bank of New Zealand. This I have done, and I thought it expedient to advise you by wire generally of the result. I now explain more fully than was possible by telegraph. Whoever may have advised you that the debentures "are worth par in London" must have been ignorant of the fact that, by article 5 of your agreement with the Government, the interest is payable in the colony only until the 31st March, 1887. This being so, no London purchaser will give a figure equal to that commanded by stock the interest on which is payable in London, as there will be the cost of agency in receiving and forwarding interest, and bank exchange, besides loss of time, to be allowed for. Again, colonial inscribed stock (4-per-cent.) is only worth par, and no provision has as yet been made for the inscription of these district railway debentures. I have written to Vogel asking him, on behalf of the Government, to give an undertaking to include these debentures in any inscription operations undertaken within, say, two years; but inscription cannot take place until after the 31st March, 1887, as the Bank of England will not inscribe stock the interest upon which is not payable in London. With such an undertaking a present purchaser (supposing the credit of the colony to stand as well then as to-day, of which such purchaser will, of course, have to take the risk, and for which risk undoubtedly allowance will be taken in the price) might look to realize at the end of the two years about par, less, of course, brokerage; but without such an undertaking you could certainly not expect to realize in London a better price than was obtained for the Westport and Greymouth Harbour loan, which sold at £95 some odd shillings; while the half-year's interest already accrued would hardly suffice to cover cost of advertising, London commission and brokerage, exchange on remittance of proceeds, &c. I have proposed to Broderick, the liquidator for the Duntroon-Hakateramea Company, whose debentures were in my hands for sale two years, to authorize me to act for him also, and, if he consents, should ask the Rakaia Forks for their £7,000 to be thrown in, as the three, added together, will make up a sum just above the £100,000, which is the minimum amount of stock of any denomination which, under the rules of the Stock Exchange, can be quoted on the official list, and I calculate that quotation is worth not less than 2½ per cent. as against unquoted stock. Sale in the colony as a permanent investment—*i.e.*, for the whole twenty years of the currency of the loan—would, of course, mean sale at a very heavy discount; and it is therefore clear that it is of the utmost importance to facilitate realization in London on the most favourable terms. I am doing all I can to bring this about. I asked Murray if the bank would make an offer to buy outright, but that he replied that without an undertaking as to the inscription, as before explained, any offer the Bank could make would be a mere "sporting" one—meaning a discount much larger than we should be likely to accept. He will, however, should you so desire, write Home, and ask a reply by cable, or cable both ways (the former will cost £20 to £25, and occupy about two months; the latter £40 to £50, occupying, say, a fortnight) inquiring if the bank can place the debentures in London (by "place" I mean, of course, "sell"), and the figure obtainable; though he assures me, as before stated, that there would be no chance of your quitting at over £95, while, as I have already said, the 2 per cent. interest accrued to the 30th September would be fully absorbed by expenses. On the whole, then, I think that there is a better chance of realizing satisfactorily by sale to the Government Insurance Association, and, if they can be got as far as 97, or even 96, it will be the best market obtainable. If I leave for Wellington on Thursday, the 8th instant, as I may do if in receipt of instructions from you by wire on Wednesday, as I anticipate, I will wire to you, so that you may address future letters to Wellington. If, on the other hand, you prefer that I should make an offer to the Bank of New Zealand, I will interview Murray again. I hope to get the whole of the matter satisfactorily arranged before returning to Waimate. I have, &c.,

F. Slee, Esq., Secretary, Waimate Railway Company (Limited). W. J. STEWARD.

I was not aware of the exact position—viz., that payment of the interest on the debentures could only be made in London after 1887—until I began to negotiate with the Bank of New Zealand. As may be supposed, I was anxious to sell in the best market. I also negotiated with a private firm in Wellington. This was the point arrived at: that I had overlooked the section of the Act which provided that the interest was made payable absolutely in the colony, so that there was a difficulty in selling in London. I do not know whether this ought to be published, being an entirely private negotiation. This is my letter to Sir Julius Vogel, dated the 5th October, from Auckland, in reference to the inscription:—

MY DEAR SIR,— Auckland, 5th October, 1885.

As you are aware, I am in correspondence with Mr. Luckie *re* proposed sale to the Government Assurance Association of the (£33,913) 4-per-cent. debentures payable to the Waimate Railway Company (Limited), and am now awaiting advice from the latter as to their views as to price before making a more definite proposal. I think it probable that I shall also be authorized to negotiate for the sale of the debentures payable (£61,100) for the Duntroon-Hakateramea. As the interest is, until the 31st March, 1887, payable in the colony, the price obtainable here or in London would be considerably improved if you, on behalf of the Government, could give an undertaking that arrangements should be made for the inclusion of these and other district-railway-purchase debentures in any further operation for the inscription of stock within, say, two years. If such an assurance can be given, I feel sure that you will not hesitate to assist the companies in this way to float the debentures on the most favourable terms; and I am assured by one of the highest financial authorities in the colony that such an undertaking on the part of the Government "would be of very material assistance." A brief reply by wire in the first instance would oblige

Yours very truly,

Hon. Sir J. Vogel, K.C.M.G. W. J. STEWARD.

Then I have a telegram crossing a letter to Mr. Frank Slee,—

Mr. F. Slee, Waimate, Canterbury. Auckland, 5th October, 1885.

BEFORE replying to my telegram just sent, wait for my letter posted Wednesday, which you will receive to-morrow.

W. J. STEWARD.

Then to Mr. Frank Slee, dated the 5th October—

Mr. F. Slee, Waimate, Canterbury. Auckland, 5th October, 1885.

INTERVIEWED Murray, Bank New Zealand, *re* debentures. Bank would communicate with London by letter, reply by cable, or cable both ways if desired. Latter cost forty to fifty pounds. Thinks possible might obtain ninety-five net, same as proceeds Greymouth Westport Harbour debentures, four-per-cents. with Government guarantee. Half-year's interest already accrued would barely cover expenses. Fact of interest being payable in colony only till 1887 militates against price obtainable. Have written Vogel, asking if will undertake to include district railway debentures