Enclosure 1 in No. 8.

SIR,— 7, Westminster Chambers, London, S.W., 6th March, 1885.

At the conference which took place yesterday on the subject of a further conversion of the public debt of New Zealand, I asked the Governors whether, in view of the large addition which that conversion is likely to make in the total amount domiciled with the bank, some reduction could not be made in the charge for management.

I think it will be allowed that at the time the agreement of 1875 was made with the New Zealand Government, no one anticipated that anything like the present amount of colonial loans would become domiciled at the bank; and I trust that, considering the very large total sum which will soon be under the roof of the bank, it will not appear unreasonable to ask you to reconsider the terms of that agreement.

I am aware that the understanding now existing with the various colonial Governments, whose loans are domiciled at the bank, is to the effect that the terms of management for all the colonies should be alike; and therefore, no doubt, in proposing a reduction for New Zealand, I am proposing one which must also extend to them. But it is perhaps not inappropriate that as New Zealand was the first colony to bring its loans under your roof, so it should be the first to ask for a reconsideration of terms fixed ten years ago, when no really accurate estimate could be formed of a business which has already attained so large a volume, and which is sure to go on increasing.

I trust, therefore, that, when you shall have become aware of the amount of New Zealand consols sent in under the conversion now about to take place, the matter I am now bringing before you may receive your favourable consideration

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

The Governor of the Bank of England.

Enclosure 2 in No. 8.

SIR,— Band of England, London, E.C., 2nd June, 1885.

With reference to your letter of the 6th March last, and to the interviews which you have had with the Governors on the subject, I am now directed to inform you that, after a careful consideration of the question of the bank's terms for the management of the inscribed stock of the Government of New Zealand, the Governors are prepared to recommend to the Court of Directors a modification of clause 4 of the terms arranged between Sir Julius Vogel, on behalf of your Government, and the bank, in November, 1875, as notified in the Secretary's letter of the 17th November, 1875.

The clause in question will, after the words "for a consideration of," read thus: "£600 per million of stock per annum up to a total of ten millions of stock; thereafter at the rate of £550 per annum on the next five five millions of stock; and at the rate of £500 per annum on any amount of stock in excess of fifteen million stock," it being understood the dividends will continue to be paid half-yearly.

I am, &c.,
F. MAY,
Chief Cashier.

Sir F. D. Bell, K.C.M.G., 7, Westminister Chambers, S.W.

No. 9.

MEMORANDUM from the AGENT-GENERAL to the COLONIAL TREASURER.

7, Westminster Chambers, London, S.W., 28th May, 1885.

THE Honourable the Treasurer is requested to substitute the annexed revise of the actuarial calculations respecting the consols conversion, for the enclosure to my letter of the 21st instant, No., 602 the actuaries having made a few corrections in the figures, though of a trifling kind.

F. D. BELL.

Enclosure in No. 9.

No. 1.

The AGENT-GENERAL to the ACTUARIES.

New Zealand Consols Conversion.

DEAR SIRS,— 7, Westminster Chambers, 14th May, 1885.

Adverting to our recent correspondence on the subject of the New Zealand consols conversion, I have to inform you that the amount of bonds sent in for conversion is £3,656,800; and I shall be obliged if you would now apply your computations to that sum, so as to bring out the net financial result of the operation to the colony.

You will remember that the stamp duty was taken at the rate of 12s. 6d. per cent.; but the Inland Revenue will only charge 6d. per cent. now, and further duty will not be payable until the new bonds are converted into inscribed stock. The brokerage payable by the Bank of England is £9,132. The "incidental expenses" may still be taken at £5,000.

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

A. H. Bailey, Esq.
Ralph P. Hardy, Esq.

No. 2.

The ACTUARIES to the AGENT-GENERAL.

DEAR SIR FRANCIS,— London, 18th May, 1885.

As requested in your letter of the 14th instant, we have made the calculations that you desire upon the basis of the amount of New Zealand consols sent in for conversion being £3,656,800.

The financial results to the colony are, for the sake of convenience, set out in a form similar to that given in our letter of the 5th March last; but, for clearness, the component items have been given in more detail.

We have assumed that the finances of the colony will be relieved from a proportion of the fixed annual charge of £436,986, corresponding to the amount of consols converted, so that our calculations have reference only to the stock converted—namely, £3,656,800.

We have allowed for the modification in the stamp duty as referred to in your letter; but, in respect of the new stock to be created to meet the expenses, we have provided for the full immediate duty of 12s. 6d. per cent.

We have, &c.,
A. H. BAILEY,
RALPH P. HARDY.

The Agent-General for New Zealand.

NEW ZEALAND CONSOLS CONVERSION.

Results of the Operation, as affecting the Finances of the Colony.

(*a*) *Capital of the Debt*:—		£
Immediate augmentation (4-per-cent. stock, created at par, to meet expenses) ..		17,358
Viz.: Bank of England initial charge upon both converted debt and additional stock (£3,674,158)	£ 2,204	
Brokerage, payable by the Bank of England	9,132	
Stamp duty, at 6d. per cent, upon the converted debt (£3,656,800)	914	
Stamp duty, at 12s. 6d. per cent., upon the additional stock (£17,358) ..	108	
Incidental expenses	5,000	