

1886.
NEW ZEALAND.

LOANS AND CONVERSION OF DEBENTURES INTO INSCRIBED
STOCK.

[In continuation of B.-11 of 1885.]

Presented to both Houses of the General Assembly by command of His Excellency.

No. 1.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 6th May, 1885.

Adverting to the report now going to you from the Loan and Stock Agents respecting the consols conversion, I thought it right to do what I could in my capacity of Agent-General to assist them by specially calling the attention of country bankers and solicitors to the conversion.

I transmit herewith copies of four circulars, marked respectively A, B, C, and D, which were addressed to country banks and their branches, solicitors in the chief provincial towns, and insurance companies. Altogether about 6,000 of these circulars were sent out, with a good effect in bringing in bonds for conversion.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

Enclosure 1 in No. 1.

A.

NEW ZEALAND GOVERNMENT.

SIR,—

7, Westminster Chambers, London, 16th March, 1885.

In case your attention should not have been called to the Bank of England notice relating to the conversion of the New Zealand Government 5-per-cent. consolidated bonds, I beg permission to enclose a copy.

It has been the object of the New Zealand Government to propose a conversion which would divide the advantage between the colony and the bondholders. The loan to which the conversion relates is what is commonly called a "drawing loan," that is to say, a loan in which an annual drawing takes place under a cumulative sinking fund; and the effect of this cumulative fund is to increase, every year, the amount applicable to paying off a part of the loan. Thus, while the amount applied to paying off the bonds in 1869 was under £40,000, in the present year (1885) it is about £150,000, and will grow at every drawing.

A computation has been made by eminent actuaries of the present "average life" of a bond of the above loan, and, after the drawing which will take place on the 31st March, this "life" will be under thirteen years.

The disadvantage of this cumulative sinking fund weighs equally upon the New Zealand Government and upon the bondholders. The colony has to provide a constantly-increasing amount for the sinking fund, while the bondholders are subject to a yearly increase in the number of their bonds that are drawn. The object of the present conversion is to relieve the colony from this burden, and the bondholders from the liability to have their bonds drawn. In exchange for an investment which is constantly being disturbed, the Government offers one of a permanent character. The colony will continue to pay interest at 5 per cent. for seven years, and then convert every £100 of debentures into £107 of 4-per-cent. stock inscribed at the Bank of England, repayable at par in 1929.

In case any constituents of yours should be holders of debentures of this loan, I have thought that you would perhaps wish to bring the proposed conversion under their notice.

I am, &c.,

F. D. BELL,
Agent-General for New Zealand.

Enclosure 2 in No. 1.

B.

PUBLIC DEBT OF NEW ZEALAND.

Conversion of £5,772,500 New Zealand Government 5-per-cent. Consols.

THE Governor and Company of the Bank of England give notice that, on behalf of the Agents appointed by the Governor of New Zealand in Council, under "The New Zealand Consolidated Stock Act, 1877," the Amendment Act 1881, and "The Consolidated Stock Act, 1884" (Sir Francis Dillon Bell, K.C.M.G., and Sir Penrose Goodchild Julian, K.C.M.G., C.B.), they are authorized to invite holders of the debentures of the above loan to bring in their debentures for conversion on the following terms, viz. :—

1—B. 17.

For every one hundred pounds of such debentures a new debenture will be issued for the same amount, bearing interest at the rate of 5 per cent. per annum for seven years, from 15th April, 1885, to 15th April, 1892, when it will be converted into £107 New Zealand 4-per-cent. consolidated stock inscribed at the Bank of England, which will rank *pari passu* with the 4-per-cent. consolidated stock already created and issued, and redeemable at par on the 1st November, 1929.

Applications for conversion will be received up to 30th April next, inclusive.

The interest upon the new debentures will be payable by coupons in the same manner as upon the consol debentures, viz., 15th January, 15th April, 15th July, and 15th October, at the Bank of England, the first coupon being for the dividend due 15th July next.

Consol debentures, from which the coupon due 15th April next must be detached, may be deposited at the Chief Cashier's Office, Bank of England, for exchange on or after Wednesday next, the 11th instant. They must bear all coupons subsequent to that due 15th April next, and must be left three clear days for examination. Receipts will be given for the debentures deposited, and the new debentures will be issued in exchange as soon after as possible.

The usual annual drawing for redemption of the consols will take place on Tuesday, 31st March next; debentures deposited before that date will not be affected by the drawing. Holders of consol debentures drawn for redemption, in respect of which no application for conversion has been made, will be allowed to receive, in exchange for each drawn debenture, a new debenture as above, upon payment of the sum of £4 per cent., provided application be made before the 15th April next.

By the Act 40 and 41 Vict., c. 59, the revenues of the Colony of New Zealand alone will be liable in respect of the stock and the dividends thereon, and the Consolidated Fund of the United Kingdom, and the Commissioners of Her Majesty's Treasury, will not be directly or indirectly liable or responsible for the payment of the stock or of the dividends thereon, or for any matter relating thereto.

Bank of England, 6th March, 1885.

Enclosure 3 in No. 1.

C.

MEMORANDUM.

It should be noted that bankers and brokers will receive a commission of $\frac{1}{2}$ per cent. on the face value of all bonds sent in by them to the Bank of England for conversion.

7, Westminster Chambers, 28th March, 1885.

F. D. BELL,

Agent-General.

Enclosure 4 in No. 1.

D.

New Zealand Government Office,

7, Westminster Chambers, London, S.W., 21st April, 1885.

SIR,—

Adverting to the notice which has been inserted in the *Times* and other newspapers since the 7th March last, containing particulars of a proposal for the conversion of the New Zealand 5-per-cent. consols, I beg to remind you that the 30th instant is the last day on which applications for conversion can be received at the Bank of England.

From many inquiries that have been made, it appears that in some cases holders have been in doubt as to what series of New Zealand Government bonds this notice applies, I may therefore state that all New Zealand Government bonds on which interest is payable quarterly are 5-per-cent. consols, and can be converted as proposed.

I am, &c.,

F. D. BELL,

Agent-General.

No. 2.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

7, Westminster Chambers, London, S.W., 4th May, 1885.

SIR,—

We have the honour to acquaint you that the consols conversion has now been closed, and that the total amount of bonds sent in for conversion is £3,655,100.

On the evening of the 30th April the total was £3,642,100, and we sent you a telegram accordingly, which, we were glad to find, from your message in reply, was satisfactory to the Government. The Bank of England, however, received some further bonds by post on the 1st instant, and also admitted a few bonds under special circumstances, according to the discretion we left to them. By an early mail we shall transmit you a statement of the respective denominations of all the bonds sent in.

The first sets of the new bonds are being completed for delivery to the Bank of England after stamping. We are now in communication with the Commissioners of Inland Revenue as to the stamp duty, and their solicitor is willing to allow the new bonds to be impressed with a sixpenny stamp, as they are only in substitution for outstanding debentures of a longer currency; and we have made the necessary arrangements with the Bank of England for the payment of the duty.

Copy of the telegram we sent you is annexed.

We have, &c.,

P. G. JULYAN,

F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Copies of Telegrams referred to in No. 2.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, New Zealand.

CONSOLIDATED Loan, 1867. Conversion. Total amount converted, £3,642,100.

London, 30th.

No. 3.

The AGENT-GENERAL to the COLONIAL TREASURER.

7, Westminster Chambers, London, S.W., 21st May, 1885.

SIR,—

Adverting to the Actuaries' calculations respecting the consols conversion, which were enclosed in my letter of the 26th March last (No. 377), I now transmit herewith a further computation now made by them showing the financial result to the colony of the operation as it has been actually made.

"IMMIGRATION AND PUBLIC WORKS LOAN ACT, 1870."

| | £ | s. | d. | £ | s. | d. |
|--|-----|-----|-----|---------|----|----|
| Contributions of Sinking Fund | ... | ... | ... | 20,000 | 0 | 0 |
| Interest at 3½ per cent. on £21,969 5s. 5d. | ... | ... | ... | 768 | 18 | 6 |
| Interest at 4 per cent. on £73,288 0s. 1d. | ... | ... | ... | 2,931 | 10 | 4 |
| | | | | <hr/> | | |
| | | | | 3,700 | 8 | 10 |
| | | | | <hr/> | | |
| | | | | £23,700 | 8 | 10 |
| | | | | <hr/> | | |

CONSOLS.

| | £ | s. | d. | £ | s. | d. |
|-----------------------------------|-----|-----|-----|----------|----|----|
| Contributions | ... | ... | ... | 72,831 | 0 | 0 |
| Interest on Drawn Bonds,— | | | | | | |
| Three months on £1,510,600 | ... | ... | ... | 18,882 | 10 | 0 |
| Nine months on £1,660,400 | ... | ... | ... | 62,265 | 0 | 0 |
| Interest on deposits, say | ... | ... | ... | 1,350 | 0 | 0 |
| | | | | <hr/> | | |
| | | | | 82,497 | 10 | 0 |
| | | | | <hr/> | | |
| | | | | £155,328 | 10 | 0 |
| | | | | <hr/> | | |

JAMES B. HEYWOOD.
11 July, 1885.

No. 5.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 21st May, 1885.

Adverting to our letter of the 8th April, No. 404, wherein we gave you the particulars of the drawn consols bonds which had been sent in for conversion up to the 31st March, we have now to state that the complete amount of drawn bonds converted up to the close of the operation is as follows:—

| | | | | | | |
|---------------------------|-----|-----|-------|-------|-----|---------|
| 23 bonds of £1,000 | ... | ... | ... | ... | ... | £23,000 |
| 49 bonds of 500 | ... | ... | ... | ... | ... | 24,500 |
| 58 bonds of 200 | ... | ... | ... | ... | ... | 11,600 |
| 133 bonds of 100 | ... | ... | ... | ... | ... | 13,300 |
| | | | | <hr/> | | |
| 263 bonds | | | Total | ... | ... | £72,400 |

There will thus remain £77,400 of drawn bonds which have not been converted, and will therefore be paid off. We have, &c.,

P. G. JULYAN,
F. D. BELL,
Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

No. 6.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 2nd June, 1885.

We received in due course your telegram of the 23rd May, inquiring whether the state of affairs between England and Russia was threatening enough to make it wise to borrow in advance of negotiating the million and a-half loan. It happened that on the day before we had decided to bring out the loan at once, and we therefore telegraphed to you to that effect, which disposed of the question of advances.

On the 26th of May we received another message approving of that course, and instructing us, in order to save paying interest, to try and extend the payments as much as possible.

Copies of the telegrams are annexed, also of the bank prospectus and a statement by the Agent-General. We have, &c.,

P. G. JULYAN,
F. D. BELL,
Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Enclosure 1 in No. 6.

NEW ZEALAND GOVERNMENT £4-PER-CENT. CONSOLIDATED STOCK.—Issue of £1,500,000.—Minimum Price of Issue, £97 10s. per cent. First dividend, being six months' interest, payable 1st November, 1885. Authorized by the Colonial "New Zealand Loan Act, 1884," for Immigration, Railways, Roads, Bridges, Public Buildings, and other purposes mentioned in the Act.

THE Governor and Company of the Bank of England give notice that, on behalf of the Agents appointed for raising and managing the loan under the above Act (Sir Penrose Goodchild Julyan, K.C.M.G., C.B., and Sir Francis Dillon Bell, K.C.M.G.), they are authorized to receive tenders for £1,500,000, New Zealand Government £4-per-cent. consolidated stock, repayable at par on the 1st November, 1929.

This stock will be in addition to, and will rank *pari passu* with, the New Zealand £4-per-cent. consolidated stock previously created, the dividends on which are payable half-yearly at the Bank of England, on the 1st May and 1st November.

The first half-year's dividend on this issue, calculated upon the nominal amount of stock, will be payable on the 1st November next.

The books of the stock are kept at the Bank of England, where all assignments and transfers are made; and holders of the stock are able, on payment of the usual fees, to take out stock certificates to bearer, with coupons attached, which certificates may be reinscribed into stock at the will of the holder.

All transfers and stock certificates are free of stamp duty. Dividend warrants are transmitted by post if desired.

The loan is secured on the Consolidated Fund of the Colony of New Zealand, which includes the revenue derived from the railways, and from the sales and leases of public lands.

By the Act 40 and 41 Vict., ch. 59, the revenues of the Colony of New Zealand alone will be liable in respect of the stock and the dividends thereon, and the Consolidated Fund of the United Kingdom and the Commissioners of Her Majesty's Treasury will not be directly or indirectly liable or responsible for the payment of the stock or of the dividends thereon, or for any matter relating thereto.

Tenders may be for the whole or any part of the stock, and must state what amount of money will be given for every £100 of the stock. Tenders for other than even hundreds of stock, or at a price including fractions of a shilling other than sixpence, will not be preferentially accepted. Tenders are to be delivered at the Chief Cashier's Office, Bank of England, before two o'clock, on Thursday, 4th June, 1885. Tenders at different prices must be on separate forms. The amount of stock applied for must be written on the outside of the tender.

The minimum price, below which no tender will be accepted, has been fixed at £97 10s. for every £100 of stock.

A deposit of 5 per cent. on the amount of stock tendered for must be paid at the same office at the time of the delivery of the tender, and the deposit must not be enclosed in the tender. Where no allotment is made the deposit will be returned, and in case of partial allotment the balance of the deposit will be applied towards the first instalment.

In the event of the receipt of tenders for a larger amount of stock than that proposed to be issued at or above the minimum price, the tenders at the lowest price accepted will be subject to a *pro rata* diminution.

The dates at which the further payments on account of the said loan will be required are as follows: On Thursday, 11th June, 1885, so much of the amount tendered and accepted as, when added to the deposit, will leave £80 sterling to be paid for each £100 of stock; on Friday, 10th July, 1885, £20 per cent.; on Friday, 7th August, 1885, £20 per cent.; on Tuesday, 1st September, 1885, £20 per cent.; on Thursday, 1st October, 1885, £20 per cent.

The instalments may be paid in full on or after 11th June, 1885, under discount at the rate of 3 per cent. per annum. In case of default in the payment of any instalment at its proper date, the deposit and instalments previously paid will be liable to forfeiture.

Scrip certificates to bearer will be issued in exchange for the provisional receipts.

The stock will be inscribed in the bank books on or after the 1st October, 1885, but scrip paid up in full, in anticipation, may be inscribed forthwith.

Applications must be upon the printed forms, which, together with a statement showing the condition and prospects of the colony, may be obtained at the Chief Cashier's Office, Bank of England; of Messrs. Mullens, Marshall, and Co., 4, Lombard Street; of Messrs. J. and A. Scrimgeour, 18, Old Broad Street; and at the office of the Agent-General of New Zealand, 7, Westminster Chambers, S.W., where also copies of the Act authorizing the loan may be seen.

Bank of England, 28th May, 1885.

Enclosure 2 in No. 6.

NEW ZEALAND LOAN of £1,500,000. (Issued May, 1885.)

THE full details given in the statement which accompanied the prospectus of the million loan last January, make it unnecessary to repeat here the particulars of the public debt of the colony.

The New Zealand financial year 1884-85 had commenced, as stated by me in January, with a deficiency of £152,000. At the termination of the same financial year on the 31st March last, there was a surplus upon the transactions of the year of about £20,000.

The railway traffic, as shown by the latest returns, dated 1st April, 1885, and made up for the eleven months ended the 28th February, was as follows: The number of miles open for traffic had increased from 1,396 to 1,469. The total cost of construction was £12,226,000. The revenue from the railways was: North Island, £264,713; Middle Island, £688,130; total, £952,843. From which had to be deducted working railway expenditure, £632,780; leaving net revenue, £320,063.

Thus the net revenue had risen from £305,000 for the financial twelve months ending the 31st March, 1884, to £320,000 for the eleven months ending the 28th February, 1885.

The proportion of working expenses to revenue, which had decreased nearly 8 per cent. in the financial year ending the 31st March, 1884, as compared with 1880, was again reduced during the eleven months ending the 28th February, 1885, the percentage being now under 66½ per cent.

There was a decrease in the passenger traffic of some classes, and an increase in that of others. In the goods traffic there was an increase of 63,000 tons.

The loan now to be raised is appropriated by the Loan Act to the following purposes: Immigration, £30,000; railways, £700,000; roads, bridges, and public buildings, £620,000; telegraph extension, £30,000; goldfields, roads, and water-races, £40,000; lighthouses and harbour works, £40,000; charges upon raising loans, £40,000; total, £1,500,000.

In accordance with the intimation made by me last January, the conversion of the 4½-per-cent. and 5-per-cent. 5-30 debentures has been followed by the conversion of the greater part of the outstanding 5-per-cent. consolidated drawing loan (known in this market as New Zealand consols). The total amount of that loan outstanding before the annual drawing on the 31st March last was £5,772,500, bonds having been drawn and paid off to the amount of £1,510,600 out of the original total of £7,283,100. Of this outstanding amount of £5,772,500, £3,656,800 have been sent in for conversion, and £77,400 will be paid off.

The annual reduction in charge to the colony effected by this conversion has been actuarially determined as follows: For the first seven years, £100,593; eight and subsequent years, £125,977. Adding this reduction in charge to the saving effected by the conversion of the 5-30s, and by Her Majesty's Government having released the colony from further contribution to the sinking fund of the Imperial Guaranteed Loan of 1856, the colony is now relieved to the extent of about £146,000 a year in interest and sinking fund, and in seven years more will be relieved to the extent of £172,000 a year.

7, Westminster Chambers, 28th May, 1885.

F. D. BELL,
Agent-General.

No. 7.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 5th June, 1885.

We have the honour to state that the tenders for the million and a half loan were opened at the Bank of England yesterday. There were 796 tenders, ranging from the minimum up to £100 15s. 6d. The total amount applied for was £6,796,100, of which £5,554,000 was at and above par. Tenders at £100 3s. 6d. receive 34 per cent. of their applications, and those above that price get allotments in full. The average price at which the loan is placed is £100 6s. 2d.

We enclose a list of the allotments made by the bank. There were four tenders of £750,000 each at £100 3s., by syndicates, all of which had to be rejected.

We sent you a telegram yesterday, of which copy is annexed, to inform you of the result.

We have, &c.,

P. G. JULYAN,

F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Copy of Telegram referred to in No. 7.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, New Zealand.

London, 4th June, 1885.

NEW LOAN. About seven hundred tenders. Amount tendered nearly seven millions. Tenders at hundred three six receive thirty-two per cent., rest in full.

Enclosure in No. 7.

The CHIEF CASHIER, Bank of England, to the LOAN and STOCK AGENTS.

GENTLEMEN,—

Bank of England, London, E.C., 5th June, 1885.

I am directed to inform you that, in accordance with the terms of the advertisement, dated 28th May, 1885, tenders were received yesterday at the Bank of England for the further issue of £1,500,000, New Zealand Government 4-per-cent. consolidated stock.

The applications amounted to £6,796,100, at prices varying from £100 15s. 6d. to £97 10s. Tenders at £100 3s. 6d. receive about 34 per cent. of the amount applied for, those above that price being allotted in full. I forward herein statement of the amounts allotted at the various prices.

The subscriptions to the loan shall be paid from time to time to the credit of the account of the "Loan Agents for the Government of New Zealand," to which account the deposit of 5 per cent.—namely, £75,000, has been transferred to-day.

I have, &c.,

F. MAY,

Chief Cashier

Sir P. G. Julyan, K.C.M.G., C.B., and Sir F. D. Bell, K.C.M.G.,
Agents under "The New Zealand Loan, Act, 1884,"
7, Westminster Chambers.

Sub-Enclosure in No. 7.

NEW ZEALAND 4-PER-CENT. LOAN, 1885.—Issue of £1,500,000. Statement of amounts subscribed at the various prices accepted.

| Subscription. | Price. | Gross Amount payable. |
|---------------|----------|-----------------------|
| £ | £ s. d. | £ s. d. |
| 1,000 | 100 15 6 | 1,007 15 0 |
| 20,000 | 100 14 6 | 20,145 0 0 |
| 11,000 | 100 13 6 | 11,074 5 0 |
| 25,000 | 100 12 6 | 25,156 5 0 |
| 8,500 | 100 12 0 | 8,551 0 0 |
| 72,000 | 100 11 6 | 72,414 0 0 |
| 105,000 | 100 11 0 | 105,577 10 0 |
| 10,000 | 100 10 6 | 10,052 10 0 |
| 5,000 | 100 10 0 | 5,025 0 0 |
| 4,000 | 100 9 6 | 4,019 0 0 |
| 1,300 | 100 9 0 | 1,305 17 0 |
| 6,000 | 100 8 6 | 6,025 10 0 |
| 65,000 | 100 8 0 | 65,260 0 0 |
| 21,000 | 100 7 6 | 21,078 15 0 |
| 7,500 | 100 7 0 | 7,526 5 0 |
| 142,000 | 100 6 6 | 142,461 10 0 |
| 148,500 | 100 6 0 | 148,945 10 0 |
| 166,000 | 100 5 6 | 166,456 10 0 |
| 46,400 | 100 5 0 | 46,516 0 0 |
| 173,500 | 100 4 6 | 173,890 7 6 |
| 338,200 | 100 4 0 | 338,876 8 0 |
| 123,100 | 100 3 6 | 123,315 8 6 |
| £1,500,000 | .. | £1,504,680 6 0 |

Average price, £100 6s. 2d.

Bank of England, 5th June, 1885.

F. MAY,

Chief Cashier.

No. 8.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 3rd June, 1885.

In the early part of March I renewed a request I had often made at the Bank of England, for a reconsideration of their charge for management. I now transmit herewith copies of the correspondence, from which you will see that the bank will not make any concession beyond the unimportant one of a reduction of £50 per million, when the total of inscribed stock exceeds fifteen millions. The terms will therefore be in future £600 per million up to ten millions, £550 per million between ten and fifteen millions, and £500 per million for any amount exceeding fifteen millions.

I have, &c.,

F. D. BELL.

The Hon. the Colonial Treasurer, Wellington.

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

The Governor of the Bank of England.

I have, &c.,

F. D. BELL.

Enclosure 2 in No. 8.

SIR,—

Bank 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 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.

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

I am, &c.,

F. MAY,
Chief Cashier.

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.

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

I have, &c.,

F. D. BELL.

No. 2.

The ACTUARIES to the AGENT-GENERAL.

London, 18th May, 1885.

DEAR SIR FRANCIS,—

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 £456,986, 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 |

| | |
|--|-----------------|
| Additional augmentation at the end of seven years | 279,601 |
| Viz.: Premium, at 7 per cent., upon the converted debt | 255,976 |
| 4-per-cent. stock, created at par, to meet expenses then incident, viz. | 23,625 |
| Stamp duty, at 12s. per cent., upon the converted debt and premium (£3,912,776) | 23,447 |
| Stamp duty, at 12s. 6d. per cent., upon the further additional stock (£23,625) | 148 |
| Total augmentation after seven years | 296,359 |
| (b) Annual Charge— | |
| For the first seven years | 183,354 |
| Viz.: Interest at the rate of 5 per cent upon the converted debt (£3,656,800) | 182,840 |
| Interest at the rate of 4 per cent upon the additional stock (£17,358) | 694 |
| Eighth and subsequent years | 158,150 |
| Viz.: Interest at the rate of 4 per cent, upon the whole debt (£3,953,759) :— | |
| Viz.: Converted debt | £3,656,800 |
| Premium upon conversion | 255,976 |
| Additional stock created | 17,358 |
| Further additional stock created | 23,625 |
| (c) Annual Reduction in Charge :— | |
| For the first seven years (sinking fund, as below, not allowed for) | 100,593 |
| Eighth and subsequent years (sinking fund, as below, not allowed for) | 125,977 |
| (d) Total Reduction in Annual Charge :— | |
| For the remaining years of the currency of the consols (say 21.14) (sinking fund, as below, not allowed for) | 2,485,466 |
| (e) Liquidation of Increase in Debt :— | |
| Annual sinking fund (4 per cent. interest) for 44½ years (ending 1st November, 1929) for retirement of increase of debt (£296,959) as in (a) | 2,514 |
| | A. H. BAILEY. |
| | RALPH P. HARDY. |

18th May, 1885.

No. 10.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 5th June, 1885.

We have received your telegram of this date, for which we beg to offer our sincere thanks, expressing your satisfaction at the intelligence we were able to telegraph yesterday of the success of the new loan for £1,500,000.

We sent you this morning a further message, stating that the average at which the loan was placed was £100 6s. 3d. (accurately £100 6s. 2.88d.), also the amount offered for the same at and above par, which was nearly £5,555,000.

Copies of the telegrams are annexed.

We have, &c.,

P. G. JULYAN,
F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Copies of Telegrams referred to in No. 10.

The COLONIAL TREASURER to the AGENT-GENERAL.

Agent-General, London.

LOAN Agents. Hearty thanks, congratulations.

(Received 5th June, 1885.)
Wellington, 5th.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, New Zealand.

New Loan. Average price hundred six three. Amount tendered at and above par five millions five hundred and fifty five thousand (£5,555,000). London, 5th June, 1885.

No. 11.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 10th June, 1885.

We received in due course your telegram of the 5th instant, desiring us to telegraph to you the net price realized for the Victorian, Queensland, South Australian, and New Zealand loans, without jouissance.

We accordingly telegraphed to you in reply to-day that the net prices realized, after deducting allowances of interest and discount, but exclusive of three-quarters of 1 per cent. for bank charge on issue and for brokerage, were as follows: New Zealand, £99 8s. 2d.; South Australia, £99 5s. 6d.; Victoria, £99 4s. 3d.; Queensland, £97 3s. 10d.

We now transmit copy of a table made out for us by our brokers (Messrs. J. and A. Scrimgeour), giving several particulars which will be of interest.

Copies of the telegrams are also enclosed.

We have, &c.,

P. G. JULYAN,
F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Copies of Telegrams referred to in No. 11.

EXTRACT from Telegram received 5th June, 1885.

To Agent-General, London.

LOAN Agents. Cable net price realized each by Victorian, Queensland, New Zealand loans without jouissance; also South Australia when tendered. Wellington, dated 5th.

Telegram despatched 10th June, 1885.

To Treasurer, New Zealand.

NET prices, deducting interest, discount, Victoria, ninety-nine four three; Queensland, ninety-seven three ten; New Zealand, ninety-nine eight two; Adelaide, ninety-nine five six; every case further deduct fifteen shillings per cent. charges issue.

Enclosure in No. 11.

| Name. | Date of Issue. | Amount. | Stock or Debentures. | Rate. | Minimum. | Net Price of Minimum, less Discount and Interest. | Highest. | Rate and <i>pro rata</i> . | Amount tendered for. | Average of Tenders. | Net Price realized after deducting Allowances of Interest and Discount. |
|--|----------------|-----------|----------------------|---------|----------|---|----------|----------------------------|----------------------|---------------------|---|
| | | £ | | £ s. d. | | £ s. d. | £ s. d. | £ s. d. | £ | £ s. d. | £ s. d. |
| Victoria (at London and Westminster Bank) | 7 May, 1885 | 4,000,000 | Stock | 4 99 0 | | 97 10 6 Dis., 18s. 4d. Int., 11s. 2d. | 102 5 0 | 100 13 0 Say, 80 p.c. | 11,500,000 | 100 13 9 | 99 4 3 |
| Queensland (at Bank of England) | 6 May, 1885 | 2,500,000 | " | " | 97 0 | 96 4 6 Dis., 15s. 6d. Int., — | 100 15 6 | 97 9 6 Say, 35 p.c. | 3,933,200 | 97 19 4 | 97 3 10 |
| New Zealand (at Bank of England) | 28 May, 1885 | 1,500,000 | " | " | 97 10 | 96 12 0 Dis., 9s. 11d. Int., 8s. 11d. | 100 15 6 | 100 3 6 Say, 34 p.c. | 6,800,000 | 100 6 2 | 99 8 2 |
| South Australian (at National Bank of Australia) | 2 June, 1885 | 1,560,400 | " | * | 98 10 | 97 6 1 Dis., 6s. 1d. Int., 17s. 10d. | 103 0 0 | 100 6 0 Say, 31 p.c. | 3,800,000 | 100 9 5 | 99 5 6 |

* At Messrs. Glyn, Mills, and Co.

No. 12.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

Sir,—

7, Westminster Chambers, London, S.W., 15th June, 1885.

We transmit herewith copies of the deed-poll which we have executed, creating the £1,500,000 of stock for the recent loan, and £20,000 for the expenses of the recent conversion of consols; also copies of the declaration made by us under the Imperial Stock Act, which has been duly lodged with the Commissioners of Inland Revenue.

We have, &c.,

P. G. JULYAN,

F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Enclosure 1 in No. 12.

To all to whom these presents shall come, we, Sir FRANCIS DILLON BELL, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, the Agent-General for the Colony of New Zealand, and Sir PENROSE GOODCHILD JULYAN, a Knight Commander of the said Most Distinguished Order of Saint Michael and Saint George, and a Companion of the Most Honourable Order of the Bath, send greeting:

WHEREAS by an Act of the Legislature of New Zealand intituled "The New Zealand Consolidated Stock Act, 1877," it was, among other things, enacted that, for the purpose of raising any sum or sums of money under the authority of any Act that might be passed by the General Assembly of the said colony in any future session of such General Assembly authorizing the Governor in Council to raise by way of loan any sum of money for the public service of the colony, it should be lawful for the Governor in Council to create capital stock, to be called "New Zealand Consolidated Stock," such stock to be issued in such amounts and manner, at such price and times, on such terms and subject to such conditions, with such dividends, and redeemable at par at such times and on such conditions, as the Governor in Council might, before the creation thereof, from time to time determine; and by the said Act it was further enacted that the Governor in Council might from time to time declare all or any of the New Zealand loans, whether existing in the form of stock or not, to be convertible into stock of such denominations, with such conditions, and with such dividends, and redeemable at par at such times and on such conditions, as he might, before the creation thereof, from time to time determine, and might authorize the creation and issue of such an amount of such stock in exchange for the securities held for such loans as might be necessary, and might authorize the creation and sale of any of such stock for the purpose of paying any expenses in the creation of stock and otherwise carrying out the provisions of the said Act on such conditions as he might determine; and by the said Act it was further enacted that the Governor in Council might from time to time appoint three or more persons in England to be Agents for the purposes of the said Act, and might empower such Agents, or any three or more of them, to exercise all or any of the powers by the said Act exercisable by the Governor in Council; and, further, that the said Act should not come into operation nor be of any force and effect whatever until it should be declared to be so in operation by a Proclamation issued by the Governor in Council and published in the *New Zealand Gazette*:

And whereas by a Proclamation made and issued by the Governor in Council on the 9th day of February, 1878, and published in a Supplement to the *New Zealand Gazette* of the same date, the Governor, with the advice and consent of the Executive Council of the said colony, did proclaim and declare that "The New Zealand Consolidated Stock Act, 1877," should be and come into operation on and after the 9th day of February, 1878:

And whereas under and by virtue of the said Act New Zealand Consolidated Stock was created and issued to the amount of £5,371,200, which was duly inscribed in the books of the Governor and Company of the Bank of England, in the names of the several persons respectively entitled thereto, on the terms and conditions mentioned in a certain deed-poll bearing date the 1st day of December, 1879, under the hands and seals of me, the said Penrose Goodchild Julyan, and of Sir Julius Vogel, a Knight Commander of the said Most Distinguished Order of St. Michael and St. George, and of Montagu Frederic Ommanney, Esq., who had been duly appointed Agents in England for the purposes of the said Act, and had been duly empowered to exercise all the powers by the said Act exercisable by the Governor in Council, such stock bearing interest at the rate of 4 per cent. per annum, payable half-yearly, at the Bank of England, on the 1st day of May and the 1st day of November in each year until the 1st day of November, 1929, on which day the capital is to be repaid at par at the same place:

And whereas by another Act of the said Legislature intituled "The New Zealand Consolidated Stock Act 1877 Amendment Act, 1881," it was enacted that, notwithstanding anything in "The New Zealand Consolidated Stock Act, 1877," contained, the Governor in Council might appoint only two persons to be the Agents for the purposes of such Act, who should have, exercise, and perform all the powers, authorities, or duties by such Act given to, vested in, or imposed upon the Agents appointed under such Act, and that throughout such Act the words "the Agents" should be deemed to refer to and include the two persons by the now reciting Act authorized to be appointed to be the Agents for the purposes of "The New Zealand Consolidated Stock Act, 1877:"

And whereas, in pursuance of the power and authority vested in him by the said Acts (all previous appointments of Agents having been revoked), the Governor of New Zealand did, by an Order in Council bearing date the 5th day of November, 1881, appoint us, the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan to be Agents in England for the purposes of the said Acts of 1877 and 1881, with full power and authority to us, as such Agents, to exercise all the powers by such Acts exercisable by the Governor in Council:

And whereas various further amounts of New Zealand Consolidated Stock have from time to time been duly created by us, the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell, acting as such Agents, and duly empowered as aforesaid, upon the terms and conditions respectively mentioned in certain deeds-poll under our hands and seals and bearing date respectively the 1st day of January, 1883, the 30th day of October, 1883, the 1st day of January, 1884, the 30th day of December, 1884, and the 1st day of January, 1885, such amounts of stock being in addition to, and ranking *pari passu* with, the said amount of £5,371,200 of New Zealand Consolidated Stock so created and issued as aforesaid, and bearing interest at the rate and payable half-yearly at the Bank of England as aforesaid until the 1st day of November, 1929, on which day the capital is to be repaid at par at the same place, but the whole amount of New Zealand Consolidated Stock thus created by us has not at present been issued:

And whereas under the authority of "The New Zealand Consolidated Stock Act, 1877," aforesaid, and of another Act of the said Legislature, the Short Title of which is "The New Zealand Consolidated Stock Act, 1884," arrangements have been made for the conversion, in the year 1892, into New Zealand Consolidated Stock of certain of the outstanding debentures issued under the authority of another Act of the said Legislature (the Short Title of which is "The Consolidated Loan Act, 1867"), and known as "The New Zealand Government Five-per-cent. Consolidated Loan Debentures;" and it is expedient that a further amount of not exceeding £20,000 of New Zealand Consolidated Stock should be created and issued for the purpose of raising money for the payment of the expenses of and attending such arrangement:

And whereas by another Act of the said Legislature intituled "The New Zealand Loan Act, 1884" (hereinafter called "the Loan Act"), it was enacted that it should be lawful for the Governor in Council to appoint any two or more persons as he might think fit to be Agents for the purpose of raising and managing the loan thereby authorized to be raised, with all such powers as might be necessary to carry into effect the purposes of such Act, and that such Agents should have full power and authority to borrow and raise, in Great Britain or elsewhere, by bonds, debentures, scrip, or otherwise, such sum or sums, not exceeding one million five hundred thousand pounds sterling in the whole, as the Governor in Council might from time to time or at any time direct or determine, for all and any of the purposes expressed in the Schedule to such Act, or any other purposes thereby authorized; and that such Agents should have full power and authority to prescribe the mode and conditions of re-payment of such loan, and the time of such re-payment, and the rate of interest thereon, and the time and place or places when and where such principal and interest should be made payable:

And whereas Sir William Francis Drummond Jervois, a Knight Commander of the said Order of St. Michael and St. George, the Governor of the said colony, by an Order in Council made and issued on the 21st day of November, 1884, did, in exercise and in pursuance of the powers and authorities vested in him by the said last-mentioned Act, and by and with the advice and consent of the Executive Council of the said colony, direct and determine that the sum of one million five hundred thousand pounds sterling should be borrowed and raised under the provisions of that Act, and in further exercise and pursuance of the powers and authorities aforesaid, and with the like advice and consent as aforesaid, he did thereby appoint us, the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell to be the Agents for the purpose of raising and managing the said loan thereby ordered and determined to be raised, with full power and authority to us, as such Agents, in and during the year 1885 to borrow and raise, by bonds, debentures, scrip, or otherwise, the said sum of one million five hundred thousand pounds sterling as aforesaid, and with full power and authority to us, as such Agents, to prescribe the mode and conditions of the repayment of such sum, and the terms of such repayment, and, subject to the provisions of the same Act, the rate of interest thereon, and the time and place or places when and where such principal and interest should be made payable, and generally to have, hold, and exercise all such powers and authorities as by the same Act might be had, held, and exercised by the Agents appointed thereunder in respect of the moneys authorized by the Order in Council now in recital to be borrowed and raised:

And whereas we, the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell, intend and are about, under and in pursuance of the power and authority in that behalf conferred on us by the said Order in Council of the 21st November, 1884, to borrow and raise in Great Britain, for the purposes expressed in the Schedule to the Loan Act, a sum or sums of money, by the creation and issue of a further amount of not exceeding one million five hundred thousand pounds sterling of New Zealand Consolidated Stock, to be in addition to, and to rank *pari passu* with, the New Zealand Consolidated Stock which has been already issued and which may be issued as hereinbefore mentioned:

And whereas we have further determined that such further amounts of £20,000 and £1,500,000 of stock as aforesaid, making together £1,520,000 of stock, shall be created, issued, and inscribed under the said "New Zealand Consolidated Stock Act, 1877," and we have also determined the amount, manner, price, time, terms, and conditions on, at, and subject to which such stock shall be issued and inscribed, and the dividends thereon be payable, and the principal thereof be redeemable, such amount, manner, price, time, terms, dividends, and conditions being those hereinbefore mentioned:

And whereas we deem it expedient that our determination to create such additional amount of £1,520,000 of New Zealand Consolidated Stock, to be so issued and so redeemable, shall be declared and manifested under our hands and seals:

Now, therefore, these presents witness, and we, the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan, in exercise and in pursuance of the powers by the said Orders in Council, or either of them, vested in us, do, by these presents, declare that we have created a further amount of one million five hundred and twenty thousand pounds sterling of capital stock, to be called "The New Zealand Consolidated Stock," in addition to, and to rank *pari passu* with, the said New Zealand Consolidated Stock heretofore issued as aforesaid, as also to and with such further amount of New Zealand Consolidated Stock as shall be issued in pursuance of or as mentioned in the said deeds-poll, or any or either of them, and also with any further amount of the like New Zealand Consolidated Stock which shall be hereafter created and issued and be inscribed in the books of the Governor and Company of the Bank of England; and we have determined that so much of the same capital stock as it shall be necessary to issue to subscribers for any part of the said sum or sums intended to be and about to be borrowed and raised by us, the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell as aforesaid, shall be issued to such subscribers at the rate of one hundred pounds of stock for every nominal amount of one hundred pounds which shall be represented by the scrip certificates or letters of allotment respectively to be issued to them when the instalments payable thereon shall have been fully paid; and that so much of the residue of such stock as it shall be necessary to sell for the payment of such expenses as aforesaid shall from time to time be sold and issued to the purchasers thereof or their respective nominees; and that the interest or dividend to be paid on the said further amount of one million five hundred and twenty thousand pounds sterling of stock so created by us as last aforesaid, or any lesser amount which shall be issued, shall be at the rate of four pounds per centum per annum, and shall be payable half-yearly, at the Bank of England, on the first day of May and the first day of November in each year until the first day of November, one thousand nine hundred and twenty-nine, and that the first half of a year's interest or dividend shall be payable on the first day of November, one thousand eight hundred and eighty-five; and further that on the said first day of November, one thousand nine hundred and twenty-nine, the capital shall be repaid at par at the same place.

And, lastly, we do further declare that the revenues of the Colony of New Zealand alone are liable in respect of the stock hereinbefore described and the dividends thereon, and that the Consolidated Fund of the United Kingdom, and the Commissioners of Her Majesty's Treasury, are not directly or indirectly liable or responsible for the payment of the stock or of the dividends thereon, or for any matter relating thereto.

In witness whereof we have hereunto set our hands and seals this first day of June, one thousand eight hundred and eighty-five.

Signed, sealed, and delivered by the above-named Sir Francis Dillon Bell
and Sir Penrose Goodchild Julyan, in the presence of—LEONARD J.
MATON, Solicitor, 21, Cannon Street, London.

(L.S.) F. D. BELL.
(L.S.) P. G. JULYAN,

Enclosure 2 in No. 12.

It is hereby declared that, by "The New Zealand Consolidated Stock Act, 1877," being Act 41 Vict., No. 33, of the Legislature of the Colony of New Zealand, provision is made in the terms following, that is to say,—

Section 2. Whenever in any Act heretofore passed by the General Assembly, or that may be passed in the present or any future session of the General Assembly, authority is given to the Governor, or to the Governor in Council, to raise by way of loan any sum of money for the public service of the colony, then, unless there be some provision to the contrary in the Act by which such authority is given, such sum may be raised in the manner hereinafter provided.

Section 3. For the purpose of raising such sum or sums of money under the authority of any such Act as aforesaid, it shall be lawful for the Governor in Council to create capital stock, to be called "The New Zealand Consolidated Stock" (hereinafter referred to as "stock"), subject to the provisions of this Act, to be issued in such amounts and manner, at such price and times, on such terms, and subject to such conditions, with such dividends, and redeemable at par at such times and on such conditions, as the Governor in Council may, before the creation thereof, from time to time determine.

Section 4. The Governor in Council shall have and may exercise the following powers and authorities or any of them:—

- (1.) He may from time to time declare all or any of the New Zealand loans, whether existing in the form of stock or not, to be convertible into stock, of such denominations, with such conditions, and with such dividends, and redeemable at par at such times and on such conditions, as he may, before the creation thereof, from time to time determine.
- (2.) He may authorize the creation and issue of such an amount of such stock in exchange for the securities held for such loans as may be necessary.
- (3.) He may authorize the creation and sale of any such stock for the purpose of raising money for redeeming any outstanding stock or securities, and of paying any expenses in the creation of stock, and otherwise carrying out the provisions of this Act, on such conditions as he may determine.

Section 7. The Governor in Council may from time to time enter into any such agreement with the Bank of England as to the Governor in Council seems fit, providing for all or any of the following things (*inter alia*):—

- (1.) For inscribing in the books of the bank any stock;
- (2.) For managing the creation, inscription, and issue of stock;
- (3.) For effecting the conversion of loans into stock and managing transfers of stock;
- (5.) For issuing stock certificates to bearer, and, as often as occasion shall require, reissuing or reinscribing stock and reissuing stock certificates;
- (10.) Generally conducting all business connected with stock or loans;

For the purpose of this Act the expression "Bank of England" means the Governor and Company of the Bank of England, and includes their successors.

Section 8. Every agreement made with the Bank of England in pursuance of this Act shall be as valid and effectual as if the terms thereof had been set forth in and enacted by this Act.

Section 9. The Governor in Council shall have the powers and duties, and may do the following things (*inter alia*), for the purposes of this Act:—

- (1.) He may from time to time appoint three or more persons in England to be Agents for the purposes of this Act (which Agents for the time being are in this Act referred to as "the Agents"), and may empower such Agents or any three or more of them to exercise all or any of the powers by this Act exercisable by the Governor in Council.

Section 14. This Act shall not come into operation nor be of any force or effect whatever until it shall be declared to be so in operation by a Proclamation issued by the Governor in Council and published in the New Zealand Government *Gazette*.

And it is hereby further declared that, by a Proclamation made and issued by the Governor in Council on the 9th day of February, 1878, and published in a Supplement to the New Zealand Government *Gazette* of the same date, it was declared that the said Act should be and come into operation on and after the said 9th day of February, 1878.

And it is hereby further declared that, under and by virtue of the said Act, New Zealand Consolidated Stock was created and issued to the amount of £5,371,200, which was duly inscribed in the books of the Bank of England, in the names of the several persons respectively entitled thereto, on the terms and conditions mentioned in a certain deed-poll bearing date the 1st day of December, 1879, under the hands and seals of Sir Penrose Goodchild Julian, K.C.M.G., C.B., Sir Julius Vogel, K.C.M.G., and Montagu Frederic Ommanney, Esq., who had been duly appointed Agents in England for the purposes of the said Act, and had been duly empowered to exercise all the powers by the said Act exercisable by the Governor in Council, such stock bearing interest at the rate of 4 per cent. per annum, payable half-yearly, at the Bank of England, on the 1st day of May and the 1st day of November in each year until the 1st day of November, 1929, on which day the capital is to be repaid at par at the same place.

And it is hereby further declared that, by "The New Zealand Consolidated Stock Act 1877 Amendment Act, 1881," being Act 45 Vict., No. 44, of the said Legislature, it was enacted that, notwithstanding anything in "The New Zealand Consolidated Stock Act, 1877," contained, the Governor in Council might appoint only two persons to be the Agents for the purposes of such Act, who should have, exercise, and perform all the powers, authorities, or duties by such Act given to, vested in, or imposed upon the Agents appointed under the ninth section of such Act; and that throughout such Act the words "the Agents" should be deemed to refer to and include the two persons authorized by the Act now in recital to be appointed to be the Agents for the purpose of "The New Zealand Consolidated Stock Act, 1877."

And it is hereby further declared that, in pursuance of the power and authority vested in him by the said Acts (all previous appointments of Agents having been revoked), the Governor of New Zealand did, by an Order in Council bearing date the 5th day of November, 1881, appoint Sir Francis Dillon Bell, of No. 7, Westminster Chambers, Victoria Street, Westminster, K.C.M.G., the Agent-General for the Colony of New Zealand, and the said Sir Penrose Goodchild Julian, to be Agents in England for the purposes of the said Acts of 1877 and 1881, with full power and authority to them as such Agents to exercise all the powers by such Acts exercisable by the Governor in Council.

And it is hereby further declared that the Governor of New Zealand did, by another Order in Council also bearing date the 5th day of November, 1881, and issued under the seal of the said colony, empower the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julian as and to be the Agents to make the declaration required by the provisions of "The Colonial Stock Act, 1877," and in and about such declaration, and the leaving and record thereof with the Commissioners of Inland Revenue, to do all such necessary acts as might or could have been done by or on behalf of the Government of the said colony to give effect to the provisions of the last-mentioned Act.

And it is hereby further declared that various further amounts of New Zealand Consolidated Stock have from time to time been duly created by the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julian, acting as such Agents, and duly empowered as aforesaid, upon the terms and conditions respectively mentioned in certain deed-poll under their hands and seals, and bearing date respectively the 1st day of January, 1883, the 30th day of October, 1883, the 1st day of January, 1884, the 30th day of December, 1884, and the 1st day of January, 1885, such amounts of stock being in addition to, and ranking *pari passu* with, the said amount of £5,371,200 of New Zealand Consolidated Stock so created and issued as aforesaid, and bearing interest at the rate and payable half-yearly at the Bank of England as aforesaid until the 1st day of November, 1929, on which day the capital is to be repaid at par at the same place, but the whole amount of New Zealand Consolidated Stock thus created by them has not yet been issued.

And it is hereby further declared that, under the authority of "The New Zealand Consolidated Stock Act, 1877," aforesaid, and of another Act of the said Legislature, the Short Title of which is "The New Zealand Consolidated Stock Act, 1884," arrangements were made for the conversion, in the year 1892, into New Zealand Consolidated Stock of certain of the outstanding debentures issued under the authority of another Act of the said Legislature, the Short Title

of which is "The Consolidated Loan Act, 1867," and known as "The New Zealand Government Five-per-cent. Consolidated Loan Debentures," and that it was found to be expedient that a further amount of not exceeding £20,000 of New Zealand Consolidated Stock should be created and issued for the purpose of raising money for the payment of the expenses of and attending such arrangement.

And it is hereby further declared that, by "The New Zealand Loan Act, 1884," being Act 48 Vict., No. 42, of the said Legislature (hereinafter called "the Loan Act"), it was enacted that it should be lawful for the Governor in Council to appoint any two or more persons, as he might think fit, to be Agents for the purpose of raising and managing the loan authorized to be raised under such Act, with all such powers as might be necessary to carry into effect the purposes of such Act, and that such Agents should have full power and authority to borrow and raise in Great Britain or elsewhere, by bonds, debentures, scrip, or otherwise, such sum or sums, not exceeding £1,500,000 sterling in the whole, as the Governor in Council might from time to time or at any time direct or determine, for all and any of the purposes expressed in the Schedule to such Act, or any other purposes thereby authorized:

And it is hereby further declared that Sir William Francis Drummond Jervois, a Knight Commander of the said Order of Saint Michael and Saint George, the Governor of the said colony, by an Order in Council made and issued on the 21st day of November, 1884, did, in exercise and pursuance of the powers and authorities vested in him by the Loan Act, and by and with the advice and consent of the Executive Council of the said colony, direct and determine that the sum of £1,500,000 should be raised under the provisions of such Act, and did appoint the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell to be the Agents for the purpose of raising and managing the same.

And it is hereby further declared that, by a deed-poll bearing date the 1st day of June, 1885, under the hands and seals of the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan, after reciting to the effect hereinbefore mentioned, and that in exercise and in pursuance of the power and authority in that behalf conferred on them, they were about to borrow a sum of money by the creation and issue of a further amount of not exceeding £1,500,000 sterling of New Zealand Consolidated Stock, they, in exercise and pursuance of the powers by the said Orders in Council, or either of them, vested in them, did, by the said deed-poll, declare that they had created a further amount of one million five hundred and twenty thousand pounds sterling of capital stock, to be called "New Zealand Consolidated Stock," in addition to, and to rank *pari passu* with, the amounts of New Zealand Consolidated Stock theretofore created as aforesaid, and which had been or might be thereafter issued, and also with any further amount of the like New Zealand Consolidated Stock which should be thereafter created and issued and be inscribed in the books of the Governor and Company of the Bank of England, and had determined that so much of the same capital stock as it should be necessary to issue to subscribers for any part of the said sum or sums about to be borrowed and raised as aforesaid should be issued to such subscribers at the rate of £100 of stock for every nominal amount of £100 which should be represented by the scrip certificates or letters of allotment respectively to be issued to them when the instalments payable thereon should have been fully paid, and that so much of the residue of such stock as it should be necessary to sell for the payment of such expenses as aforesaid should from time to time be sold and issued to the purchasers thereof or their respective nominees, and that the interest or dividend to be paid on the said further amount of one million five hundred and twenty thousand pounds sterling of stock so created by them as last aforesaid or any lesser amount which should be issued, should be at the rate of £4 per centum per annum, and should be payable half-yearly, at the Bank of England, on the 1st day of May and the 1st day of November in each year until the 1st day of November, 1929, on which day the capital should be repaid at par at the same place.

And it is hereby further declared that the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell have, in pursuance of the Loan Act and of the said Order in Council of the 21st day of November, 1884, borrowed and raised, for the purposes mentioned in the Schedule to such Act, a sum or sums of money (being the sum or sums recited in the said last-mentioned deed-poll as intended and about to be borrowed), by issuing, or agreeing to issue, scrip certificates or letters of allotment for the total amount of one million five hundred thousand pounds sterling by the same Act and the said Orders in Council respectively authorized and directed to be borrowed and raised; such scrip certificates or letters of allotment respectively to be converted into New Zealand Consolidated Stock at the rate of £100 of such stock for every nominal amount of £100 represented by a scrip certificate or letter of allotment.

And it is hereby further declared that, in further pursuance of the said "New Zealand Consolidated Stock Act, 1877," and "The New Zealand Consolidated Stock Act 1877 Amendment Act, 1881," and of the said Order in Council of the 5th November, 1881, the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan have entered into an agreement with the Governor and Company of the Bank of England, providing, among other things, for the inscription, in a register, kept in England by the said bank, of the said stock mentioned in the said last-mentioned deed-poll to have been created, and for the transfer of such stock.

And it is hereby further declared that the stock to be inscribed and transferred in conformity with such provision is the New Zealand Consolidated Stock mentioned in the said last-mentioned deed-poll.

And it is hereby further declared that the revenues of the Colony of New Zealand alone are liable in respect of the stock hereinbefore described and the dividends thereon, and that the Consolidated Fund of the United Kingdom, and the Commissioners of Her Majesty's Treasury, are not directly or indirectly liable or responsible for the payment of the stock or of the dividends thereon, or for any matter relating thereto.

In witness whereof the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan have hereunto set their hands this fifth day of June, one thousand eight hundred and eighty-five.

Witness—LEONARD J. MATON, Solicitor, 21, Cannon Street, London.

F. D. BELL.
P. G. JULYAN.

No. 13.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 16th June, 1885.

In our letter of the 8th April last, No. 404, we informed you of the number of consolidated bonds which had been sent in for conversion up to the 31st March, amounting to £2,482,900; and in our further letter of the 4th May, No. 592, we gave the total up to the 30th April as £3,655,100. We have now received a list from the Bank of England showing the totals of the respective denominations as follows, viz. :—

| | £ |
|------------------------------|------------|
| 5,583 bonds of £100 | 558,300 |
| 2,552 bonds of £200 | 510,400 |
| 2,574 bonds of £500 | 1,287,000 |
| 1,296 bonds of £1,000 | 1,296,000 |
| 12,005 | £3,651,700 |

The actuaries' computation of the 18th May was made upon a total of £3,656,800, that amount including a small number of bonds, amounting to £6,900, not included in the list above mentioned. We have sent this list to the Crown Agents, in order that the bonds may be deregistered in the registers of the loan kept at that domicile.

We have, &c.,

P. G. JULYAN,
F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

No. 14.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 18th June, 1885.

Referring to my letter, No. 692, of the 3rd instant, transmitting copies of correspondence with the Bank of England respecting their charge for management, I now enclose copies of further correspondence, including a letter from the Secretary to the bank, stating that the court of directors have agreed to the modifications, particulars of which were given in my above referred to letter.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

Enclosure 1 in No. 14.

SIR,—

7, Westminster Chambers, London, S.W., 9th June, 1885.

I have to acknowledge the receipt of your letter of the 2nd instant, communicating the decision of the governors upon the application I made to them on the 6th March for a reconsideration of the bank's terms for the management of the New Zealand Inscribed Stock.

Having regard to the large amount of that stock now inscribed, my Government had hoped that the governors of the bank would have felt themselves justified in recommending to the court of directors the reduction of the charge to £500 per million after the first ten millions.

With regard to the period for paying dividends, I am not aware of any intention on the part of my Government to propose any change in respect to any further issues of stock. But, in case of such change being hereafter proposed, it would of course be understood that the terms now notified would be subject to revision.

I have, &c.,

The Chief Cashier, Bank of England.

F. D. BELL.

Enclosure 2 in No. 14.

SIR,—

Bank of England, E.C., 12th June 1885.

Referring to your letter of the 9th instant, in reply to one from the Chief Cashier, dated the 2nd instant, respecting the charge made by the bank for the management of the New Zealand Government Inscribed Stock, I have now to acquaint you that the court of directors have agreed to modify the arrangement communicated to you in my letter of the 17th November, 1875; and, in place of the present terms for management and payment of dividends at the rate of £600 per million of stock per annum, up to the amount of ten millions of stock, and, thereafter, at the rate of £550 per million of stock per annum, to substitute the following charges—namely, £600 per million of stock per annum up to a total of ten millions of stock; thereafter, at the rate of £550 per million per annum on the next five millions of stock; and at the rate of £500 per million per annum on any amount of stock in excess of fifteen millions; it being understood that the dividends will continue to be paid half-yearly.

I have, &c.,

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

HAMMOND CHUBB,
Secretary.

Enclosure 3 in No. 14.

SIR,—

7, Westminster Chambers, London, S.W., 16th June, 1885.

I have to acknowledge the receipt of your letter of the 12th instant, informing me of the further modification of the terms for management and payment of dividends on New Zealand Stock agreed upon by the court of directors of the Bank of England.

The Secretary, Bank of England.

I have, &c.,

F. D. BELL.

No. 15.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 19th June, 1885.

I transmit herewith copy of a letter I have received from the Royal Colonial Institute, enclosing a resolution of the Council deprecating the intention of the Imperial Government to impose a tax of one-half per cent. on colonial bonds.

The Agents-General have conferred together as to the steps that it would be right to take in the matter, and it was Mr. Forster's intention to have brought the matter before the House of Commons if the Ministry had not been defeated.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

Enclosures in No. 15.

SIR,—

15, Strand, W.C., 17th June, 1885.

I have the honour to enclose a copy of a resolution on the subject of a stamp duty of one-half per cent. on Colonial Government securities, which was adopted by the Council of the Royal Colonial Institute, at a meeting held on the 16th June, 1885, and request that you will be so good as to transmit it to your Government for their information.

I have, &c.,

Sir Francis Dillon Bell, K.C.M.G., Agent-General for New Zealand.

FREDERICK YOUNG,
Hon. Secretary.

Sub-Enclosure in No. 15.

At a meeting of the Council of the Royal Colonial Institute, held on Tuesday, 16th June, 1885, the following resolution was adopted:—

The Council deprecate the terms on which a charge of a stamp duty of one-half per cent. on Colonial Government securities is proposed in one of the taxing measures now before Parliament—not because such an impost is *per se* an objectionable or unreasonable method of raising revenue, but because the proposal involves the classification with

foreigners of certain of Her Majesty's colonial subjects, who are no more foreigners than the people of India or the people of the Mother-country itself, none of whom bear this tax, which the proposal under discussion does not contemplate imposing on them.

The Council, therefore, feel it their duty to protest against the creation of what they regard as an invidious distinction between subjects of Her Majesty resident in one part of the Empire and subjects resident in another.

No. 16.

The COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

The Treasury, Wellington, 10th August, 1885.

I have the honour to acknowledge the receipt of your letters Nos. 692 and 756, of 3rd and 18th June last, in which you state the result of your efforts to obtain from the Governors of the Bank of England a reduction of the charges for managing our inscribed stock.

The Government are indebted to you for the reduction you obtained, and share with you the regret you express that the bank would not make a more substantial concession.

The Agent-General for New Zealand, London.

I have &c.,
JULIUS VOGEL.

No. 17.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

GENTLEMEN,—

The Treasury, New Zealand, Wellington, 10th August, 1885.

I have the honour to acknowledge the receipt of your letter of the 5th June last, No. 695, giving particulars of the floating of the Million-and-a-Half Loan on the 4th idem, and have much pleasure in conveying to you the thanks of the Government for the valuable service you have rendered to the colony in your conduct of the negotiation of the loan.

The Loan and Stock Agents for New Zealand, London.

I have, &c.,
JULIUS VOGEL.

No. 18.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

GENTLEMEN,—

The Treasury, Wellington, 12th August, 1885.

The instrument signed by me under the powers conferred by the sixteenth section of "The Consolidated Stock Act, 1884," and dated the 9th of March last, which authorized you to exercise certain powers therein particularly mentioned, will shortly expire, and I have now the honour to inform you that I am desirous of renewing such authority for the period of twelve months from the expiration of the existing authority, and request you will undertake this duty accordingly.

In accordance with such desire and request, I hereby empower you to exercise the powers and authorities mentioned in the instrument of the 9th of March above referred to, for a period of twelve calendar months from the 9th of September next.

To Sir Penrose G. Julyan, K.C.M.G., and Sir Francis D. Bell, K.C.M.G., the Agents appointed under "The New Zealand Consolidated Stock Act, 1877," London.

I have, &c.,
JULIUS VOGEL.

No. 19.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 24th June, 1885.

With reference to your letter of 11th May last, No. 15, I have to express my regret at having omitted to send you, with the Stock Agents' letter of 12th March, No. 265, the correspondence with the Bank of England at that time respecting the terms on which the bank undertook the conversion of the consols. I now transmit copy of that correspondence, from which you will see that the terms for the consols conversion were the same as for the 5-30 conversion of 1883. There will accordingly be an initial charge of £600 per million, and the rate for management will be the same as for inscribed stock, according to the revised arrangement reported in my letters of the 3rd and 18th June, Nos. 692 and 756.

The Hon. the Colonial Treasurer, Wellington.

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

Enclosure 1 in No. 19.

GENTLEMEN,—

7, Westminster Chambers, London, S.W., 5th March, 1885.

It will be in your recollection that at the conferences we had the honour to have with the Governor and Deputy-Governor at the beginning of the present year, we informed you of the intention of the New Zealand Government to effect, at an early period, a conversion of the 5-per-Cent. Consolidated Loan of 1867 (known in this market as "New Zealand Consols"), and at our conference to-day we laid before you the terms on which we propose that such conversion should now be offered to the holders of the consols.

After full consideration these terms were finally settled, and are expressed in the draft prospectus, of which a copy is annexed.

In addition to the various authorities under which we have, as you are aware, heretofore acted in previous conversions of the public debt of the colony, we have now to enclose a certified copy of a further Act of the New Zealand Legislature intitled "The Consolidated Stock Act, 1884," which is incorporated with the Consolidated Stock Act of 1877 and amendment Act of 1881, and under the authority of which three Acts together the present conversion will be carried out.

We have now, accordingly, to request that you will be pleased to take the necessary steps to announce the conversion, receive debentures sent in, and otherwise give effect to the operation.

It is understood that the same initial charge is to be paid to the bank as in the case of the conversion of the 5-30 debentures in September, 1883—namely, £600 per million, and that the charge to be paid to the bank for management is to be at the same rate as now exists for so much of the New Zealand 4-per-cent inscribed stock as exceeds ten millions sterling—that is to say, £550 per million on the amount converted.

As heretofore, brokerage of $\frac{1}{4}$ per cent. will be allowed to bankers, brokers, and agents upon the amount sent in by them for conversion.

We have, &c.,
F. D. BELL,
P. G. JULYAN,

The Governor and Company of the Bank of England.

Stock Agents of the New Zealand Government.

Enclosure 2 in No. 19.

GENTLEMEN,—

Bank of England, London, E.C., 6th March, 1885.

I am directed by the Governors to acknowledge the receipt of your letter of yesterday's date, with reference to the conversion of the £5-per-cent. Consolidated Loan of your Government, and enclosing the prospectus setting forth the terms of such conversion and a copy of "The Consolidated Loan Act, 1884."

In compliance with your wish the Governors have caused the necessary steps to be taken to announce the conversion, receive the debentures sent in, and otherwise give effect to the operation.

The initial charge to be paid to the bank will be as understood by you—viz., £600 per million of debentures converted, and the charge for management at the rate already agreed upon between your Government and the bank.

I have, &c.

F. MAY,
Chief Cashier.

Sir F. D. Bell, K.C.M.G., and Sir Penrose G. Julyan, K.C.M.G., C.B.,
Stock Agents of the New Zealand Government, 7, Westminster Chambers, S.W.

No. 20.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 27th June, 1885.

With reference to the charges of the Bank of England for management of inscribed stock, under the arrangement of November, 1875, I waited upon the Governors a few days ago to represent that New Zealand ought to be put on the same footing as New South Wales with respect to the time that moneys should be lodged for the payment of dividends—namely, ten days instead of a month.

The Governors agreed to do this, but pointed out that, on the same principle of uniformity of charge, an alteration ought to be made in the bank's favour by relieving them from that part of the cost of advertising which has hitherto been paid by the bank on bringing out our loans. To this, of course, I readily consented on behalf of the Government.

I now transmit to you copies of the correspondence describing the new arrangement.

I have, &c.,

F. D. BELL.

The Hon. the Colonial Treasurer, Wellington.

Copy of Telegram referred to in No. 20.

To Treasurer, New Zealand.

London, 24th June, 1885.

Dividends arranged Bank of England lodge moneys ten days instead month.

Enclosure 1 in No. 20.

SIR,—

7, Westminster Chambers, London, S.W., 24th June, 1885.

At the interview I had yesterday with the Governor of the bank respecting the arrangement under which the amount required for payment of dividends upon New Zealand consolidated stock inscribed at the bank has to be lodged with you one month before the date when the dividends are payable, I proposed that in future New Zealand should be placed on the same footing as New South Wales, and the time for lodging the moneys in question be fixed at ten days. I have now to express the thanks of my Government to the Governors for consenting to my request.

It is understood that on the same principle of uniformity of system in the business carried on by the bank for colonies whose loans are domiciled here, the custom is to be abrogated under which the bank has hitherto paid certain costs of advertising in the issue of loans for New Zealand, and such costs are in future to be defrayed by my Government.

I have, &c.,

F. D. BELL.

The Chief Cashier, Bank of England.

Enclosure 2 in No. 20.

SIR,—

Bank of England, London, E.C., 25th June, 1885.

I have to acknowledge the receipt of your letter of yesterday with reference to the subject of your interview with the Governor on the 23rd instant.

In reply, I am to say that the Governors fully concur in the view you take of the result arrived at verbally on Tuesday last, their desire being that the several Colonial Governments should be placed on an equal footing with respect to the issue and management of loans by the bank.

The arrangement of November, 1875, so far as it affects clause 3, will in future, therefore, be thus understood: "The Government of New Zealand will pay to the Bank of England the money required for dividends on their stocks or debentures ten days before such dividends are due" (instead of "at least one month," &c.).

With regard to the issue of loans, the following will be the terms, as now understood, in lieu of those set forth in my letter of 29th May, 1878, viz.: "For issuing stock, preparing stock- and transfer-books, and performing all the duties involved in placing such loans on the market (except the cost of advertising and stamping scrip), a charge of 10s. per cent. on the nominal amount of stock issued." The above charge is, of course, exclusive of the usual commission to bankers, brokers, and agents, but the bank undertakes the settlement of the claims.

I have, &c.,

F. MAY,
Chief Cashier.

Sir F. D. Bell, K.C.M.G., Agent-General for New Zealand,
7, Westminster Chambers, S.W.

Enclosure 3 in No. 20.

SIR,—

7, Westminster Chambers, London, S.W., 26th June, 1885.

I have to acknowledge the receipt of your letter of yesterday, in answer to mine of the 24th; and I have, on behalf of the New Zealand Government, to confirm the new arrangements as described by you.

The Chief Cashier, Bank of England.

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

No. 21.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 29th June, 1885.

The new Canadian loan for four millions was tendered for to-day. The applications were for about twelve millions, tenders ranging from £99 to £103, and one tender being for a million at £99. Tenders at £100 18s. will receive about 8 per cent., and those above that price in full. The average price of the loan is £101 1s. 8d.

You will not fail to observe that both Canada and Victoria, which were supposed to be sure to bring out their loans at $3\frac{1}{2}$ per cent., have decided to keep to a 4-per-cent. issue.

The Hon. the Colonial Treasurer, Wellington.

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

No. 22.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

Loan Agents, London.

Wellington, 23rd September, 1885.

LOAN of 1856: Try arrange interest payable out of sinking fund, full amount now being in hand. If further margin required try privately convert few thousands. Loan of 1863: Balance unconverted, exclusive half-million guaranteed, half-million odd six per cent. interest, two per cent. sinking fund, nearly half-million five per cent. and one per cent. sinking fund; very desirable convert these soon as possible and give liberal terms. Balance Consolidated Loan, 1867: desirable convert, deducting one year at least from currency of five-per-cent. debentures or more if those debentures at premium, of which you best judges. Four and half per cent. five-thirty loan: is it desirable, safe, give notice pay off, taking risk issuing loan before notice expires? I ask, but doubt. Old provincial loans: any these you can buy and convert, even in small quantities, very desirable. Session ended. No new loan. Probably require negotiate North Trunk million about May. Earnestly ask attention above, choosing suitable time. If your opinions differ, cable points difference, leaving me suggest decision.

No. 23.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

GENTLEMEN,—

The Treasury, Wellington, 26th September, 1885.

I have the honour to enclose a copy of a telegram [No. 22, above] which I sent to you on the 23rd instant. You will recognize in it an indication of my natural desire that no time should be lost whenever the market is favourable to further proceed with the conversion of the loans. I hope I have succeeded within the narrow limits of the cablegram in making my meaning clear.

First, as regards the loan of 1856: the sinking fund now accumulated is equal to the amount of the loan, and it seems to me that there is no object in paying £20,000 for interest out of the consolidated revenue when that interest might be paid out of the loan itself. There would be no objection, if it was thought desirable, to put the whole amount into the securities of other colonies bearing interest at 4 per cent.; and if it was further desired that there should be a small margin you surely would be able to find privately a holder of some £20,000 to £50,000 who would arrange to convert; the proposition the Trustees of the Sinking Fund should agree to is that they should pay the interest as it falls due, we agreeing to keep up the securities to £500,000.

Of the loan of 1863 there is nearly one million outstanding, exclusive of the half million guaranteed by the Imperial Government. That million bears interest partly at 6 and partly at 5 per cent., with a sinking fund partly of 2 and partly of 1 per cent. Any part of this which could be converted would save us a considerable amount annually,

As regards the Consolidated Drawing Loan of 1867, I have no doubt you will be able to secure another considerable line of this stock. Every year the holders must feel that they run a greater chance of their bonds being drawn for payment at par. You will be best able to judge of the exact terms, but these should comprise at least one year's less currency of the 5-per-cent. debentures, or a corresponding reduction of the premium to be paid in inscribed stock. I hope you will arrange to have this matter settled earlier next year than was the case this year; and especially that the drawing should be arranged to take place earlier, so that we should be able to bring the results within the year's accounts. As you are aware, with the amount of our bonds drawn we pay off a corresponding amount of the debentures which have been created.

As regards the $4\frac{1}{2}$ -per-cent. 5-30 Loan I brought this under your notice, though I rather doubt whether it would be desirable to run the risk of calling in the loan, trusting to the negotiation of a loan to take it up. It might be the case that the holders would not reinvest in the new loan, and consequently we should have to find, as it were, a fresh market for the whole of it. On the other hand, it will hardly pay to call the loan in and give so large an assured premium to the Bank of England for undertaking to find the money as we did lately with the 5-per-cent. 5-30 debentures. It is sufficient for me, however, to draw your attention to the matter.

With regard to the old provincial loans, anything you can do in the way of bringing these loans, or parts of them, in for payment must be beneficial; and it is well worth while to draw your attention to the subject. In dealing with these loans you might find it desirable to use the discretion I suggested in a late letter upon a subject on which we have previously corresponded, viz.: that of holding money in hand to take up parcels of stock offered from time to time for conversion or for sale upon terms in each case agreed.

I further mentioned in my telegram that the session had ended, and that we had not proposed the new loan for a million. The House, as you are probably aware, refused to sanction the increased Customs duties; but the increases in the stamp and succession duties, and the property assessment, were allowed; the effect, however, will not be so much apparent this year, so large a part of it having already passed.

With regard to the 10-40 debentures, it appears to me that we had better wait till the ten years expire before taking action in the way of converting them; but I should like to know your opinion on the subject.

The New Zealand Loan Agents, London.

I have, &c.,

JULIUS VOGEL.

No. 24.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received 1st October, 1885.)

LOAN of 1856: perhaps can arrange. Consolidated loan, 1867: concur conversion desirable, but too short time elapsed since operation: advise waiting February, when drawing will help; our opinion is, however, hopeless reduce currency debentures. Four-and-a-half-per-cent. 5-30s: We think unsafe give notice at present. Old provincial loans: Consider desirable convert occasion offers.

London, 30th.

LOAN AGENTS.

No. 25.

WILLIAM F. DRUMMOND JERVOIS, Governor.

ORDER IN COUNCIL.

At the Government House, at Wellington, this 5th day of October, 1885.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS by an Act passed by the General Assembly of the Colony of New Zealand, the Short Title whereof is "The Consolidated Stock Act, 1884," it is, among other things, enacted that the said Act shall be incorporated with and read as part of "The New Zealand Consolidated Stock Act, 1877;" and that the Agents mentioned in the now-reciting Act shall be the Agents from time to time appointed under "The New Zealand Consolidated Stock Act, 1877;" and by the now-reciting Act it is also enacted that in respect of the loans having sinking funds mentioned in the Schedule to such Act, the Colonial Treasurer shall, within each financial year ending on the thirty-first day of March, compute the amount which, from all sources, whether from contributions to the sinking fund or from the produce of accrued investments of the same, including the interest on drawn bonds, will accrue to increase the sinking fund of each loan within each year; and upon such computation being approved by the Controller and Auditor-General, such amount shall be held to be the amount of increase for the year in respect of each loan for the purposes of this Act. The first computation shall be made for the year ending on the thirty-first day of March, one thousand eight hundred and eighty-five. Any error in the said computation for any year shall be adjusted in the year in which such error is ascertained, and shall be included in the computation for such last-mentioned year; and also that the Governor in Council may authorize the creation of stock to the amount of the annual increases of sinking fund computed as therein provided: And whereas of the loans mentioned in the Schedule to the said in part recited Act, those hereinafter set forth have sinking funds, and the Colonial Treasurer has for the financial year ending on the thirty-first day of March, one thousand eight hundred and eighty-six, computed the amount which from all sources as mentioned in the said Act will accrue to increase the sinking fund of each loan for such year as follows, that is to say:—

| Name of Loan. | Amount of Annual Increase of Sinking Fund on each Loan. | | |
|--|---|----|----|
| | £ | s. | d. |
| "The New Zealand Loan Act, 1856" | 12,646 | 1 | 4 |
| "The New Zealand Loan Act, 1860" | 6,118 | 12 | 2 |
| "The New Zealand Loan Act, 1863" | 44,211 | 1 | 2 |
| "The Consolidated Loan Act, 1867" | 154,669 | 0 | 4 |
| "The Immigration and Public Works Loan Act, 1870" | 24,671 | 4 | 6 |
| "The Auckland Loan Act, 1863" | 1,366 | 11 | 4 |
| "The Wellington Loan Act, 1866" | 732 | 13 | 8 |
| "The Lyttelton and Christchurch Railway Loan Ordinance, 1860" | 3,900 | 16 | 6 |
| "The Canterbury Loan Ordinance, 1862" | 406 | 2 | 1 |
| "The Otago Loan Ordinance, 1862" | 3,499 | 1 | 7 |
| | £252,221 | 4 | 8 |

And whereas the computation so made as aforesaid was on the twenty-ninth day of September last approved by the Controller and Auditor-General as required by the said Act: And whereas it is expedient that the creation of stock should be authorized as hereinafter mentioned:

Now, therefore, His Excellency the Governor of the Colony of New Zealand, in pursuance and exercise of the power and authority vested in him by the said in part recited Act, and by and with the advice and consent of the Executive Council of the said colony, doth hereby authorize the creation of stock to the amount of two hundred and fifty-two thousand two hundred and twenty-one pounds four shillings and eight pence, such amount being the total annual increases of sinking fund upon the loans hereinafter mentioned for the year ending the thirty-first day of March, one thousand eight hundred and eighty-six, computed in accordance with the said Act as aforesaid.

FORSTER GORING,
Clerk of the Executive Council.

MEMORANDUM showing the computation of the increases of the Sinking Funds of the Loans named in the Schedule in the above Order in Council.

| Name of Loan. | Estimate for Year 1885-86. | Over-estimate of Year 1884-85. | Net Estimated Increase. |
|--|----------------------------|--------------------------------|-------------------------|
| | £ | £ s. d. | £ s. d. |
| "The New Zealand Loan Act, 1856" | 19,650 | 7,003 18 8 | 12,646 1 4 |
| "The New Zealand Loan Act, 1860" | 6,140 | 21 7 10 | 6,118 12 2 |
| "The New Zealand Loan Act, 1863" | 45,630 | 1,418 18 10 | 44,211 1 2 |
| "The Consolidated Loan Act, 1867" | 155,328 | 658 19 8 | 154,669 0 4 |
| "The Immigration and Public Works Loan Act, 1870" | 23,700 | *971 4 6 | 24,671 4 6 |
| "The Auckland Loan Act, 1863" | 1,360 | *6 11 4 | 1,366 11 4 |
| "The Wellington Loan Act, 1866" | 735 | 2 6 4 | 732 13 8 |
| "The Lyttelton and Christchurch Railway Loan Ordinance, 1860" | 3,980 | 79 3 6 | 3,900 16 6 |
| "The Canterbury Loan Ordinance, 1862" | 410 | 3 17 11 | 406 2 1 |
| "The Otago Loan Ordinance, 1862" | 3,537 | 37 18 5 | 3,499 1 7 |
| | | 9,226 11 2 | |
| | | 977 15 10 | |
| | 260,470 | 8,248 15 4 | 252,221 4 8 |

* Under estimate, deducted below.

5th October, 1885.

JAMES B. HEYWOOD,
Accountant to the Treasury.

No. 26.

WM. F. DRUMMOND JERVOIS, Governor.
ORDER IN COUNCIL.

At the Government House at Wellington, this fifth day of October, 1885.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS by an Act of the General Assembly of the Colony of New Zealand, the Short Title whereof is "The Consolidated Stock Act, 1884" (hereinafter referred to as "the said Act"), it is, among other things, enacted that so much of all the loans set forth in the Schedule as were outstanding on the thirty-first day of March, one thousand eight hundred and eighty-four, should be and are thereby declared to be convertible into stock, and also that pending the operations for converting loans and creating the stock authorized to be created under the provisions of the said Act and "The New Zealand Consolidated Stock Act, 1877," the Colonial Treasurer may, when so authorized by an Order in Council in that behalf, create debentures to an amount not exceeding in the whole the amount of such stock; and may borrow and raise moneys from time to time by the sale, hypothecation, or mortgage of such debentures, or may exchange the same for securities convertible under the said Act, as the Colonial Treasurer thinks fit; and that every such debenture shall bear interest at such rate not exceeding five pounds per centum per annum, and shall be in such form and shall have a currency not exceeding seven years, as the Colonial Treasurer directs: And whereas by an Order in Council made and issued under the sixth section of the said Act on the date hereof the creation of stock was authorized to the amount of two hundred and fifty-two thousand two hundred and twenty-one pounds four shillings and eight pence, such amount being the total annual increases of sinking fund upon the loans therein mentioned for the year ending the thirty-first day of March, one thousand eight hundred and eighty-six, computed under the said Act as aforesaid: And whereas it is expedient that the power to authorize the creation of debentures under the said Act should be exercised in the manner hereinafter set forth, and that such debentures should be issued to an amount not exceeding the amount of stock authorized to be created as hereinbefore mentioned: And whereas the amount for which it is proposed to create such debentures does not exceed in the whole the amount of stock authorized to be created under the said Act and "The New Zealand Consolidated Stock Act, 1877:"

Now, therefore, His Excellency the Governor of the Colony of New Zealand, in pursuance and exercise of the power and authority vested in him by the hereinbefore in part recited Act, and by and with the advice and consent of the Executive Council of the said colony, doth hereby authorize the Colonial Treasurer to create debentures to the amount of two hundred and fifty-two thousand two hundred and twenty-one pounds four shillings and eight pence for the purposes in the manner with the powers and upon and subject to the terms and conditions in the hereinbefore in part recited Act particularly mentioned.

FOSTER GORING,
Clerk of the Executive Council.

No. 27.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

GENTLEMEN,—

Treasury, Wellington, 10th October, 1885.

I have the honour to acknowledge receipt of your telegram—a copy of which is at foot—in reply to mine on the subject of fresh conversion operations.

I am glad to find that you think you can arrange for placing the 1856 loan in a position that will enable the interest to be paid out of the amount in full of the loan which has already accrued, and save the colony the unnecessary payments for the period over which the loan has still to run.

I notice what you say about the consolidated loan of 1867. You will be best able to judge as to the time to renew the operations. I am surprised at your considering it hopeless to reduce the currency of the debentures you will offer. The average life of the bonds has diminished, or in other words the risks of drawing bonds for payment at par have materially increased since last year; so that in giving the same terms as on the last occasion you will be putting those coming in afresh on better terms than those who came in last year. It, however, occurs to me that we may mean the same thing. You may mean the debentures to fall in for conversion at the same date as those of last year, whilst I am speaking of the currency from the date of issue.

I am not surprised at your opinion that it would be inexpedient to give notice at present for paying off the $4\frac{1}{2}$ -per-cent. 5-30 debentures. When suggesting the matter I thought that would be the conclusion you would arrive at.

I am glad you approve the proposal to buy any of the old provincial loans you are able to obtain.

I notice that you do not refer to the very important conversion I propose under the 1863 loan. Doubtless you are still keeping this matter in your consideration. I have, &c.,

The New Zealand Loan and Stock Agents, London.

JULIUS VOGEL.

Copy of Telegram referred to in No. 27.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received 1st October, 1885.)

LOAN of 1856: perhaps can arrange. Consolidated loan, 1867: concur conversion desirable, but too short time elapsed since operation: advise waiting February, when drawing will help; our opinion is, however, hopeless reduce currency debentures. Four-and-a-half-per-cent. 5-30s: We think unsafe give notice at present. Old provincial loans: Consider desirable convert occasion offers.

London, 30th.

LOAN AGENTS.

No. 28.

WM. F. DRUMMOND JERVOIS, Governor.

ORDER IN COUNCIL.

At the Government Buildings, at Wellington, this thirteenth day of October, 1885.

Present: THE HONOURABLE THE PREMIER PRESIDING IN COUNCIL.

WHEREAS by an Act of the General Assembly of the Colony of New Zealand, the Short Title whereof is "The Consolidated Stock Act, 1884" (hereinafter referred to as "the said Act"), it is, among other things, enacted that so much of all the loans set forth in the Schedule to the said Act as were outstanding on the thirty-first day of March, one thousand eight hundred and eighty-four, should be and were thereby declared to be convertible into stock; and by the said Act it is further provided that, pending the operations for converting loans and creating the stock authorized to be created under the provisions of the said Act and "The New Zealand Consolidated Stock Act, 1877," the Colonial Treasurer may, when so authorized by an Order in Council in that behalf, create debentures to an amount not exceeding in the whole the amount of such stock, and may borrow and raise moneys from time to time by the sale, hypothecation, or mortgage of such debentures, or may exchange the same for securities convertible under the said Act, as the Colonial Treasurer thinks fit; and that every such debenture shall bear interest at such rate not exceeding five pounds per centum per annum, and shall be in such form and shall have a currency not exceeding seven years, as the Colonial Treasurer directs: And whereas it is expedient that the power to authorize the creation of debentures under the said Act should be exercised in the manner hereinafter set forth:

Now, therefore, His Excellency the Governor of the Colony of New Zealand, in pursuance and exercise of the power and authority vested in him by the said Act, and by and with the advice and consent of the Executive Council of the said colony, doth hereby authorize the Colonial Treasurer to create debentures to the total amount of fifty-six thousand two hundred pounds for the purpose of exchanging the same for debentures convertible into consolidated stock—that is to say, six thousand two hundred pounds of the said total amount being for debentures issued under "The General Purposes Loan Act, 1873," and fifty thousand pounds of the said total amount being for debentures issued under "The Defence and other Purposes Loan Act, 1870," all which debentures are securities of the loans raised under the Acts set forth in the Schedule to the said Act and outstanding on the thirty-first day of March, one thousand eight hundred and eighty-four.

FORSTER GORING,
Clerk of the Executive Council.

No. 29.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 30th September, 1885.

We have the honour to acknowledge the receipt of your letter of the 12th August, informing us that you had been pleased to renew, for a period of twelve months from the 9th September, the authority you had delegated to us for the exercise of certain powers conferred upon you by "The Consolidated Stock Act, 1884."

We have, &c.,

P. G. JULYAN,

F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

No. 30.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 7th October, 1885.

We received in due course your telegram of the 23rd September, containing instructions on several matters connected with the loans, and we answered you on the 30th as far as we were then able. We now beg leave to reply more fully.

1. Guaranteed Loan of 1856.

You directed us to try and arrange with the trustees of the sinking fund of this loan for the interest to be now paid out of the yield of the fund; and, if a further margin was required by the trustees, to convert privately a few thousands of the loan of 1863. We are still in communication with the trustees on the subject; but, as we said in our telegram to you, we think we can make an arrangement that will be satisfactory to the Government.

The present state of the trust is this: taking the investments at the mean market prices of to-day, the net value of the fund is close on £511,000, which will be increased to £516,000 on the 1st November by the receipt of the dividends then due. The capital of the fund is therefore safe; but its yield does not quite come up to the necessary amount, being about £19,600, instead of £20,000. The arrangement we shall probably be able to effect is to make up the sum of New Zealand inscribed stock held by the trust to so much as will bring the total yearly yield of the fund up to the required £20,000; and, instead of effecting this by converting bonds of the 1863 loan, we shall give the trustees what is wanted out of the stock created by us (and not yet disposed of) for defraying the cost of the recent conversions. Thereupon further contribution by you will cease.

2. Loan of 1863.

The unconverted balance of this loan, apart from the guaranteed million, consists, as you point out, of £488,000 fives with a 1-per-cent. sinking fund, and £531,400 sixes with a 2-per-cent. sinking fund. We entirely concur with you in thinking that it is very desirable to convert these as soon as possible; but we do not clearly understand the remark in your telegram of the 23rd September, that we should "give notice to pay off the balance," as none of the bonds of the 1863 loan are subject to being paid off by notice. With regard to the method by which this loan may be successfully converted, we think that in the case of the £488,000 fives, which do not expire till 1914, the best chance for an operation that should be successful in itself and at the same time effect a sufficient saving, would be to apply to it the same principle as we advised in the case of the consols; that is to say, offer a new 5-per-cent. bond to the holders, with a seven years' currency, convertible at the end of that time into a specified amount of stock. As for the £531,400 sixes, expiring in 1891, a very profitable operation could be made at relative prices, if the bonds were not so firmly held as to make it unlikely we could buy much of them. We have always had such an operation in our minds, and should have proposed it to you long ago, if your inscribed stock had not been so persistently weak. The sixes are quoted to-day in two series at 109-11 and 110-12; and if we could sell stock at par, we should buy up all the sixes we could at those prices, converting them at once, and creating the necessary stock instead on the principle of the "Reserve Stock," about which we were lately in correspondence with you. We have the matter still under our careful consideration, with the view of giving effect as soon as possible to your present wishes.

3. Consols of 1867.

We need hardly say how entirely we agree with you in the expediency of going on with the conversion of this loan; and the success of the operation of last March and April would lead us to anticipate a like favourable result if it were repeated by-and-by. But we regret to be unable to concur in your view that the currency of any new 5-per-cent. bonds should be reduced. Our opinion to the contrary is, indeed, so strong that we did not hesitate to speak of such a reduction as "hopeless" in our telegram of the other day. The main purpose of the scheme which we submitted to you at the beginning of this year was to bring about the natural extinguishment of the consols sinking fund by the consol holders accepting a new bond, carrying, for the full term of seven years allowed by the Act of 1884, the 5-per-cent. rate, of which they are so tenacious. The scheme rested, of course, on the remaining "life" of a consol bond; and the Actuaries' table, which we sent you last February, showed that in 1886 there will yet be more than twelve years left of the "life." The time will, of course, come round when a seven years' bond will be better than the "life;" and whenever that time arrives, the sinking fund must naturally come to an end, for every holder will then be willing to convert. But as the "life" will not fall to seven years until 1894, we feel sure that some years must yet pass before the currency of the new bond can be successfully reduced. It is not, indeed, in the new bond that a reduction is to be looked for, but

in the amount of stock into which the bond is to be changed at its maturity. The right thing, in our view, is to renew the offer year by year, just before the annual drawing. For, as each year comes round, a holder who wants to escape the drawing will be able to be tempted by a less amount of stock to be inscribed at the expiry of his new bond; and thus, instead of having to go on giving a seven years' bond exchangeable for 107 of stock, the amount of stock to be given will gradually sink to only a little above par. The great thing is to bring about a natural extinction of the sinking fund; and we therefore trust the Government will give us permission to renew, next year, the offer of the same seven years' currency. As to making any operation just now, too short a time has elapsed since the last one; and besides, we are sure the best time to operate is just before the drawing. We therefore telegraphed advising you to delay making the offer until February, when the announcement could be simultaneously made both for the consols of 1867 and the fives of 1863.

4. Five-thirty 4½ per Cents.

We had no hesitation in answering in the negative the question you put to us whether it would be safe to give notice to pay off the unconverted portion of this loan, amounting to a little over three millions. When we first advised the Government, four years ago, to commence with the five-thirties, we had no idea that we should have to borrow anything like the amount of new money that we have had to raise since then, nor did we anticipate, when arranging with the Bank of England to pay off the fives, that we should in less than twelve months have to raise an extra million and a half. We assure you that the market is not capable of absorbing such masses of stock as the colonies have been shovelling upon it during the last three years; and it would be quite unsafe for us to run the risk of having to raise a large loan in a few months, by calling in the 4½-per-cent. five-thirties. We must wait for some time yet, although we may bring to your recollection that it was one of our chief objects that the new 5-per-cent. bonds should postpone for seven years the impact upon the market of so large a mass of stock as would have been required for a direct conversion of consols, and thus leave a chance for the 4½-per-cent. five-thirties, if only the raising of so much new money did not interfere.

5. Old Provincial Loans.

We are entirely in agreement with you as to the expediency of converting these whenever occasion offers, and shall shortly address you again respecting the creation of a reserve stock for the purpose.

6. North Island Million Loan.

We were, of course, well prepared for the announcement in your telegram that you would probably want this loan to be negotiated about next May; and as the loan has been expected by the market all along, we may hope to place it fairly well, if no great change takes place in prices meanwhile.

7. New Loans.

We heard with great satisfaction that no new loan had been authorized last session. This decision will greatly help the North Island Million.

Copies of the telegrams between us are annexed.

We have, &c.,

P. G. JULYAN,

F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Copies of Telegrams referred to in No. 30.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

Loan Agents, London.

(Received 23rd September, 1885.)

LOAN of 1856: Try arrange interest payable out of sinking fund, full amount now being in hand. If further margin required try privately convert few thousands. Loan of 1863: balance unconverted, exclusive half-million guaranteed, half-million odd six-per-cent. interest, two-per-cent. sinking fund, nearly half-million five per cent. and one-per-cent. sinking fund; very desirable convert these soon as possible, and give notice pay balance* Consolidated Loan, 1867: desirable convert, deducting one year at least from currency of five-per-cent. debentures or more if those debentures at premium, of which you best judges. Four-and-half-per-cent. five-thirty loan: Is it desirable, safe, give notice pay off, taking risk issuing loan before notice expires? I ask, but doubt. Old provincial loans: Any these you can buy and convert, even in small quantities, very desirable. Session ended. No new loan. Probably require negotiate North Trunk million about May. Earnestly ask attention above, choosing suitable time. If your opinions differ, cable points difference, leaving me suggest decision.

Wellington, 23rd September.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

Treasurer, New Zealand.

London, 30th September, 1885.

LOAN of 1856: Perhaps can arrange. Consolidated Loan, 1867: Concur conversion desirable, but too short time elapsed since operation: advise waiting February, when drawing will help; our opinion is, however, hopeless reduce currency debentures. Four-and-a-half-per-cent. 5-30s: We think unsafe give notice at present. Old provincial loans: Consider desirable convert occasion offers.

LOAN AGENTS.

No. 31.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

GENTLEMEN,—

Christchurch, New Zealand, 1st December, 1885.

I have the honour to acknowledge the receipt of your letter of the 7th October, in reply to my telegram of the 23rd September. I will proceed to comment upon some of the points treated therein.

* Error in transmission, see No. 306.

With regard to my telegram concerning the guaranteed loan of 1856, you have not quite correctly interpreted my meaning; though I do not know that the difference is of much consequence. You say that I suggest to convert privately a few thousands of the loan of 1863. If you will refer again to the telegram you will see that the "1863" refers to the next sentence; and, indeed, in the copy which you send me out you divide the telegram into sentences in the way which, as I have just indicated, was intended. My suggestion was not to convert a few thousands of the loan of 1863, but, if the Sinking Fund Commissioners had any doubt as to there being a sufficient margin, that you might have converted ten or twenty thousand pounds of the guaranteed loan of 1856, and thus have left the sinking fund with an ample margin. It appears, however, from what you say, that there is now a considerable margin, and by the substitution of 4-per-cent. inscribed stock for some other stock, the amount will be sufficient to meet the interest falling due. I feel that it is quite unnecessary to pursue this subject further, since you assure me it has your consideration. I have only to say that I hope you will see your way to settle it before the next payment of interest comes round, and that you will be kind enough to cable whenever it is settled.

With regard to the loan of 1863, the sentence which you do not understand has, by some strange mistake, been substituted for that which I really telegraphed. Instead of the words which you have "Give notice to pay off the balance," the words I telegraphed were "Give liberal terms." The word "balance" belongs to the following sentence, and reads "Balance of consolidated loan." You will understand, therefore, my meaning was that it was so important to convert the outstanding balance of the 1863 loan, bearing interest at 5 and 6 per cent., and having a sinking fund respectively of 1 and 2 per cent., that I said in my telegram it was desirable to offer "liberal terms."

I notice what you say with regard to the conversion of the 5 and 6 per cents. I should be content to adopt the plan you propose with regard to the 5 per cents., and also agree with you as to the desirability of getting hold of the 6 per cents. in the best manner you can. I must leave the matter in your hands, merely adding that I am glad you agree with me as to the importance of dealing with these outstanding debentures, and that I hope you will give the matter constant attention.

With regard to the 1867 loan, I cannot understand why you think it necessary to offer the same terms as last year, seeing that the average life of the debentures is shortened owing to the time which has expired in the interim. If you were to offer the same terms as last year you would really be giving much better terms to the holders than you did then. It seems to me that should be altogether unnecessary. I did not make an actuarial calculation as to what is the average life of the debentures beginning with next year, but assumed that, as a year had expired, the average would be about a year less. In that, however, I may be mistaken, and I have not the means of getting an actuarial calculation, as I am away from the Treasury offices, and am too ill to make the calculation myself; but, broadly speaking, there can be no doubt that the average life is shorter than it was last year, and therefore it is of more importance to the holders to convert. In other words, the same terms as last year would be more favourable to the holders now than they were at the time we offered them last year. If you consult your Actuaries I am sure you will find I am correct. For the rest I must leave it to you either to shorten the term of the 5-per-cent. debentures or to reduce the amount of inscribed stock that you will give at the end of the currency of the 5-per-cent. debentures; or if there is any reason which I do not know for giving better terms than were offered last year, it may be necessary that you should offer the same terms notwithstanding that, as I have said, they will be more favourable to the holders. In any case I think it most desirable that you should proceed with the conversion, but if you think it necessary to delay that until near the drawing time I must, of course, defer to your wish. I have only to say that I hope you will do it at as early a time as you think consistent with success. I hope also that the Crown Agents will see their way to have the drawing as early as possible, so that the transaction may, if practicable, be brought within the financial year ending the 31st March, and that we may know what amount of drawn bonds may be considered to come within the year. I will ask you, after the drawing, to telegraph to me rather fully so that I may know (1) how much of the drawn bonds belong to the conversion we made last year; (2) how much of the drawn bonds belong to the new conversions which you will make prior to the drawing; and (3) how much is represented by bonds drawn by holders who elect to come in and pay the 4-per-cent. premium.

Respecting the five-thirty $4\frac{1}{2}$ per cents., I think it is better to postpone dealing with them for the present.

With regard to the old provincial loans, I am glad you agree with me as to the expediency of converting them, and I hope you will allow no opportunity to pass when they can be purchased with advantage.

I await with interest your promised communication upon the question of the creation of a reserve stock.

With regard to the North Island Trunk Railway Loan, I am not sure that we shall offer it on the market after March. A strong feeling prevails against its negotiation, because of its coming into use for other purposes than the special one for which it was designed. If it was negotiated it would be available for the ordinary votes of the Public Works Fund. I shall try, if possible, to find a plan by which I may obtain temporary advances upon it, and wait the decision of Parliament as to further borrowing. You must not, however, consider that this course has been absolutely decided upon. I merely mention it so that you may understand that it is not by any means certain that we shall offer this loan for public negotiation after the 31st March.

I have, &c.,

JULIUS VOGEL.

The Loan Agents for New Zealand, London.

No. 32.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 21st October, 1885.

Adverting to that part of the Stock Agents' letter of the 7th October, No. 1235, which relates to the guaranteed loan of 1856, I have to report that, in the course of my communication, with Sir William Sargeant, one of the trustees of the investments of that loan, it seemed better, instead of giving the trustees so much new stock as would bring up the yield of the investments to the requisite £20,000 a year, that we should simply provide for the Crown Agents making up the difference out of moneys that will be always coming into their hands for general purposes of the public debt. It is in this sense accordingly that I have addressed to the trustees, for submission to the Lords of the Treasury, the formal letter of which a copy is transmitted herewith.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

Enclosure in No. 32.

GENTLEMEN,—

7, Westminster Chambers, London, S.W., 20th October, 1885.

It will be in your recollection that, in the early part of last year, the Lords Commissioners of Her Majesty's Treasury, having regard to the then position of the sinking fund belonging to the £500,000 New Zealand Guaranteed Loan of 1856, were pleased to relieve the colony from further contributions to that sinking fund.

I have now the honour to wait upon you with a new request that, as the present state of the trust investments amply secures the principal sum of the loan, the colony should also be relieved from further contribution on account of interest beyond whatever sum is necessary to make up the dividends payable to the bondholders.

I understand the present state of the investments of the fund to be as follows:—

| | £ | s. | d. |
|--|----------|----|----|
| Invested in New Zealand 4-per-cent. consolidated stock | 279,518 | 16 | 1 |
| Invested in New South Wales 3½-per-cent. inscribed stock | 16,175 | 2 | 1 |
| Invested in New South Wales 4-per-cent. inscribed stock | 103,493 | 3 | 3 |
| Invested in Victoria 4-per-cent. bonds | 101,200 | 0 | 0 |
| Invested in New South Wales 4-per-cent. bonds | 1,900 | 0 | 0 |
| | £502,287 | 1 | 5 |
| | £ | s. | d. |
| To which has to be added dividends received 1st October .. | 2,230 | 3 | 3 |
| Ditto receivable on New Zealand stock 1st November .. | 5,404 | 0 | 7 |
| Cash on 1st October | 55 | 12 | 4 |
| | 7,689 | 16 | 2 |
| Total | £509,976 | 17 | 7 |

Further, as the 4-per-cent. stocks of New South Wales and Victoria are at a premium, the capital value of the fund at the mean market prices of the day is really about £516,000.

These investments are, therefore, I submit, amply sufficient to secure Her Majesty's Treasury from any reasonably possible loss under the guarantee for the principal of the loan. In order, however, to provide against the contingency of the market value of the securities you hold falling below the point of safety to the fund, I undertake that, if ever such a contingency arises, the Crown Agents will, out of moneys they will have in their hands for the colony, make good any deficiency to such extent as the Treasury may require.

But, although the principal sum may thus be deemed safe, the investments do not yield quite enough to pay the guaranteed interest. Assuming that your cash balances on the 1st November are invested in 4-per-cent. securities, the total income would then be about £19,600 a year instead of the £20,000 required, leaving about £400 a year to be made up. My Government feel sure that, under these circumstances, it will appear unnecessary to continue any longer the contribution of £20,000 a year in accumulation of the fund, and that it will be deemed sufficient for the colony to provide from time to time whatever sum is necessary, when added to the income of your present investments, to make up the £20,000 a year for the bondholders' dividends.

If the Lords Commissioners of the Treasury should be pleased to assent to this proposal, the Crown Agents will, from time to time, out of moneys that come under their control in the management of the New Zealand debt domiciled with them, apply whatever sum may be necessary to make up these dividends, as may be directed by their lordships.

The Trustees of the Sinking Fund of the Guaranteed Loan of 1856.

I have, &c.,

F. D. BELL.

No. 33.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received 15th December, 1885.)

LOAN of 1856 : Lords Treasury agree my proposals October twenty.

London, 14th.

No. 34.

The COLONIAL TREASURER to the AGENT-GENERAL.

Agent-General, London.

Wellington, 15th December, 1885.

LOAN of 1856 : Very satisfactory.

No. 35.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, 2nd November, 1885.

I transmit to you herewith an extract from to-day's city article in the *Times*, containing a very important announcement on the part of the Union Bank of Australia, which institution has resolved to offer the public a novel kind of security, likely to suit a large class of investors.

An announcement of this kind by one of the most powerful banks connected with Australasia will probably be followed by similar proposals from the other banks, and may lead to the provision of far greater sums than have yet been available for employment in the colonies. If, indeed, the scheme should grow to large dimensions, it might even interfere with subscriptions to Government loans.

The Hon. the Colonial Treasurer, Wellington.

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

Enclosure in No. 35.

[The Times, Monday, 2nd November, 1885.]

INSCRIBED STOCK DEPOSITS.—UNION BANK OF AUSTRALIA (LIMITED). Established 1837. Incorporated 1880. Paid-up capital, £1,500,000; reserve funds, £970,000; reserve liability of proprietors, £3,000,000.

THE directors of the Union Bank of Australia (Limited) are prepared to receive in London inscribed-stock deposits, bearing interest payable half-yearly at the rate of 4 per cent. per annum, to be inscribed at this office, and transferable by ordinary transfer deed. Stock certificates will be issued. These inscribed-stock deposits will be repayable at the option of the bank only, and on its giving twelve months' previous notice to the holders. In the event of repayment being made on or after the 1st January, 1905, it will be at par; but if prior to the 1st January, 1905, it will be at a premium of 1 per cent. Holders of London office deposit receipts of the bank can exchange for inscribed-stock deposit certificates free of charge on application. A Stock Exchange quotation will be applied for, which will give the advantage of negotiability to the stock.

No. 1, Bank Buildings, Lothbury, E.C., London, 2nd November, 1885.

W. R. MEWBURN,
Manager.

THE directors of the Union Bank of Australia (Limited) have resolved on offering the public a new kind of security, which is not unlikely, we think, to suit some classes of investors. They are prepared to receive in London inscribed-stock deposits in amounts of £50 and upwards, bearing interest from date of deposit at the rate of 4 per cent. per annum, the interest being payable half-yearly, on the 1st January and the 1st July, to the registered holders. These stock deposits will be inscribed at the London office of the bank, and will be transferable in sums of £10 and upwards (but no transfer to contain shillings or pence) by ordinary transfer deed without charge by the bank, and stock certificates will be issued. The deposits will be repayable at the option of the bank only, and on its giving twelve months' previous notice to the holders at their registered address. In the event of repayment being made on or after the 1st of January, 1905, it will be at par (being at the rate of £100 for every £100 of stock deposits), but if prior to the 1st of January, 1905, it will be at a premium of 1 per cent. (being at the rate of £101 for every £100 of stock deposits). Holders of London office deposit receipts of the bank can exchange them for inscribed-stock deposit certificates of an equal amount free of charge on application. The inscribed-stock deposits will be secured upon the general assets of the bank, and will rank *pari passu* with its other deposits. It is intended to apply in due course to the London Stock Exchange for an official quotation, which will give the advantage of negotiability to the stock. The convenience of this security to the fairly numerous class who have been in the habit of lending the Australian banks money for five years, with liability to be paid off at the end of that period unless they accept a lower rate of interest, is obvious. The trouble of periodically reinvesting will be saved them; and if, as there is every reason to suppose will be the case, the new stock is quoted on the Stock Exchange, a holder will have little or no difficulty in realizing should he wish to do so. Moreover, the fact that small sums can be invested will probably help to make it popular.

No. 36.

The COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

Treasury, Wellington, 16th December, 1885.

I have the honour to acknowledge the receipt of your letter of the 21st October last, No. 1,287, reporting the steps you had taken to obtain the consent of the Lords Commissioners of Her Majesty's Treasury to the release of this colony from the obligation to provide the interest on the guaranteed loan of 1856, in consequence of the investment of the sinking fund yielding nearly sufficient to meet the annual charge, and beg to thank you for your action in the matter. Yesterday your cablegram, announcing that the Lords of the Treasury had agreed to your proposals, was received, and I immediately replied expressing my satisfaction at the intelligence, and which I have much pleasure in now repeating.

The Agent-General for New Zealand, London.

I have, &c.,
JULIUS VOGEL.

Copies of telegrams referred to in No. 36.

Treasurer, New Zealand.

(Received 15th December, 1885.)
London, 14th.

LOAN of 1856: Lords Treasury agree my proposal October twenty.

Agent-General, London.

Wellington, 15th December, 1885.

LOAN of 1856: Very satisfactory.

No. 37.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 18th November, 1885.

The Stock Agents received a few days ago your two letters of the 20th August and the 26th September on various questions relating to conversion, and would most likely have replied to them now, but that Sir Penrose Julyan is in the country. We are, however, in communication thereon, and letters from us in reply will not be long delayed.

The Hon. the Colonial Treasurer, Wellington.

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

No. 38.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 26th November, 1885.

We have the honour to express our thanks to you for your letters of the 26th September, No. 25, and the 10th October, No. 26, defining your views respecting further conversions. These letters were crossed by ours of the 7th October, No. 1,235, explaining our telegram of the 30th September, and referring to the loan of 1863, which we had not included in that message.

We are still waiting the decision of the Imperial Treasury respecting the guaranteed loan of 1856: but the disturbance of ordinary business in all Government departments, caused by the general election, has no doubt been the cause of the delay.

With regard to proceeding with a further conversion of the consols of 1867, we expressed our opinion so fully in our letter above quoted, that there is not much more we can say just now. But we are engaged in considering a number of questions, including one as to the 10-40 bonds, so that we may, before the year closes, submit exact proposals to you, with special ciphers which you might find useful; and if you should meanwhile have sanctioned (as we may perhaps hope to hear by telegram) the general lines of our letter of the 7th October, we should announce the operation for February, arrange the consols drawing for the first days of March, and fix the last day for converting about the 20th, so as to let the results be brought, as you desire, within the accounts of your financial year.

We have, &c.,

P. G. JULYAN,

F. D. BELL,

Loan and Stock Agents

The Hon. the Colonial Treasurer, Wellington.

No. 39.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

Loan Agents, London.

Waiwera, 22nd January.

CONVERSION Consolidated Loan, 1867. My letter first December replying to yours seventh October leaves you full liberty action. Cable when notice issued, dates operations, terms.

No. 40.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received, 24th January.)

CONVERSION. Your despatch first December ample. Loan Agents only waiting ciphers. Sent their letter December eighteenth, "Tongariro." London, 23rd.

No. 41.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received, 27th January.)

CONVERSION. Preceding general announcement, propose giving immediate notice pay off 4½ per cent. 5-30s first August, giving option holders receive hundred and one inscribed stock instead of cash; we could readily provide for any bonds that were not exchanged. Please answer immediately, because notice must appear *Gazette* Friday.

LOAN AGENTS.

London, 24th.

No. 42.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

Loan Agents, London.

Waiwera, 27th January.

FOUR-AND-A-HALF-PER-CENT. 5-30s.—Not time ask your opinion about negotiation loan required next year, so will explain position leaving you judge if safe give notice proposed. Reluctant negotiate North Island Trunk April—prefer borrow on short-dated debentures until Parliament authorize new loan, which we should negotiate soon after August to probable extent million and a half. By early meeting and action Parliament, might get new loan authority home by early August, but uncertain. Under these conditions leave you discretion give notice if you think advisable.

No. 43.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received, 29th January.)

FOUR-AND-A-HALF-PER-CENT. 5-30s.—After most careful reflection upon your telegram have decided upon issuing notice. Will telegraph more fully to-morrow.

LOAN AGENTS.

London, 28th.

No. 44.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

Treasurer, Waiwera.

(Received 30th January.)

FOUR-AND-A-HALF-PER-CENT. 5-30s.—Notice pay off published to-night. Bank of England announces holders desiring exchange into inscribed stock instead of receiving their money August will have hundred and one inscribed stock for every hundred debentures, provided they surrender their bonds before March thirtieth. Inscription favorably received.

LOAN AGENTS.

London, 29th.

No. 45.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

GENTLEMEN,—

Waiwera, 29th January, 1886.

I have the honour to acknowledge the receipt of the further cablegrams at foot. When your cablegram arrived informing me of your desire to gazette the notice on the coming Friday, I had not time even to consult my colleagues, and I therefore determined to lay before you the position and leave you to judge if, with our wants during the financial year ensuing, you thought it prudent to give the notice of redeeming the four-and-a-half five-thirties. Now that you have determined on giving the notice it seems to me of great importance to enable you, if possible, to raise the new loan at the same time that you raise whatever may be required to pay off the five-thirties. Supposing much is not required the two will go off well together. Possibly it is in your minds to raise the necessary cash earlier than August, but I think you will agree with me that the one operation is desirable; and, if so, it may be necessary to hasten the meeting of Parliament. On the other hand, August may not be a favourable month, and you may think it better to defer the loan until October, making temporary arrangements for the payments required early in August. I shall, of course, leave you to select the times of operating, but I am sure you will agree with me it is very undesirable, if it can be avoided, to defer borrowing money until the moment it is required. The urgency of immediate wants becomes known and advantage is taken of it. It is probable I may have to cable you on the subject as far as it relates to the meeting of Parliament before you receive this.

I have, &c.,

JULIUS VOGEL.

The Loan Agents, London.

Copies of telegrams referred to in No. 45.

Treasurer, New Zealand.

(Received 30th January.)

FOUR-AND-A-HALF-PER-CENT. 5-30s: After most careful reflection on your telegram have decided upon issuing notice. Will telegraph more fully to-morrow.

LOAN AGENTS.

London, 28th.

Treasurer, Waiwera.

(Received 30th January.)

FOUR-AND-A-HALF-PER-CENT. 5-30s: Notice pay off published to-night. Bank of England announces holders desiring exchange into inscribed stock instead of receiving their money August will have hundred and one inscribed stock for every hundred debentures, provided they surrender their bonds before March thirtieth. Inscription favourably received.

LOAN AGENTS.

London, 29th.

No. 46.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

Loan Agents, London.

Waiwera, 2nd February.

FOUR-AND-A-HALF-PER-CENT. 5-30s.—When do you propose raise money found necessary after end option March? Would it not be well raise it and new loan together; and in that case, by what date ought authority raise new loan reach you?

No. 47.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

Treasurer, Waiwera.

(Received, 3rd February.)

FOUR-AND-A-HALF-PER-CENT. 5-30s.—Must await expiry option when know how much converted; shall thereupon consult you whether raise amount or arrange syndicate take firm; shall most likely advise latter course. Secondly, new loan; owing to time elapse before Act passed authority would not arrive before date you named, when impossible offer any new loan because people dispersed holidays; therefore we think October earliest month safe, so that authority would arrive ample time; this only applies new loan, not North Island million, supposing you decide upon raising before Parliament meet.

LOAN AGENTS.

London, 2nd.

No. 48.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 15th December, 1885.

Adverting to the negotiations which you directed us to undertake with the trustees of the Imperial Guaranteed Loan of 1856, in order to the colony being relieved if possible from further contributions to the accumulated sinking fund of that loan beyond what might be required to make up any deficiency of interest that might exist in the yield of the investments of the fund, we have now to transmit to you copy of a letter from Sir W. C. Sargeant, K.C.M.G., one of the trustees, signifying the assent of the Lords Commissioners of Her Majesty's Treasury to the proposal as sent in by the Agent-General on the 21st October.

We have, &c.,

P. G. JULYAN,

F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Enclosure in No. 48.

SIR,—

Downing Street, London, 11th December, 1885.

Having brought under the consideration of the Lords Commissioners of the Treasury the proposal contained in your letter of the 20th October last, as regards relieving the Government of New Zealand from further contribution on account of the interest of the £500,000 Guaranteed Loan of 1856, I have the honour to inform you that their

Lordships have stated that they consider that they are justified in acceding to your proposal on the guarantee you have offered that we (the Crown Agents) will from time to time, out of moneys that come under our control in the management of that portion of the New Zealand debt which is domiciled with us, apply whatever sum may be necessary to make up the £20,000 a year for the bondholders' dividends.

The Agent-General for New Zealand, &c.,
7, Westminster Chambers, S.W.

I have, &c.,
W. C. SARGEANT,

No. 49.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 18th December, 1885.

1. In our letter of the 26th November, No. 1,488, we promised to send you, before the close of the year, the proposals we should make for resuming operations in conversion early in 1886.

2. The first question to decide is whether it would be advisable that the announcement we proposed to make in February, for a renewal of the offer to holders of your consols, should be extended so as to include other loans. After much consideration, we think it would. The decision not to raise more money next year than the North Island Railway Loan of one million will be of assistance to any conversions, and at present there are no indications of financial disturbance such as would act unfavourably upon the market in February and March. On the whole, therefore, we would advise your taking the opportunity of the consols conversion to make a general announcement comprising the other loans; and one advantage of this course would be that there would only be one creation of stock covering all the loans; so that it would be unnecessary to have any separate "Reserve Stock," such as you and ourselves have had in contemplation; while the Government would be free to deal afterwards, as they thought best, with future conversions of the same loans, the stock having already been formally "created." Assuming for our present purpose that you concur in our views, we proceed to state, as succinctly as we can, the proposals we would make in each case.

I.—Guaranteed Loan of 1856.

3. As we have been able to gain the special object you had, of relieving the colony from further accumulations of the sinking fund, the only question connected with this particular loan is whether any offer should be made now to the holders. We would not, for our own parts, recommend it. These guaranteed bonds are held too firmly for any substantial number to be brought in at any price that it would be profitable for the colony to give; and we think it would be better to wait until the near approach of the time for paying them off, when such an offer could be made to the holders as might then be considered expedient. On this point we shall have to address you again later on.

II.—Consols of 1867.

4. We have explained our views so fully already that we need only say a few words here. We still think it will be necessary to repeat the offer of a new seven years' 5-per-cent. bond, and the only question will be as to the amount of stock to be inscribed at the end. This we cannot, of course, propose now, as it must depend upon the state of the market at the last moment before the announcement is made; but we should think it most likely to be either 106 or 106½, although it is, of course, possible that we might find ourselves obliged even to repeat the offer of 107 for one year more. We should again propose that holders who notify their acceptance of the offer before the annual drawing should not be affected by it; but, having regard to the small number who availed themselves of the opportunity we gave to holders who did not notify till after the drawing to come in on paying £4 per cent. in cash, we should not repeat it this time to any one.

III.—Loan of 1863.

5. Next in importance to the consols, are the Fives of 1914 and the Sixes of 1891, belonging to this loan.

6. We confirm the recommendation we made to you in October, to extend to the holders of the Fives the same offer of a new seven years' 5-per-cent. bond as in the case of consols; but as respects the amount of stock to be inscribed at the end of the seven years, that can only be settled at the last moment. These bonds are quoted at about 112; and we lately had an offer of £30,000 at that price, which we should now have been able to exchange into inscribed stock—to the same amount—at par. We shall of course have to give more at the end of the seven years' new bond than we have to give in the case of the consols, because the Fives of 1914 are not subject to annual drawing, and 107 would certainly not bring any of them in; but we shall have the arithmetical equivalents computed by the actuaries, and these, together with the state of the market for the time being, will—within such margin as you may approve—be our guide in fixing the precise terms of the offer in February.

7. As regards the Sixes of 1891, the small operation we lately made to test relative prices, has given you the measure of the equivalents; and—speaking of course subject to any alteration of the markets in February—it seems pretty certain that, having regard to the way in which the bonds of this series are held, not less than 112 would bring in any of them.

8. This seems, therefore, the best place to raise the real question which the Government have to decide, not only in regard to the loan of 1863, but generally in regard to loans bearing a sinking fund. The first point to be determined is the arithmetical equivalents of a £100 bond in each loan and £100 of inscribed stocks, at given market rates. There can, of course, be no present pecuniary advantage to the colony in converting a sinking-fund loan by purchasing the bonds at a higher price than this equivalent. But the question is, whether the immediate reduction in annual charge which would result from the abolition of the sinking fund, does or does not more than compensate for

ultimate increase in the capital to be repaid. If so, the next point is how much per cent. the colony may fairly give, beyond the arithmetical equivalent, in order to get in the bonds. This is a matter of expediency, upon which, as Stock Agents, we have no data to guide us, and are not able to express any advice ourselves; it seems to us one essentially for the Government to determine, and if the Government decide that it is worth while for the colony to give something beyond the equivalent, then it will only remain for us to be instructed as to how much per cent. in each case we should allow.

IV.—*Five-Thirties and Ten-Forties.*

9. If the Government should decide the general question we first mentioned in the affirmative, the only point remaining would be the amount of inscribed stock to be offered to holders in a direct conversion, as no new 5-per-cent. bond would come into consideration at all. With the reserve of force capable of being applied at any time, any excess over the equivalent would, of course, be considerably less in the case of these loans than in the case of sinking-fund loans; but still the same question would arise in principle, as to how much per cent. (if any) it would be worth while for the colony to allow beyond that equivalent.

V.—*Provincial Loans.*

10. The same practical questions arise here as in the cases we have just mentioned, and it does not occur to us that there are any special points to be submitted for your consideration in regard to the old provincial loans.

VI.—*General.*

11. It only remains for us to confirm what we said in our letter of the 26th November, No. 1,488, that we should like to be able to announce the operations early in February, to arrange for the consols drawing to take place in the first days of March, and to fix about the 20th March as the last day for bondholders to notify their intentions. In order that all this may be done, it will be necessary for us to receive instructions by cablegram very soon after this letter will be in your hands; and we transmit herewith, as promised, some ciphers which you may possibly find of use in communicating those instructions to us.

We have, &c.,

P. G. JULYAN,

F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

No. 50.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

Loan Agents, London.

Waiwera, 4th February.

FIRSTLY: your letter of 18th December about conversions has been received and considered. Secondly: referring to second paragraph, you must not give assurance against raising loans during present year. Thirdly: you need not take any steps with the holders of the guaranteed loan of 1856. Fourthly: consols, full discretion left you. Fifthly: in no case give more than equivalent based on actual, not market value—in other words, annual charge on converted stock, including provision for redeeming premium and expenses, must be less than existing annual charge. Sixthly: as regards the fives of 1914 (loan of 1863) you may offer a new seven years' five-per-cent. bond; you may fix the amount of stock to be inscribed at the end of the new bond at such amount as you think necessary to success, subject to fifthly. Seventhly: as regards the sixes of 1891 (loan of 1863), you may offer up to 112 stock if such price necessary. Eighthly: four-and-a-half-per-cent. 5-30s. settled. Ninthly: 10-40s. better wait two years, unless you consider one hundred and three will bring in large amount. Tenthly: you are authorized to extend your February announcement so as to include all loans in which you think a successful operation can be made, subject to foregoing. Eleventhly: all foregoing subject your considering not interfere with raising million and a half this year. Twelfthly: hope options will be short. Thirteenth: syndicate you suggest for four-and-a-half-per-cent. 5-30s. should be carefully concealed, fear encourage brokers crab conversion. Fourteenth: in fixing dates exchange securities avoid increasing amount interest payable next financial year. Fifteenth: such risk cable errors desirable in replying you indicate understand chief points this message.

No. 51.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

Loan Agents, London.

Waiwera, 6th February.

SUGGEST for your consideration inscribed stock so high duration various options should be short; but leave you full discretion.

No. 52.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

Treasurer, Waiwera.

Received 9th February.

CONVERSION. Conference Bank of England terms announced to-night following loans: Consolidated Loan, 1867; five-per-cent. 10-40 Loan; New Zealand Loan, 1879; Loan of 1860 and Loan of 1863 at following rates: Firstly, Consolidated Loan, 1867; deference your wishes have reduced new bond one year, option given either five-per-cent. debenture six years converted then into hundred and seven inscribed stock, or take hundred and six inscribed stock immediately. Drawing fixed March 15th. Holders accepting before drawing unaffected. Secondly, fives Loan of 1863,

option given either six years five-per-cent. debenture converted then into 110 inscribed stock, or take 112½ inscribed stock immediately. Thirdly, five-per-cent. 10-40s, 102 inscribed stock. Fourthly, New Zealand Loan, 1879, 103. Fifthly, sixes Loan of 1860 and Loan of 1863, 109 each series. Sixthly, every case existing rate interest paid until 30th April. Seventhly, latest time declaring option Consolidated Loan, 1867, and 4½-per-cent. 5-30s, 30th March; other loans 30th April.

LOAN AGENTS.

London, 8th.

No. 53.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

GENTLEMEN,—

The Treasury, New Zealand, 26th February, 1886.

I have the honour to enclose herewith an Order in Council authorizing the raising of £1,000,000 under "The North Island Main Trunk Railway Loan Act, 1882," and you to be Agents for the purpose; also another Order in Council appointing you Agents to raise the amount of the loan upon short-dated debentures.

I have, &c.,

P. A. BUCKLEY,

(for the Colonial Treasurer.)

The New Zealand Loan and Stock Agents, London.

Enclosure 1 in 53.

WM. F. DRUMMOND JERVOIS, Governor.

ORDER IN COUNCIL.

At the Government House, at Wellington, this twenty-fourth day of February, 1886.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS by "The North Island Main Trunk Railway Loan Act, 1882" (hereinafter called "the said Act"), it is enacted that it shall be lawful for the Governor in Council to appoint any two or more persons he may think fit to be Agents, for the purpose of raising and managing the loan authorized to be raised under the said Act, with all such powers as may be necessary to carry into effect the purposes of the said Act, and in their appointments to define the relative powers of such Agents, and that such Agents shall have full power and authority to borrow and raise, in Great Britain or elsewhere, by bonds, debentures, scrip, or otherwise, such sum or sums, not exceeding one million pounds sterling in the whole, as the Governor in Council may from time to time or at any time direct or determine, for the purpose of constructing the Main Trunk Railway of the North Island, or the payment or repurchase of short-dated debentures issued under the said Act, provided that the said sum of one million pounds sterling or any part thereof shall not be raised until the line on which the same is to be expended shall have been surveyed, and approved by Parliament: And that such Agents shall have full power and authority to prescribe the mode and conditions of repayment of such loan, and the time of such repayment, and the rate of interest thereon, and the time and place or places when and where such principal and interest shall be made payable: And that no bond, debenture, or other security issued under the said Act shall be sold at a price which will yield to the purchaser thereof a higher rate of interest by the year than five pounds for every hundred pounds of the purchase-money given for such bond, debenture, or other security: And that all the powers which may be vested in any Agents appointed under the said Act may, by such Agents, be wholly or partly delegated to any two or more other Agents, subject to such conditions as the Agents delegating such powers shall think fit: And whereas the line on which the said sum of one million pounds is to be expended has been surveyed, and the construction of the said railway on such line has been approved by Parliament in an Act passed by the General Assembly, of which the short title is "The Railways Authorization Act, 1884."

Now, therefore, I, Sir Willam Francis Drummond Jervois, the Governor of the Colony of New Zealand, in exercise and pursuance of the powers and authorities vested in me by the said in part recited Act, and by and with the advice and consent of the Executive Council of the said colony, do hereby direct and determine that the sum of one million pounds sterling shall be borrowed and raised under the provisions of the said Act; and in further exercise and pursuance of the powers and authorities aforesaid, and with the like advice and consent as aforesaid, I do hereby appoint Sir Penrose Goodchild Julyan, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, and a Companion of the Most Honourable Order of the Bath, late one of the Crown Agents for the colonies; and Sir Francis Dillon Bell, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, the Agent-General for the Colony of New Zealand, to be Agents for the purpose of raising and managing the said loan hereby ordered and determined to be raised, with full power and authority to such Agents, to borrow and raise by bonds, debentures, scrip, or otherwise, the said sum of one million pounds sterling as aforesaid, and with full power and authority to such Agents to prescribe the mode and conditions of the repayment of such sum, and the time of such repayment, and, subject to the provisions of the said Act, the rate of interest thereon, and the time and place or places when and where such principal and interest shall be made payable, and with full power and authority to such Agents to agree, as often as occasion may require, that debentures issued by them shall be converted into stock created or issued under "The New Zealand Consolidated Stock Act, 1877," and either to specify the terms of such conversion, or arrange that such terms shall be subsequently agreed upon, and also with full power and authority to such Agents to delegate wholly or partly to any two or more other Agents the powers hereby and by the said Act vested in the said Agents, subject, however, to such conditions as the Agents delegating such powers shall think fit, and generally to have, hold, and exercise all such powers and authorities as by the said Act may be had, held, and exercised by the Agents appointed thereunder in respect of the moneys hereby authorized to be borrowed and raised.

FORSTER GORING,
Clerk of the Executive Council.

Enclosure 2 in 53.

WM. F. DRUMMOND JERVOIS, Governor.

ORDER IN COUNCIL.

At the Government House, at Wellington, this twenty-fourth day of February, 1886.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS by the sixth section of "The North Island Main Trunk Railway Loan Act, 1882" (hereinafter called "the said Act"), it is enacted that, pending the raising of moneys thereinbefore authorized to be raised under the said Act, it shall be lawful for the Governor in Council to appoint any two or more persons he may think fit to be Agents, and in their appointments to define the relative powers of such Agents, who shall have full power and authority, from time to time, to borrow and raise, or obtain as an advance, such sum or sums of money as the Governor in Council may from time to time direct and determine, and to take up the same sum or sums of money from time to time, by the sale, hypothecation, or mortgage of debentures (thereinafter and hereinafter referred to as short-dated debentures) as such Agents may deem expedient: And whereas by the seventh section of the said Act it is also enacted that every such short-dated debenture shall bear interest after such rate, and be for such sum and in such form, and with or

without coupons attached, and subject to the said Act, shall be signed on behalf of the colony, and be transferable and negotiable in such a manner as such Agents shall prescribe: And by the eighth section it is also enacted that the interest and principle of every such short-dated debenture shall be payable at such times and places as such Agents shall prescribe, provided that the principal moneys secured by any such debenture shall not be made payable at a later period than seven years after the date of issue thereof:

Now, therefore, I, Sir William Francis Drummond Jervois, the Governor of the Colony of New Zealand, in exercise and pursuance of the power conferred upon me by the sixth section of the said Act, and with the advice and consent of the Executive Council of the said colony, do hereby appoint Sir Penrose Goodchild Julyan, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, a Companion of the Most Honourable Order of the Bath, late one of the Crown Agents for the colonies; and Sir Francis Dillon Bell, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, the Agent-General for the Colony of New Zealand, to be Agents, with full power and authority for them to borrow and raise, or obtain as an advance, the sum of one million pounds sterling, and to take up the same sum in short-dated debentures from time to time, either by the sale, hypothecation, or mortgage of such short-dated debentures as the said Agents shall deem expedient, and with all the powers and authorities conferred on or vested in such Agents by the said Act for the purposes aforesaid, so far as respects the said sum of one million pounds sterling; and with the like advice and consent as aforesaid do hereby direct and determine that the sum of one million pounds sterling shall be borrowed and raised, or obtained as an advance, under the sixth section of the said Act.

FORSTER GORING,
Clerk of the Executive Council.

No. 54.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

GENTLEMEN,—

New Zealand, Auckland, 26th February, 1886.

I transmit to you herewith a formal authority, dated this day, enabling you to exercise on my behalf the powers contained in sections 11, 12, and 14, of "The Consolidated Stock Act, 1884," for the purposes of an Order in Council attached thereto, made on the 24th instant, authorizing the Colonial Treasurer to issue debentures under the 10th section of the Act in connection with the conversion of debentures of the New Zealand Loan of 1863.

I have, &c.,

Sir P. G. Julyan, K.C.M.G., C.B.,

JULIUS VOGEL.

Sir F. D. Bell, K.C.M.G.,

Stock Agents, London.

Enclosure in No. 54.

IN exercise of the power conferred by "The Consolidated Stock Act, 1884" (hereinafter termed "the said Act"), I, Julius Vogel, Colonial Treasurer for the Colony of New Zealand, do hereby authorize and empower Sir Penrose Goodchild Julyan, a Knight Commander of the most distinguished Order of Saint Michael and Saint George, and a Companion of the most honourable Order of the Bath; and Sir Francis Dillon Bell, a Knight Commander of the most distinguished Order of Saint Michael and Saint George, both of London, the Agents appointed under "The New Zealand Consolidated Stock Act, 1877," to exercise all the powers conferred upon me by an Order in Council issued under the provisions of the said Act, and bearing date the twenty-fourth day of February instant (a copy of which said Order is hereto attached, marked A); and also all powers and authorities mentioned and contained in sections numbered eleven, twelve, and fourteen of the said Act respectively, which may be necessary to exercise for the purposes of the said Order in Council: Provided always that the powers and authorities hereby conferred upon the said Agents shall continue for the space of twelve calendar months as from the twenty-sixth day of February instant, and no longer.

As witness my hand this twenty-sixth day of February, one thousand eight hundred and eighty-six.

JULIUS VOGEL.

Witness to signature—JAMES C. GAVIN, Secretary to the Treasury.

Sub-Enclosure in 54.

WM. F. DRUMMOND JERVOIS, Governor.

ORDER IN COUNCIL.

At the Government House, at Wellington, this twenty-fourth day of February, 1886.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS by an Act of the General Assembly of the Colony of New Zealand, the Short Title whereof is "The Consolidated Stock Act, 1884" (hereinafter referred to as "the said Act"), it is among other things enacted that so much of all the loans set forth in the Schedule to the said Act as were outstanding on the thirty-first day of March, one thousand eight hundred and eighty-four, should be and are thereby declared to be convertible into stock: And also, that, pending the operations for converting loans and creating the stock authorized to be created under the provisions of the said Act and "The New Zealand Consolidated Stock Act, 1877," the Colonial Treasurer may, when so authorized by an Order in Council in that behalf, create debentures to an amount not exceeding in the whole the amount of such stock; and may borrow and raise moneys from time to time by the sale, hypothecation, or mortgage of such debentures, or may exchange the same for securities convertible under the said Act, as the Colonial Treasurer thinks fit; and that every such debenture shall bear interest at such rate not exceeding five pounds per centum per annum, and shall be in such form, and shall have a currency not exceeding seven years, as the Colonial Treasurer directs: And whereas it is expedient that the debentures outstanding issued under "The New Zealand Loan Act, 1863," should be converted into inscribed stock under the provisions of "The New Zealand Consolidated Stock Act, 1877," and the said Act; and that debentures, having currency not exceeding seven years, and bearing interest at a rate not exceeding five pounds per centum per annum, should, pending such conversion, be issued under the provisions of the said Act.

Now, therefore, His Excellency the Governor of the Colony of New Zealand, in pursuance and exercise of the power and authority vested in him by the hereinbefore in part recited Act, and by and with the advice and consent of the Executive Council of the said colony, doth hereby authorize the Colonial Treasurer to create debentures to an amount equal to the amount of the debentures issued under "The New Zealand Loan Act, 1863," which may be brought in and converted as aforesaid, together with an amount to provide for the costs and charges of the said conversion not exceeding two pounds per centum upon the amount of debentures so converted, for the purposes, in the manner, with the powers, and upon and subject to the terms and conditions in the said Act particularly mentioned.

FORSTER GORING,
Clerk of the Executive Council.

No. 55.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 26th January, 1886.

We have given full attention to the last paragraph of your letter of the 1st December, No. 1,837, referring to the North Island Trunk Railway Loan, and we shall hope to receive by an early mail, or by cablegram, an intimation of the final decision to which the Government may have come. In the meantime we beg leave to call your attention to a statement which appeared in the City Article of the *Times* of the 25th instant, to the effect that New Zealand would soon be wanting a loan of a million and a half. It appeared to us necessary, with especial regard to the coming conversions, to take notice of this statement at once, and we requested the Agent-General to send a letter to the *Times* accordingly, copy of which we transmit herewith.

We have, &c.,

P. G. JULYAN,

F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Enclosure in No. 55.

[Extract from the *Times*, Monday, 25th January, 1886.]

IN the market for Colonial Government securities the chief feature was the announcement of the issue of a Victorian Government 4-per-cent. loan for £1,500,000, referred to below, the dividend being payable in January and July, and not in April and October, as had been expected by the dealers. They had consequently to repurchase the stock which they had speculatively sold during the past few days in view of the new issue. The April and October issue advanced from 103½ to 104½, closing firm. New South Wales 3½-per-cent. inscribed closed at 94½, Queensland 4 per cent. at 102½. The lately issued harbour loans also continued firm. We believe that none of the other new colonial issues known to be impending will be made just yet, probably not before the end of March. It is rumoured that Tasmania may ask for a loan of about a million. That needed by South Australia will probably amount to £1,300,000, while New Zealand is believed to want £1,500,000, and Queensland something under two millions. The Egyptian 3-per-cent. Guaranteed Stock rose 3-16 to 98½.

[Extract from the *Times*, Tuesday, 26th January, 1886.]

WE have received the following communication from Sir F. Dillon Bell with reference to the finances of New Zealand:—

“7, Westminster Chambers, S.W., 25th January.

“SIR,—Adverting to the paragraph in your city article of to-day, to the effect that New Zealand may soon want a loan of £1,500,000, I beg permission to say that the only loan at present authorized is the North Island Railway Loan of £1,000,000, and that it is not yet certain whether this loan will be offered before the New Zealand Parliament meets in June.

“I am, your faithful servant,

“F. D. BELL, Agent-General.”

No. 56.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 26th January, 1886.

We have to acknowledge the receipt of your despatch of the 1st December last, No 1,837, on the subject of conversion, and also your cablegram of the 20th instant referring to that letter. Although we are now daily expecting to receive such ciphers as you may be pleased to send us after receipt of our letter of the 18th December, No. 1,545, we do not like to lose a mail in answering your present despatch.

I.—Guaranteed Loan of 1856.

It is perhaps unnecessary for us to remark further upon this loan, as the questions relating to it have practically been settled by the arrangement made with the Imperial trustees.

II.—Loan of 1863.

As the mistake in the transmission of that part of your telegram of 23rd September which related to this loan has now been rectified, we need only express our complete accord with you as to the expediency of giving liberal terms to holders. We subjoin a few remarks on the two series of Fives and Sixes.

(a). *Fives of 1914*.—Since we mentioned the offer we had received of thirty thousand pounds' worth of these bonds at 112, the market has gone up, and a few days ago we learnt that 114 had been offered to a large holder for a parcel of £50,000. The same day we were sounded respecting £100,000 at 114, but the same holder decided to wait for the expected announcement of the coming conversion. The bonds are quoted to-day at 113 @ 115, and the Actuaries have computed the equivalent at £116 18s. 3d. of inscribed stock for a £100 bond. The question will be how much less than that, coupled with the offer of a seven years' new 5-per-cent. bond, will be likely to bring in the holders.

(b). *Sixes of 1891*.—These bonds are quoted to-day at 108 to 110 and 109 to 111, and the Actuaries compute the equivalent at £109 15s. 9d. of inscribed stock for a £100 bond.

III.—Consols of 1867.

You are, of course, perfectly correct in saying that if we offered the same rates now for consols as last year, we should really be giving better terms than we did then; and there can be no doubt that *prima facie* such a course must seem unnecessary. The Actuaries' table enclosed in our letter of the 26th February last, No. 233, gave you the “life” of consols for each succeeding year, and perhaps after writing your letter you may have had your attention called to it; but, broadly speaking, as you say, the “life” is of course shorter now by nearly a year, and therefore it is of

greater importance to holders to convert. We were glad, however, to see that you recognized that it might be necessary to offer the same terms again, notwithstanding the fact of their being better for the holders. The most important reason why we think it may be necessary to offer the same terms is, that all the holders who deemed those terms acceptable have already come in and converted, and it may be fairly inferred that those who did not do so thought the inducement insufficient. If we were to reduce the terms in proportion to the lessened life of the old bonds it would only amount to our repeating an offer already refused.

From various causes some of the debentures may since have changed hands and may have fallen into the possession of persons willing to convert on terms equivalent to those originally offered; but those so held can form but an insignificant portion of the outstanding debt, and it seems to us necessary to make a more tempting offer, now in order to insure anything like success.

As the diminished life of the old debenture makes it less valuable than it was a year ago, the same nominal amount of new securities would be a better offer, though in a somewhat hidden form, and it might of itself suffice to turn the scale and induce those who practically refused last year's offer to come in now and convert. The operation will be a desirable one for the colony even without any reduction being made in respect of the shortened currency of the old loan, for after all it is the extinguishment of the sinking fund rather than any minute or exact calculations of value which must be the governing consideration.

We may mention, incidentally, that the Stock Exchange Committee have not yet granted an official quotation of last year's new bonds. The matter was before the Committee some time ago but one of their rules seems to require the particulars of the numbers and denominations of any issue to be printed on the face of bonds which had escaped notice when the bonds were being prepared. We shall be able to put the matter right in the next issue, but meanwhile the absence of official quotation has not prevented the bonds from being readily dealt in.

In two letters, 26th November, No. 1,488, and 18th December, No. 1,545, we reported to you that we should ask the Crown Agents to fix the next annual drawing in the first days of March. On reconsideration, however, we think it better not to anticipate the usual time, but let the drawing take place on the 15th. We shall take care, immediately after the drawing, to telegraph to you, as you direct, full particulars under the three heads you have been pleased to define.

IV.—Four-and-a-half-per-cent. Five-thirties.

We think it most likely you will have been surprised at the paragraph relating to this loan in our letter of the 15th December last, and also at our telegram of yesterday, advising you to let us issue an immediate notice to pay off the five-thirties, since we have thereby reversed our previous recommendation not to deal with these bonds now. A number of considerations, however, combined to make this change in our views. Your inscribed stock has gone into investment so well that the market has become rather bare of it. While it was yet hanging at and about par we were sounded by a syndicate as to a private arrangement for providing whatever money was required to pay off the five-thirties; and we were told that, if we would give the same terms as in 1883—namely, 103 of stock—the whole business would be taken firm. In the meanwhile, however, all the markets were moving upwards in sympathy with a better political and financial outlook, with the fall in bank rate to 3 per cent., and with an abundance of money. After repeated consultations we came at last to the conclusion that a really good opportunity existed at this moment to pay off the outstanding five-thirty bonds, and that an announcement of that step would be a favourable precursor to the general announcement of the conversions in other loans.

With the pressure that would be brought to bear upon the holders of this loan by a notification that they would positively be paid off at par six months hence, aided by the difficulty they would experience just now in finding other safe investments to pay 4 per cent., we think that an offer of 101 of stock for £100 debenture would be very largely accepted; and the difference, if any, that might be required in cash we should have no difficulty in providing on favourable terms, in anticipation of the due date, by the sale to our bankers or to a syndicate of the requisite amount of inscribed stock.

Although no sinking fund will be released by the extinction of this loan, the saving in the charge for interest would, of course, be a very appreciable one.

If the operation were deferred for another half-year it would be impossible to take advantage of the present favourable state of the money market to make fixed arrangements for the provision of such money as we might require to pay off the non-converted bonds; whereas, for a date not more distant than the 1st August next, supposing the notice to be immediately published, we should at once be able to come to terms with our bankers or with a syndicate, at a fixed rate, for so much stock as would realize enough to discharge the non-converted part of the debt, so as to leave no doubt as to the final result of the transaction.

We are very sensible of the inconvenience it may have been to you to get a proposal requiring so immediate a decision, but it is only, in fact, at the last moment that we could ourselves see our way clearly enough to make the proposal at all; and we trust that your own perfect familiarity with the market changes which so often make sudden action expedient will excuse us to you for not giving the Government the longer time for consideration which would have been so desirable.

V.—General.

We should have much wished to give effect to your desire for any operation to be closed by a date that would allow of the results being brought into the financial year ending the 31st March, but, after repeated consideration, we have been obliged to give this up. We shall seem to you to have misled you by repeating, as we did in our letter of the 18th December, No. 1,545, what we had already said on the 26th November, No. 1,488, that we should fix the 20th March as the last day for conversion; but we must confess to having been rather hasty in that promise, and we think, for

many reasons, that we ought not to allow less than three months for the operation. Although we fear this change of plan will cause you much disappointment, we have had to give preference to the more essential consideration of insuring, as far as our own efforts can, the success of the operation itself.

We transmit herewith copy of the correspondence with the Actuaries, and tables of equivalents computed by them for some of the loans.* The others are being worked out by them, and will go to you shortly.

Copies of the cablegrams that have passed between us are also annexed.

We have, &c.

P. G. JULYAN,

F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Copies of Telegrams referred to in No. 56.

The COLONIAL TREASURER to the LOAN AGENTS.

Loan Agents, London.

(Received 20th January.)

CONVERSION Consolidated Loan, 1867. My letter first December replying to yours seventh October leaves you full liberty action. Cable when notice issued, dates operations, terms. Waiwera, 20th.

The LOAN AGENTS to the COLONIAL TREASURER.

London, 23rd January.

Treasurer, New Zealand.

CONVERSION. Your despatch first December ample. Loan Agents only waiting ciphers sent their letter December eighteen "Tongariro." LOAN AGENTS.

The LOAN AGENTS to the COLONIAL TREASURER.

London, 25th January.

Treasurer, New Zealand.

CONVERSION. Preceding general announcement, propose giving immediate notice pay off $4\frac{1}{2}$ -per-cent. 5-30s. first August, giving option holders receive hundred and one inscribed stock instead of cash; we could readily provide for any bonds that were not exchanged. Please answer immediately, because notice must appear *Gazette* Friday. LOAN AGENTS.

No. 57.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 28th January, 1886.

We received last night your telegram in reply to ours of the 25th instant, asking your permission to issue a notice for paying off the $4\frac{1}{2}$ -per-cent. five-thirties; and beg leave to express our acknowledgements for this clear intimation of your views, and for the consideration with which you were pleased to receive our sudden proposal.

After giving very careful consideration to the important questions to which you call our attention, we have come with confidence to the conclusion that they do not stand in the way of paying off the five-thirties; and we have accordingly decided to issue the notice in the *London Gazette*, of which a copy is annexed. We regret to be unable to write more by to-day's mail, but as we shall telegraph fully to you to-morrow this is of less consequence, while you may rely upon receiving, as usual, full details as soon as possible.

We have, &c.,

(For the Stock Agents),

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

Copies of Telegrams referred to in No. 57.

The COLONIAL TREASURER to the LOAN AGENTS.

Loan Agents, London.

(Received 27th January.)

FOUR-AND-A-HALF-PER-CENT. 5-30s. Not time to ask your opinion about negotiation loan required next year, so will explain position leaving you to judge if safe give notice proposed. Reluctant negotiate North Island Trunk April—prefer borrow on short-dated debentures until Parliament authorize new loan, which we should negotiate soon after August to probable extent million and a half. By early meeting and action Parliament, might get new loan authority Home by early August, but uncertain. Under these conditions leave you discretion give notice if you think advisable. Waiwera, 27th.

The LOAN AGENTS to the COLONIAL TREASURER.

London, 28th January.

Treasurer, New Zealand.

FOUR-AND-A-HALF-PER-CENT. 5-30s. After most careful reflection upon your telegram have decided upon issuing notice. Will telegraph more fully to-morrow. LOAN AGENTS.

Enclosure in No. 57.

NEW ZEALAND.

To the holders of New Zealand Government $4\frac{1}{2}$ -per-cent. five-thirty debentures issued under Acts of the General Assembly of New Zealand, intitled respectively "The Immigration and Public Works Loan Act, 1870," "The Immigration and Public Works Loan Act, 1873," and "The Immigration and Public Works Loan Act, 1874." The Government of New Zealand hereby give notice that the outstanding $4\frac{1}{2}$ -per-cent. five-thirty debentures issued under the above Acts will be paid off at par on the 1st day of August, 1886, at the offices of the Crown Agents for the Colonies, in Downing Street, London, after which date interest will cease. The debentures must be left at the offices aforesaid for examination three clear days prior to payment.

For the Government of New Zealand,

F. D. BELL,

PENROSE G. JULYAN,

Stock and Conversion Agents of the said Government.

7, Westminster Chambers, London, 28th January, 1886.

* For tables, &c., as finally revised, see No.

No. 58.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received 12th March, 1886.)

LETTER *Times* you intend proposing new loan eight to ten millions. Strongly advise permission contradict immediately.

London, 11th.

No. 59.

The COLONIAL TREASURER to the AGENT-GENERAL.

Agent-General, London.

(Received 12th March, 1886.)

HAVE spoken favour deciding railways for eight or ten years authorizing loan negotiable as required. Objects avoid yearly capricious changes, altering purposes, delaying returns, and spending money unproductively. If borrow this year not exceed million and a half, including Trunk Loan. Above outline my views, which English lenders should prefer to present desultory operations. Other colonies adopt similar plans. Inform me further course correspondence.

No. 60.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received 13th March, 1886.)

THANKS prompt message: had understood and frequently explained your intention exactly that sense.

London, 12th.

No. 61.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 6th February, 1886.

We now beg to report what we have done in connection with the conversion of the 4½-per-cent. 5-30s since our letters of the 26th and 28th January. Immediately upon receipt of your telegram of the 27th January, giving us permission to give the necessary notice to pay off these bonds, we telegraphed to you that we had decided to do so, and the notice appeared in the *London Gazette* of the 29th January. The same day we settled, in a conference at the Bank of England, the terms to be offered to bondholders who might be willing to bring in their bonds instead of being paid off—namely, £101 of stock for £100 in debentures. We now transmit a copy of the *London Gazette* and of the *Times* of the 30th January, containing the statutory notice that the bonds would be paid off, and we also enclose copies of the Bank of England announcement of the conversion.

The operation has been well received by the market, and we shall soon be able to form a fair estimate of the amount of bonds likely to come in.

We have, &c.,

P. G. JULYAN,

F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Enclosure in No. 61.

NEW ZEALAND.

To the holders of New Zealand Government 4½-per-cent. five-thirty debentures issued under Acts of the General Assembly of New Zealand intitled respectively "The Immigration and Public Works Loan Act, 1870," "The Immigration and Public Works Loan Act, 1873," and "The Immigration and Public Works Loan Act, 1874."

The Government of New Zealand hereby give notice that the outstanding 4½-per-cent. five-thirty debentures issued under the above Acts will be paid off at par on the 1st day of August, 1886, at the offices of the Crown Agents for the Colonies, in Downing Street, London, after which date interest will cease. The debentures must be left at the offices aforesaid for examination three clear days prior to payment.

For the Government of New Zealand,

F. D. BELL,

PENROSE G. JULYAN,

Stock and Conversion Agents of the said Government.

7, Westminster Chambers, London, 29th January, 1886.

With reference to the preceding advertisement, the Governor and Company of the Bank of England give notice that, on behalf of the Agents appointed by the Governor in Council under "The New Zealand Consolidated Stock Act, 1877," "The Amendment Act, 1881," and "The Consolidated Stock Act, 1884" (Sir Francis Dillon Bell, K.C.M.G., and Sir Penrose Goodchild Julyan, K.C.M.G., C.B.), they are authorized to inform holders of the four-and-a-half per cent. five-thirty debentures that they may, at their option, receive, instead of cash payable as above-mentioned, 4-per-cent. New Zealand stock inscribed at the Bank of England, with dividends payable half-yearly on the 1st May and 1st November, on the following terms:—

For every £100 in debentures surrendered with the coupon for the half-year's interest due on the 1st August next attached, £101 of 4-per-cent. inscribed stock bearing interest from the 1st February, 1886, and inscribable on or after 2nd April, 1886.

Holders who desire to exchange on these terms must deposit their debentures at the Chief Cashier's Office, Bank of England, on or after Monday, 15th February, but not later than Tuesday, 30th March next, when the option will cease.

Scrip certificates, with coupon attached for the interest from 1st February to 30th April (payable 1st May next), will be issued in exchange for the debentures.

By the Act 40 and 41 Vict., c. 59, the revenues of the Colony of New Zealand alone will be liable in respect of the stock and the dividends thereon, and the Consolidated Fund of the United Kingdom, and the Commissioners of Her Majesty's Treasury, will not be directly or indirectly liable or responsible for the payment of the stock or of the dividends thereon, or for any matter relating thereto.

Bank of England, 29th January, 1886.

No. 62.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 12th February, 1886.

We expected to have been able to send you a full report by this mail on the subject of the large conversion operation which is now being carried out in addition to paying off the five-thirties. We have, however, found it impossible to do so, and must postpone our statement till next mail. In the meanwhile we enclose you a number of copies of the Bank of England prospectus. Copies of the telegrams which have passed between us since the last mail are also enclosed.

We have, &c.,

P. G. JULYAN,

F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Copies of telegrams referred to in No. 62.

The LOAN AGENTS to the COLONIAL TREASURER.

Treasurer, New Zealand.

London, 29th January.

FOUR-AND-A-HALF-PER-CENT. 5-30s.—Notice pay off published to-night. Bank of England announces holders desiring exchange into inscribed stock instead of receiving their money August will have hundred and one inscribed stock for every hundred debentures, provided they surrender their bonds before March thirtieth. Inscription favourably received.

LOAN AGENTS.

The COLONIAL TREASURER to the LOAN AGENTS.

(Received 2nd February.)

Loan Agents, London.

FOUR-AND-A-HALF-PER-CENT. 5-30s.—When do you propose raise money found necessary after end option March? Would it not be well raise it and new loan together; and in that case, by what date ought authority raise new loan reach you?

Waiwera, 2nd.

Treasurer, New Zealand.

London, 2nd February.

FOUR-AND-A-HALF-PER-CENT. 5-30s.—Must await expiry option when know how much converted; shall thereupon consult you whether raise amount or arrange syndicate take firm; shall most likely advise latter course. Secondly, new loan; owing to time elapse before Act passed authority could not arrive before date you named, when impossible offer any new loan because people dispersed holidays; therefore we think October earliest month safe, so that authority would arrive ample time; this only applies new loan, not North Island million, supposing you decide upon raising before Parliament meets.

LOAN AGENTS.

Loan Agents, London.

Waiwera, 4th February.

FIRSTLY: your letter of 18th December about conversions has been received and considered. Secondly: referring to second paragraph, you must not give assurance against raising loan during present year. Thirdly: you need not take any steps with the holders of the guaranteed loan of 1856. Fourthly: consols, full discretion left you. Fifthly: in no case give more than equivalent based on actual, not market value—in other words, annual charge on converted stock, including provision for redeeming premium and expenses, must be less than existing annual charge. Sixthly: as regards the fives of 1914 (loan of 1863) you may offer a new seven years' five-per-cent. bond; you may fix the amount of stock to be inscribed at the end of the new bond at such amount as you think necessary to success, subject to fifthly. Seventhly: as regards the sixes of 1891 (loan of 1863), you may offer up to 112 stock if such price necessary. Eighthly: four-and-a-half-per-cent. 5-30s. settled. Ninthly: 10-40s better wait two years, unless you consider one hundred and three will bring in large amount. Tenthly: you are authorized to extend your February announcement so as to include all loans in which you think a successful operation can be made, subject to foregoing. Eleventhly: all foregoing subject you considering not interfere with raising million and a half this year. Twelfthly: hope options will be short. Thirteenthly: syndicate you suggest for four-and-a-half-per-cent. 5-30s should be carefully concealed, fear encourage brokers crab conversion. Fourteenthly: in fixing dates exchange securities avoid increasing amount interest payable next financial year. Fifteenthly: such risk cable errors desirable in replying you indicate understand chief points this message.

Treasurer, New Zealand.

London, 4th February.

CONVERSIONS: Telegram perfectly clear.

Loan Agents, London.

(Received 6th February.)

SUGGEST for your consideration inscribed stock so high duration various options should be short; but leave you full discretion.

Waiwera, 6th.

Treasurer, New Zealand.

London, 8th February.

CONVERSION. Conference Bank of England terms announced to-night following loans: Consolidated Loan, 1867; five-per-cent. 10-40 Loan: New Zealand Loan, 1879; Loan of 1860 and Loan of 1863 at following rates: Firstly, Consolidated Loan, 1867; deference your wishes have reduced new bond one year, option given either five-per-cent. debenture six years converted then into hundred and seven inscribed stock, or take hundred and six inscribed stock immediately. Drawing fixed March 15th. Holders accepting before drawing unaffected. Secondly, fives Loan of 1863, option given either six years five-per-cent. debenture converted then into 110 inscribed stock, or take 112½ inscribed stock immediately. Thirdly, five-per-cent. 10-40s, 102 inscribed stock. Fourthly, New Zealand Loan, 1879, 103. Fifthly, sixes Loan of 1860 and Loan of 1863, 109 each series. Sixthly, every case existing rate interest paid until 30th April. Seventhly, latest time declaring option Consolidated Loan, 1867, and 4½-per-cent. 5-30s, 30th March; other loans 30th April.

LOAN AGENTS.

Enclosure in No. 62.

NEW ZEALAND.—FURTHER CONVERSIONS OF THE PUBLIC DEBT.

THE Governor and Company of the Bank of England give notice, that on behalf of the Agents appointed by the Governor of New Zealand in Council, under "The New Zealand Consolidated Stock Act, 1877," and Amendment Act, 1881, and "The Consolidated Stock Act, 1884" (Sir Francis Dillon Bell, K.C.M.G., and Sir Penrose Goodchild Julian, K.C.M.G., C.B.), they are authorised to invite holders of the debentures of the under-mentioned loans to bring in their debentures for conversion on the following terms:—

Five-per-cent. Consols (Annual Drawings).—For every £100 in consols debentures, from which the coupon due the 15th April next must be detached, a new debenture for the same amount, bearing interest payable quarterly at 5 per cent. for six years from the 15th April, 1886, to the 15th April, 1892, when it will be converted into £107 of 4-per-cent. inscribed stock: or, at the option of the holder, he may receive £106 of 4-per-cent. inscribed stock inscribable on or after the 2nd April next, and bearing interest from the 1st May. In the latter case, scrip certificates with coupon attached for the interest at 5 per cent. from the 15th April to the 30th April (payable the 1st May) will be issued in

exchange for the debentures. The annual drawing for redemption of the consols will take place on Monday, the 15th March next, and debentures brought in for conversion before that date will not be effected by the drawing. The option hereby given to holders whose bonds have not been drawn must be declared not later than Tuesday, the 30th March.

Five per cents. of the Loan of 1863, redeemable 1914.—For every £100 in debentures of this loan surrendered with the coupon for the half-year's interest due the 15th July next attached, a new debenture for the same amount, bearing interest payable half-yearly at 5 per cent. for six years, from the 15th January, 1886, to the 15th January, 1892, when it will be converted into £110 of 4-per-cent. inscribed stock: or, at the option of the holder, he may receive £112 10s. of 4-per-cent. inscribed stock, bearing interest from the 1st May, 1886, and inscribable on or after the 2nd April. In the latter case a scrip certificate with coupon attached for the interest from the 15th January to the 30th April at 5 per cent. (payable the 1st May), will be issued in exchange for the debentures.

Five-per-cent. Ten-forties of the Loans of 1876 and 1877, redeemable 1888.—For every £100 in debentures of these loans, from which the coupon due the 1st March must be detached, £103 of 4-per-cent. inscribed stock, bearing interest from the 1st May, 1886, and inscribable on or after the 2nd April. Scrip certificates with coupon attached for the interest at 5 per cent. from the 1st March to the 30th April (payable 1st May), will be issued in exchange for the debentures.

Five per cents. of the Loan of 1879, redeemable 1889.—For every £100 in debentures of this loan, from which the coupon due the 1st May next must be first detached, £103 of 4-per-cent. inscribed stock, bearing interest from the 1st May, 1886, and inscribable on or after the 2nd April. Scrip certificates will be issued in exchange for the debentures.

Six per cents. of the Loan of 1860, redeemable 1891.—For every £100 in debentures of this loan surrendered with the coupon for the half-year's interest due the 1st July next attached, £109 of 4-per-cent. inscribed stock, bearing interest from the 1st May, 1886, and inscribable on or after the 2nd April. Scrip certificates with coupon attached for the interest at 6 per cent. from the 1st January to the 30th April (payable 1st May) will be issued in exchange for the debentures.

Six per cents. of the Loan of 1863, redeemable 1891.—For every £100 in debentures of this loan, from which the coupon for the half-year's interest due the 15th March must be detached, £109 of 4-per-cent. inscribed stock, bearing interest from the 1st May, 1886, and inscribable on or after the 2nd April. For every £100 in debentures, surrendered with the coupon for the half-year's interest due the 15th June next attached, £109 of 4-per-cent. inscribed stock, bearing interest from the 1st May, 1886, and inscribable on or after the 2nd April. Scrip certificates with coupon attached for the interest at 6 per cent. for the broken periods, in each series, up to the 30th April (payable the 1st May), will be issued in exchange for the debentures.

Debentures of the Consols Loan may be deposited on or after Monday, the 15th February, but not later than Tuesday, the 30th March next, when the option given to holders will expire. Debentures of the other loans hereinbefore mentioned may be deposited on or after Monday, the 1st March, but not later than Friday, the 30th April next.

The inscribed stock herein mentioned will in every case rank *pari passu* with the New Zealand 4-per-cent. Consolidated Stock already inscribed at the Bank of England, with dividends payable half-yearly on the 1st May and 1st November, and redeemable at par on the 1st November, 1929.

All debentures surrendered for conversion must be deposited at the Chief Cashier's Office, Bank of England, where the necessary forms may be obtained, and must be left three clear days for examination before scrip certificates can be issued.

By the Act 40 and 41 Vict., c. 59, the revenues of the Colony of New Zealand alone will be liable in respect of the stock and the dividends thereon, and the Consolidated Fund of the United Kingdom, and the Commissioners of Her Majesty's Treasury, will not be directly or indirectly liable or responsible for the payment of the stock or of the dividends thereon, or for any matter relating thereto.

Bank of England, 8th February, 1886.

No. 63.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 20th February, 1886.

We now resume our general report of what has been done in the matter of conversion of loans, in addition to the five-thirties mentioned separately in our letter of the 6th instant, No. 175.

We received with much satisfaction your telegram of the 4th February, containing your instructions in regard to the several loans, in answer to our letter of the 18th December, No. 1,545.

We were glad to find that you concurred with us in the view that it would hardly be worth while to make any offer to the holders of the guaranteed loan of 1856, and we were also glad to receive your permission to include in our public announcement any loans in which we might think a successful operation could be made, subject to the condition that we were in no case to give more than the equivalent based on actual and not market value; or, in other words, to take care that the annual charge on any converted loan, including whatever provision was necessary for redeeming premium and expenses, should be less than the existing annual charge; and also that, in fixing the dates for exchange of securities, we were to avoid increasing the amount of interest payable during the next financial year.

1.—Consols of 1867.

We deemed it right, in our letter of the 26th January, confirming as it did the opinions we had already given you as to repeating the offer of a seven years' new 5-per-cent. bond, to explain why we still thought it might be necessary to offer the same terms again as last year. The continued steadiness, however, of the market since then gave an opportunity of reconsidering the question with a view of giving effect to your wish for the term of the bond to be shortened; and, after full consideration, we decided to reduce its currency to six years, convertible at the end of that period into 107 of inscribed stock, thus making it rank *pari passu* with those already in circulation, but to give holders an option of exchanging forthwith into stock at 106. In either case holders are exempted from the consequences of the annual drawing on the 15th March if they bring in their bonds for conversion before the drawing takes place.

At first sight there may appear to be some incongruity in our offering more stock in 1892, when the life of the consol debenture will have been shortened by six years, than the rate we offer for an immediate exchange. We are appealing, however, to two distinct classes of holders: (a) the *bonâ fide* investor who does not want to sell, who is unable to form a reliable estimate of the value of stock six years hence, and who, having declined to come in and convert on similar terms last year, is not likely to be tempted by anything less now; and (b) to the comparatively few who hold

speculatively, or wish to sell, and who, on finding that they can realize £1 more for £106 of stock than they can for £100 debentures, will doubtless convert before selling. We think that 106 should draw these in, while we do not think that less than 107 will largely attract the former class.

Since our offer was announced, consols have risen 2 per cent., but the market for these bonds is now so limited that no particular significance must be attached to the rise.

2.—*Fives of 1914.*

We were glad to learn that you permitted us to offer a new 5-per-cent. bond, with such an amount of stock to be inscribed at the end of its currency as we should think necessary to success.

This loan was quoted at 113 @ 115 on the 28th January, but rose 1 per cent. upon our offer being published. If you turn to the computations of equivalents transmitted herewith, you will see that, while the equivalent of £100 in these bonds at the market price of 113 @ 115 is £116 18s. 3d. of inscribed stock at par, its equivalent at the medium price of 114, with the stock at 102, is only £111 15s. 4d. We decided to offer a six years' bond, to be converted into £110 of stock in 1892, with the option of receiving instead £112 10s. of stock at once; and that this was about the right sum to fix was shown by our receiving an offer of £50,000 of bonds at £114 15s., which is about $\frac{1}{2}$ per cent. below what £112 10s. of stock could be sold for. But we shall not enter into any negotiation for the purchase of bonds so long as the option we have publicly announced remains open.

3.—*Five-per-cent. Ten-forties.*

It was not without some hesitation that we decided to include this loan in the present announcement, seeing that you thought it better yourself to wait until the bonds were nearer the time when notice could be given to pay them off. On the whole, however, we considered that it would be quite safe to offer holders £102 of stock, which is the true equivalent for £100 in debentures.

4.—*Fives of 1879, redeemable 1889.*

We decided to offer £103 of inscribed stock for every £100 in debentures of this loan. At the medium price of £105, with the stock at £102, the equivalent is £102 18s. 10d.

5.—*Sixes of 1891.*

The equivalent, at the quotations of 108 @ 110 and 109 @ 111 of the three series of this loan, is £109 15s. 9d. of inscribed stock at par. At the medium of 109, with the stock at 102, the equivalent is only £106 17s. 3d.; but having regard to the advantage of converting these sixes and extinguishing the sinking fund of 2 per cent., we decided to avail ourselves of your permission to give liberal terms, and to offer £109 of stock in all the series alike.

6.—*Time of Option.*

With regard to the consols and the five-thirties, the option ceases on Tuesday, 30th March; but we have deemed it necessary to extend the time in the other loans until the 30th April.

7.—*General.*

It will be seen that the conversions embraced in the present scheme extend over more than ten millions.

We now beg permission briefly to call your attention to the various tables transmitted herewith. They relate to five subjects, as follows:—

- (1.) Equivalents in the case of the loans included in the conversions now announced.
- (2.) Equivalents in the case of loans not included in the present conversions.
- (3.) Computation showing what a holder now gets from his investment, and what he would get if he converted.
- (4.) Computation showing the financial effect of the conversions on the supposition of all the bonds coming in:
- (5.) Computation showing the effect (on the same supposition) upon the amount of interest payable in the ensuing financial year.

The first four tables have been prepared by your Actuaries, Mr. Bailey and Mr. Hardy, the fifth by your Audit Officer. Although they are very elaborate, they sufficiently explain themselves.

The first set was constructed in order to give us the measure of what it would be safe to offer in each of the loans included in the conversion.

The second set was intended to give the measure of what it would be necessary to offer in loans not included in the present conversions, but in which an operation may be made hereafter.

The third set is based on the necessity of offering such terms as would, at any rate, yield the bondholder something like 4 per cent. if he converted, except in consols, where, having regard to the cumulative sinking fund, we offered 4 per cent. if the holder only wanted to convert in order to sell the stock, but $4\frac{1}{4}$ per cent. if he meant to retain his investment. You will not have failed to perceive that there are inequalities in these offers; but each one received our most careful consideration with reference to the special features that had to be borne in mind.

The fourth set shows what the financial results to the colony would be if all the bondholders came in. Of course they will not do so, and the table is, so far, a speculative computation; but, as you will have the actual results so soon, we need only point out here that over all the loans covered by our proposals, the saving to the colony will, in any case, be appreciable.

The fifth set, being also based on the supposition of all the bonds being brought in, will in like manner have to be corrected presently by actual results; but, whatever may be the total converted, the amount of interest payable during the financial year 1886–87 will be less than would have been the case if no conversion had taken place.

We trust we have been able to make our explanation clear. Later on we shall have to address you on the question of converting the loans not now included, as well as on various points which we are still arranging in connection with the creation of the stock.

We have, &c.,
P. G. JULYAN,
F. D. BELL,
Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Enclosures referred to in No. 63.

1886.—CONVERSION OF LOANS: COMPUTATION OF EQUIVALENTS.

No. 1.—The AGENT-GENERAL to the ACTUARIES.

DEAR SIRS,—

7, Westminster Chambers, 19th January, 1886.

It will be in your recollection that in November, 1884, you constructed a table showing the equivalent, in 4-per-cent. inscribed stock, of £100 of Consols at relative prices. I now wish you to construct a series of similar tables, showing the equivalents in the case of all the loans named in the list which I enclose herewith.

You will find in each case the date given when the loan is repayable, the date when the dividends are paid, the rates of interest per cent., and the rate of sinking fund (if any); and annexed to each you will also find the present quotation of the loan on the Stock Exchange. Assuming a conversion to be made at the relative prices of to-day, the question is, What is the equivalent in 4-per-cent. inscribed stock in the case of each loan? The equivalent should be given for every $\frac{1}{2}$ per cent. higher or lower, within a range of 3 per cent. of the present quotations.

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

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

New Zealand Securities quoted on the Stock Exchange.

| Name of Loan. | Amount outstanding. | When Loan repayable. | When Dividends payable. | Rate of Interest. | Sinking Fund. | Present Market Prices. |
|-------------------------------|---------------------|----------------------|----------------------------|-------------------|---------------|------------------------|
| | £ | | | | | |
| (1860) Sixes of 1891 .. | 93,100 | 1st July, 1891 | 1st Jan. and 1st July .. | 6 | 2 | 108 to 110 |
| (1863) Sixes of 1891 .. | 201,500 | 15th Mar., 1891 | 15th Mar. and 15th Sept. | 6 | 2 | 109 " 111 |
| (1863) Sixes of 1891 .. | 329,900 | 15th June, 1891 | 15th June and 15th Dec. | 6 | 2 | 108 " 110 |
| Fives of 1914 .. | 488,000 | 15th July, 1914 | 15th Jan. and 15th July | 5 | 1 | 113 " 115 |
| 5-per-cent. Ten-forties .. | 3,500,000 | 1st Mar., 1918 | 1st Mar. and 1st Sept. ... | 5 | .. | 104 " 106 |
| Fives of 1879 .. | 524,000 | 1st Nov., 1889 | 1st May and 1st Nov. ... | 5 | .. | 104 " 106 |
| 4½-per-cent. Five-thirties .. | 2,946,100 | *1st Feb., 1905 | 1st Feb. and 1st Aug. ... | 4½ | .. | 104 " 105 |

* NOTE.—There are two series, 1904 and 1905, but it will be sufficient to compute for 1905.

No. 2.—The ACTUARIES to the AGENT-GENERAL.

DEAR SIR FRANCIS,—

London, 26th January, 1886.

Enclosed we send you a series of tables showing the equivalent amount of 4-per-cent. stock that should be given for the several stocks referred to in your letter of the 19th instant, according to the market prices of each. We have excluded the "Five-thirties" and "Ten-forties:" the first because, the stock being immediately "noticeable," it is worth only about $\frac{1}{2}$ per cent. premium; and the second because, being also "noticeable" in 1888, or in about two years' time, the arithmetical value is only about 2 per cent. premium. The somewhat higher market prices of these two stocks are probably due to the expectation of the holders that they will not be paid off for some time.

The following are the values of £100 stock in the loans for which conversion tables are herewith sent, taking 4 per cent., payable half-yearly, as the rate of interest upon New Zealand Government security—i.e., taking the price of 4-per-cent. inscribed stock (ex div.) at par:—

| | £ | £ s. d. | | £ | s. | d. |
|---------------------|----------|----------------|--------------|-------|----------|-------|
| 1860 Sixes of 1891, | 93,100, | value 109 15 9 | in January, | 1886, | dividend | paid. |
| 1863 Sixes of 1891, | 201,500, | value 109 15 9 | in March, | 1886, | dividend | paid. |
| 1863 Sixes of 1891, | 329,900, | value 109 15 9 | in December, | 1885, | dividend | paid. |
| 1863 Fives of 1914, | 488,000, | value 116 18 3 | in January, | 1886, | dividend | paid. |
| 1863 Fives of 1879, | 524,000, | value 108 13 4 | in May, | 1886, | dividend | paid. |

In all cases these values have been calculated upon the assumption that the dividend due was paid, so that the value represents the capital and its future yield.

We have appended an example in each case, which may perhaps be useful.

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

Sir Francis Dillon Bell, K.C.M.G.

LOAN OF 1860: SIXES OF 1891.

Amount, £93,100: } Interest, 6 per cent.: } Market Price, 108 to 110.
Repayable 1st July, 1891. } Payable 1st January and 1st July. } Value, Jan. 1886 (Dividend paid),
At 4 per cent. Interest, £109 15s. 9d.

| Market Price of 4-per-cent. Inscribed Stock. | Amount of 4-per-cent. Inscribed Stock, equivalent to each £100 of the above Stock, at the Market Prices undershown. | | | | | | | Market Price of 4-per-cent. Inscribed Stock. |
|--|---|-----------|-----------|-----------|----------|-----------|----------|--|
| | 107½ | 108 | 108½ | 109 | 109½ | 110 | 110½ | |
| | £ s. d. | £ s. d. | £ s. d. | £ s. d. | £ s. d. | £ s. d. | £ s. d. | |
| 99 | 108 11 9 | 109 1 10 | 109 11 11 | 110 2 0 | 110 12 1 | 111 2 3 | 111 12 4 | 99 |
| 99½ | 108 0 10 | 108 10 10 | 109 0 11 | 109 10 11 | 110 1 0 | 110 11 1 | 111 1 1 | 99½ |
| 100 | 107 10 0 | 108 0 0 | 108 10 0 | 109 0 0 | 109 10 0 | 110 0 0 | 110 10 0 | 100 |
| 100½ | 106 19 4 | 107 9 3 | 107 19 2 | 108 9 2 | 108 19 1 | 109 9 1 | 109 19 0 | 100½ |
| 101 | 106 8 9 | 106 18 8 | 107 8 6 | 107 18 5 | 108 8 4 | 108 18 3 | 109 8 1 | 101 |
| 101½ | 105 18 3 | 106 8 1 | 106 17 11 | 107 7 9 | 107 17 8 | 108 7 6 | 108 17 4 | 101½ |
| 102 | 105 7 10 | 105 17 8 | 106 7 5 | 106 17 3 | 107 7 1 | 107 16 10 | 108 6 8 | 102 |

Example: Thus, on any day on which the market prices are as follows: Loan of 1860: Sixes of 1891, £110; 4-per-cent. inscribed stock, £101—then £108 18s. 3d. of 4-per-cent. inscribed stock is the equivalent of £100 of the (1860) Sixes of 1891.

26th January, 1886.

A. H. BAILEY,
RALPH P. HARDY.

LOAN OF 1868: SIXES OF 1891.

Amount, £201,500: } Interest, 6 per cent.: } Market Price, 109 to 111.
 Repayable 15th March, 1891. } Payable 15th March and 15th September. { Value, March, 1866 (Dividend paid),
 At 4 per cent. Interest, £109 15s. 9d.

| Market Price of 4-per-cent. Incribed Stock. | Amount of 4-per-cent. Incribed Stock, equivalent to each £100 of the above Stock, at the Market Prices undershown. | | | | | | | Market Price of 4-per-cent. Incribed Stock. |
|---|--|--------------------|---------------------|--------------------|---------------------|--------------------|---------------------|---|
| | 108½ | 109 | 109½ | 110 | 110½ | 111 | 111½ | |
| 99 | £ s. d. 109 11 11 | £ s. d. 110 2 0 | £ s. d. 110 12 1 | £ s. d. 111 2 3 | £ s. d. 111 12 4 | £ s. d. 112 2 5 | £ s. d. 112 12 6 | 99 |
| 99½ | 109 0 11 | 109 10 11 | 110 1 0 | 110 11 1 | 111 1 1 | 111 11 2 | 112 1 2 | 99½ |
| 100 | 108 10 0 | 109 0 0 | 109 10 0 | 110 0 0 | 110 10 0 | 111 0 0 | 111 10 0 | 100 |
| 100½ | 107 19 2 | 108 9 2 | 108 19 1 | 109 9 1 | 109 19 0 | 110 8 11 | 110 18 11 | 100½ |
| 101 | 107 8 6 | 107 18 5 | 108 8 4 | 108 18 3 | 109 8 1 | 109 18 0 | 110 7 11 | 101 |
| 101½ | 106 17 11 | 107 7 9 | 107 17 8 | 108 7 6 | 108 17 4 | 109 7 2 | 109 17 1 | 101½ |
| 102 | 106 7 5 | 106 17 3 | 107 7 1 | 107 16 10 | 108 6 8 | 108 16 5 | 109 6 3 | 102 |

Example: Thus, on any day on which the market prices are as follows: Loan of 1868: Sixes of 1891, £111; 4-per-cent. incribed stock, £101—then, £109 18s. of 4-per-cent. incribed stock is the equivalent of £100 of the (1868) Sixes of 1891.
 26th January, 1886. A. H. BAILEY.
 RALPH P. HARDY.

LOAN OF 1863: SIXES OF 1891.

Amount, £329,900: } Interest, 6 per cent.: } Market Price, 108 to 110.
 Repayable 15th June, 1891. } Payable 15th June and 15th December. { Value, Dec. 1885 (Dividend paid),
 At 4 per cent. Interest, £109 15s. 9d.

| Market Price of 4-per-cent. Incribed Stock. | Amount of 4-per-cent. Incribed Stock, equivalent to each £100 of the above Stock, at the Market Prices undershown. | | | | | | | Market Price of 4-per-cent. Incribed Stock. |
|---|--|---------------------|----------------------|--------------------|---------------------|--------------------|---------------------|---|
| | 107½ | 108 | 108½ | 109 | 109½ | 110 | 110½ | |
| 99 | £ s. d. 108 11 9 | £ s. d. 109 1 10 | £ s. d. 109 11 11 | £ s. d. 110 2 0 | £ s. d. 110 12 1 | £ s. d. 111 2 3 | £ s. d. 111 12 4 | 99 |
| 99½ | 108 0 10 | 108 10 10 | 109 0 11 | 109 10 11 | 110 1 0 | 110 11 1 | 111 1 1 | 99½ |
| 100 | 107 10 0 | 108 0 0 | 108 10 0 | 109 0 0 | 109 10 0 | 110 0 0 | 110 10 0 | 100 |
| 100½ | 106 19 4 | 107 9 3 | 107 19 2 | 108 9 2 | 108 19 1 | 109 9 1 | 109 19 0 | 100½ |
| 101 | 106 8 9 | 106 18 8 | 107 8 6 | 107 18 5 | 108 8 4 | 108 18 3 | 109 8 1 | 101 |
| 101½ | 105 18 3 | 106 8 1 | 106 17 11 | 107 7 9 | 107 17 8 | 108 7 6 | 108 17 4 | 101½ |
| 102 | 105 7 10 | 105 17 8 | 106 7 5 | 106 17 3 | 107 7 1 | 107 16 10 | 108 6 8 | 102 |

Example: Thus, on any day on which the market prices are as follows: Loan of 1863: Sixes of 1891, £110; 4-per-cent. incribed stock, £101—then £108 18s. 3d. of 4-per-cent. incribed stock is the equivalent of £100 of the (1863) Sixes of 1891.
 26th January, 1886. A. H. BAILEY.
 RALPH P. HARDY.

LOAN OF 1860: FIVES OF 1914.

Amount, £488,000: } Interest, 5 per cent.: } Market Price, 113 to 115.
 Repayable 15th July, 1914. } Payable 15th January and 15th July. { Value, January, 1886 (Dividend paid),
 At 4 per cent. Interest, £116 18s. 3d.

| Market Price of 4-per-cent. Incribed Stock. | Amount of 4-per-cent. Incribed Stock, equivalent to each £100 of the above Stock, at the Market Prices undershown. | | | | | | | Market Price of 4-per-cent. Incribed Stock. |
|---|--|---------------------|----------------------|--------------------|---------------------|--------------------|---------------------|---|
| | 112½ | 113 | 113½ | 114 | 114½ | 115 | 115½ | |
| 99 | £ s. d. 113 12 9 | £ s. d. 114 2 10 | £ s. d. 114 12 11 | £ s. d. 115 3 0 | £ s. d. 115 13 2 | £ s. d. 116 3 3 | £ s. d. 116 13 4 | 99 |
| 99½ | 113 1 4 | 113 11 4 | 114 1 5 | 114 11 5 | 115 1 6 | 115 11 7 | 116 1 7 | 99½ |
| 100 | 112 10 0 | 113 0 0 | 113 10 0 | 114 0 0 | 114 10 0 | 115 0 0 | 115 10 0 | 100 |
| 100½ | 111 18 10 | 112 8 9 | 112 18 8 | 113 8 8 | 113 18 7 | 114 8 7 | 114 18 6 | 100½ |
| 101 | 111 7 9 | 111 17 8 | 112 7 6 | 112 17 5 | 113 7 4 | 113 17 3 | 114 7 2 | 101 |
| 101½ | 110 16 9 | 111 6 7 | 111 16 5 | 112 6 4 | 112 16 2 | 113 6 0 | 113 15 10 | 101½ |
| 102 | 110 5 11 | 110 15 8 | 111 5 6 | 111 15 4 | 112 5 1 | 112 14 11 | 113 4 9 | 102 |

Example: Thus, on any day on which the market prices are as follows: Loan of 1860: Fives of 1914, £113; 4-per-cent. incribed stock, £101—then, £111 17s. 8d. of 4-per-cent. incribed stock is the equivalent of £100 of the (1860) Fives of 1914.
 26th January, 1886. A. H. BAILEY.
 RALPH P. HARDY.

FIVE-MILLION LOAN OF 1879: FIVES OF 1889.

Amount, £524,000: } Interest, 5 per cent.: } Market Price, 104 to 106.
 Repayable 1st November, 1889. } Payable 1st May and 1st November. { Value, May, 1886 (Dividend paid),
 At 4 per cent. Interest, £103 13s. 3d.

| Market Price of 4-per-cent. Inscribed Stock. | Amount of 4-per-cent. Inscribed Stock, equivalent to each £100 of the above Stock, at the Market Prices undershown. | | | | | | | Market Price of 4-per-cent. Inscribed Stock. |
|--|---|----------|----------|-----------|-----------|----------|----------|--|
| | 103½ | 104 | 104½ | 105 | 105½ | 106 | 106½ | |
| | £ s. d. | £ s. d. | £ s. d. | £ s. d. | £ s. d. | £ s. d. | £ s. d. | |
| 99 | 104 10 11 | 105 1 0 | 105 11 1 | 106 1 3 | 106 11 4 | 107 1 5 | 107 11 6 | 99 |
| 99½ | 104 0 5 | 104 10 5 | 105 0 6 | 105 10 7 | 106 0 7 | 106 10 8 | 107 0 8 | 99½ |
| 100 | 103 10 0 | 104 0 0 | 104 10 0 | 105 0 0 | 105 10 0 | 106 0 0 | 106 10 0 | 100 |
| 100½ | 102 19 8 | 103 9 8 | 103 19 7 | 104 9 7 | 104 19 6 | 105 9 5 | 105 19 5 | 100½ |
| 101 | 102 9 6 | 102 19 5 | 103 9 4 | 103 19 3 | 104 9 1 | 104 19 0 | 105 9 1 | 101 |
| 101½ | 101 19 5 | 102 9 3 | 102 19 1 | 103 8 11 | 103 18 10 | 104 8 8 | 104 18 6 | 101½ |
| 102 | 101 9 5 | 101 19 3 | 102 9 0 | 102 18 10 | 103 8 8 | 103 18 5 | 104 8 3 | 102 |

Example: Thus, on any day on which the market prices are as follows: Fives of 1879, £105; 4-per-cent. inscribed stock, £101—then £103 19s. 3d. of 4-per-cent. inscribed stock is the equivalent of £100 of the Fives of 1889.

26th January, 1886.

A. H. BAILEY.
RALPH P. HARDY.

No. 3.—The AGENT-GENERAL to the ACTUARIES.

DEAR SIR,—

7, Westminster Chambers, 30th January, 1886.

In addition to the computations you sent me in your letter of the 26th instant, be pleased to compute the proper value of a £100 debenture in the following loans: 5-per-cent. Consolidated Loan, 1867, £64,000, redeemable 1st January, 1893; 4½-per-cent. Defence Loan, 1870, £25,000, redeemable 1st July, 1910; 4½-per-cent. Immigration and Public Works Loan, 1870, £27,900, redeemable 15th April, 1913; 5-per-cent. General Purposes Loan, 1873, £49,500, redeemable 15th December, 1888; 5-per-cent. General Purposes Loan, 1873, £54,700, redeemable 28th November, 1914; 5-per-cent. Westland Loan, 1873, £50,000, redeemable 15th April, 1894; 6-per-cent. Auckland Loan, 1863, £31,600, redeemable 1st June, 1896; 6-per-cent. Lyttelton and Christchurch Railway Loan, 1860, £77,700, redeemable thirty years from issue; 6-per-cent. Canterbury Loan, 1862, £22,800, redeemable fifty years from issue; 6-per-cent. Otago Loan, 1862, £116,700, redeemable 1st July, 1898. The value should be stated at the date of last dividend being paid.

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

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

No. 4.—The ACTUARIES to the AGENT-GENERAL.

London, 1st February, 1886.

DEAR SIR FRANCIS,—

The following are the values of a £100 debenture in the further loans, the particulars of which you have given us: "Consolidated Loan Act, 1867," £64,000, value £106 1s. 1d. in January, 1886, dividend paid; "Defence and other Purposes Loan Act, 1870," £25,000, value £107 15s. 3d. in January, 1886, dividend paid; "Immigration and Public Works Loan Act, 1870," £27,900, value £108 5s. 11d. in October, 1885, dividend paid; "General Purposes Loan Act, 1873," £49,500, value £102 16s. in December, 1885, dividend paid; "General Purposes Loan Act, 1873," £54,700, value £117 1s. 5d. in November, 1885, dividend paid; "Westland Loan Act, 1873," £50,000, value £107 2s. 11d. in October, 1885, dividend paid; "Auckland Loan Act, 1863," £31,600, value £117 0s. 3d. in December, 1885, dividend paid; "Lyttelton and Christchurch Railway Loan Ordinance, 1860," £77,700, value £108 3s. 3d. in January, 1886, dividend paid; "Canterbury Loan Ordinance, 1862," £22,800, value £132 9s. 11d., in January, 1886, dividend paid; "Otago Loan Ordinance, 1862," £116,700, value £119 10s. 5d. in January, 1886, dividend paid. The calculations have been made in the manner pointed out in our letter of the 26th ultimo.

Sir Francis Dillon Bell, K.C.M.G.

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

No. 5.—The AGENT-GENERAL to the ACTUARIES.

7, Westminster Chambers, 8th February, 1886.

DEAR SIR,—

The Stock Agents having now fixed the terms on which the proposed conversions shall be made of the loans comprised in your recent computations, I transmit herewith a copy of the Bank of England's announcement of these terms, and have now to request that you will compute what will be in each case—(a) the augmentation of debt, (b) annual charge, (c) annual reduction in charge, (d) total reduction in annual charge, and (e) liquidation of increase in debt. I have further to request that you will prepare a table comparing the net yield per cent. now received by debenture-holders, at present market quotations, with the net yield they would receive if they converted on the terms now offered.

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

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

No. 6.—The ACTUARIES to the AGENT-GENERAL.

London, 9th February, 1886.

DEAR SIR FRANCIS,—

In accordance with your letter of yesterday, we now transmit herewith two tables giving the computations you requested.

Sir F. D. Bell, K.C.M.G.

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

TABLE showing the Rate per Cent. yielded by the Debentures of the following Loans at the Market Prices stated.

| Loan. | Market Price. | Rate of Interest yielded. | | Rate if converted. | |
|-------------------|-----------------|---------------------------|-------|---------------------------------|---------|
| | | £ | s. d. | £ | s. d. |
| Fives of 1914 (a) | 115 | 4 | 2 1 | 3 | 18 3 |
| | | | | (if converted into insc. stock) | 3 13 10 |
| | | | | (if new bonds be taken) | |
| Ten-forties (b) | 104½ (cum div.) | 3 | 19 0 | 4 | 0 0 |
| Fives of 1889 (c) | 104½ (cum div.) | 4 | 7 7 | 4 | 0 10 |
| Sixes of 1860 (d) | 109 | 4 | 3 1 | 4 | 0 0 |
| Sixes of 1863 (e) | 110 (cum div.) | 4 | 8 0 | 4 | 1 6 |

(a) Calculated from the 15th January, 1886. (b) From the 1st March, 1886. (c) From the 1st May, 1886. (d) From the 1st January, 1886. (e) From the 15th March, 1886.

February, 1886.

A. H. BAILEY.
RALPH P. HARDY.

CONVERSION OF LOANS, 1886.

| | (1860) Sixes of | (1863) Sixes of 1891. | | Fives of 1914, £488,000. | | 5-per-cent. Ten- forties. | Fives of 1879. | 4½-per- cent. Five- thirties. |
|---|-----------------------------|-------------------------|-----------------------|------------------------------------|---------------------------|---------------------------------|------------------------|-------------------------------------|
| | 1891. £93,100 at 109. | £201,500 at 109. | £329,900 at 109. | Option 1. Debenture and 110. | Option 2. At £112 10s. | £3,500,000 at 102. | £524,000 at 108. | £2,946,100 at 101. |
| (a) Capital of debt— | £ | £ | £ | £ | £ | £ | £ | £ |
| Premium on conversion .. | 8,379 | 18,135 | 29,691 | 48,800 | 61,000 | 70,000 | 15,720 | 29,461 |
| Augmentation for Bank of England charges, stamp, and brokerage | 959 | 2,075 | 3,398 | 5,072 | 5,186 | 33,735 | 5,099 | 28,118 |
| Share of incidental expenses | 115 | 249 | 408 | 604 | 604 | 4,350 | 649 | 3,645 |
| Total augmentation of debt.. | 9,453 | 20,459 | 33,497 | 54,476 | 66,790 | 108,065 | 21,468 | 61,224 |
| (b) Annual charge | 4,102 | 8,878 | 14,536 | 24,400 227 | 22,192 | 144,323 | 21,819 | 120,293 |
| | | | | *24,627 | | | | |
| (c) Annual reduction in charge .. | 3,346 | 7,242 | 11,856 | †21,699 *4,653 †7,581 | 7,088 | 30,677 | 4,381 | 12,282 |
| (d) Total reduction in annual charge | 16,730 (5 years) | 36,210 (5 years) | 59,230 (5 years) | 194,700 (28 years) | 193,464 (28 years) | 46,016 (1½ years) | 15,334 (3½ years) | 233,358 (19 years) |
| (e) Liquidation of increase in debt— Annual sinking fund (4 per cent. interest) for retirement of increase in debt as in (a) above. | 1,726 10/ (5 years) | 4,194 18/ (4½ years) | 6,118 4/ (5 years) | 1,072 16/ (28 years) | 1,315 6/ (28 years) | 70,621 6/ (1½ years) | 5,775 8/ (3½ years) | 2,182 2/ (19 years) |

February, 1886.

* To January, 1892.

† After January, 1892.

A. H. BAILEY.
RALPH P. HARDY.

CONVERSION OF LOANS.

COMPUTATION showing the Amount of Interest that would be payable within the Financial Year 1886-87 upon Bonds of the Loans specified in the present Conversion, and the Amount that would be payable if all the Bonds were converted.

| | £ | s. | d. |
|--|----|---------|------|
| <i>Five-per-cent. Consols (Annual Drawings) :—</i> | | | |
| Amount in circulation, £2,043,400— | | | |
| Quarter's interest on above, to the 15th April | .. | 25,542 | 10 0 |
| Sixteen days' interest, at 5 per cent., to the 30th April | .. | 4,478 | 15 5 |
| £2,043,400 at 106 = £2,166,004—Six months' interest, at 4 per cent., to the 1st November, 1886 | .. | 43,320 | 1 7 |
| Total | .. | £73,341 | 7 0 |

Interest payable, supposing no conversion had taken place, £102,170; saving in interest charge for financial year 1886-87, £28,828 13s.

| | | | |
|---|----|---------|-----|
| <i>Five-per-cent. Loan of 1863 :—</i> | | | |
| Amount in circulation, £488,000— | | | |
| Interest, at 5 per cent., from the 15th January to the 30th April (106 days), on the above | .. | 7,086 | 0 9 |
| £488,000 at £112 10s. = £549,000—Six months' interest, at 4 per cent., from the 1st May to the 1st November | .. | 10,980 | 0 0 |
| Total | .. | £18,066 | 0 9 |

Interest payable had no conversion taken place, £24,400; saving in interest charge for financial year 1886-87, £6,333 19s. 3d.

| | | | |
|---|----|----------|------|
| <i>Five-per-cent. Ten-forties of 1876, 1877 :—</i> | | | |
| Amount in circulation, £3,500,000— | | | |
| Interest from the 1st March to the 30th April (sixty-one days), at 5 per cent., on the above | .. | 29,246 | 10 2 |
| £3,500,000 at 102 = £3,570,000—Six months' interest, at 4 per cent. (1st May to the 1st November) | .. | 71,400 | 0 0 |
| Total, 1886-87 | .. | £100,646 | 10 2 |

Interest payable had no conversion taken place, £175,000; saving in interest charge for financial year 1886-87, £74,353 9s. 10d.

| | | | |
|---|----|---------|-----|
| <i>Five-per-cent. Loan of 1879 :—</i> | | | |
| Amount in circulation, £524,000— | | | |
| Interest from the 1st November to the 1st May on the above, at 5 per cent. | .. | 13,100 | 0 0 |
| £524,000 at 103 = £539,720—Interest, at 4 per cent., for six months (1st May to the 1st November) | .. | 10,794 | 8 0 |
| Total, 1886-87 | .. | £23,894 | 8 0 |

Interest payable had no conversion taken place, £26,200; saving in interest charge for financial year 1886-87, £2,305 12s.

| | | | |
|--|----|--------|------|
| <i>Six-per-cent. Loan of 1860 :—</i> | | | |
| Amount in circulation, £93,100— | | | |
| Interest on the above, at 6 per cent., from the 1st January to the 30th April (120 days) | .. | 1,836 | 9 10 |
| £93,100 at 109 = £101,479—Six months' interest, at 4 per cent. (1st May to the 1st November) | .. | 2,029 | 11 7 |
| Total, 1886-87 | .. | £3,866 | 1 5 |

Interest payable had no conversion taken place, £5,586; saving in interest charge for financial year 1886-87, £1,719 18s. 7d.

Six-per-cent. Loan of 1863 :—

Amount in circulation, £531,400—

| | |
|--|---------------------|
| Interest from the 15th March to the 30th April (forty-seven days), at 6 per cent., on £201,500, portion of the above amount | 1,556 15 11 |
| £201,500 at 109 = £219,635— | |
| Interest at 4 per cent., for six months (1st May to the 1st November) | 4,392 14 0 |
| Interest from the 15th December to the 30th April (137 days), on £329,900 (portion of £531,400), at 6 per cent. | 7,429 10 4 |
| £329,900 at 109 = £359,591—Interest, at 4 per cent., for six months (1st May to the 1st November) | 7,191 16 5 |
| Total, 1886-87 | £20,570 16 8 |

Interest payable on above loan had no conversion taken place, £31,884; saving in interest charge for financial year 1886-87, £11,313 3s. 4d.

Four-and-a-half per cent. Five-thirties of 1870, 1873, and 1874:—

| | |
|--|--------------------|
| Amount in circulation, £2,946,100— | |
| £2,946,100 at 101 = £2,975,561— | |
| Interest from the 1st February to the 30th April (eighty-nine days), on the above, at 4 per cent. | 29,021 15 10 |
| Six months' interest on the above (1st May to the 1st November), at 4 per cent. | 59,511 4 5 |
| Total, 1886-87 | £88,533 0 3 |

Interest payable had no conversion taken place, £132,574 10s.; saving in interest charge for financial year 1886-87, £44,041 9s. 9d.

SUMMARY showing the Total Saving in Interest, assuming that all Bonds are converted.

| | £ | s. | d. |
|--|-----------------|----------|----------|
| 5-per-cent. Consols | 23,828 | 13 | 0 |
| 5-per-cent. Loan of 1863 | 6,333 | 19 | 3 |
| 5-per-cent. Ten-forties of 1876-77 | 74,353 | 9 | 10 |
| 5-per-cent. Loan of 1879 | 2,305 | 12 | 0 |
| 6-per-cent. Loan of 1860 | 1,719 | 18 | 7 |
| 6-per-cent. Loan of 1863 | 11,313 | 3 | 4 |
| 4½-per-cent. Five-thirties of 1870, 1873, and 1874 | 44,041 | 9 | 9 |
| Total | £168,896 | 5 | 9 |

7, Westminster Chambers, 5th February, 1886.

C. WRAY PALMER,
Audit Officer.

No. 64.

The LOAN AGENTS to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received 4th April.)

CONVERSION: Adhere to our proposal telegram February second. Loan Agents recommend that they be authorized to, firstly, arrange so as to provide paying residue four-and-a-half-per-cent. five-thirties; secondly, continue converting Consolidated Loan, 1867, and four-and-a-half-per-cent. five-thirties direct into inscribed stock without five-per-cent. bonds.

LOAN AGENTS,
London, 3rd.

No. 65.

The COLONIAL TREASURER to the LOAN AGENTS.

Loan Agents, London.

Wellington, 6th April.

CONVERSION: Consolidated Loan, 1867, four-and-a-half-per-cent. five-thirties, your proposals approved. Suggest consider if desirable announce before other options declared 30th April, but let me know immediately if you have arranged paying four-and-a-half-per-cent. five-thirties by syndicate without loan.

No. 66.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received 7th April.)

CONVERSION: Do not think this would be advisable fresh announcement. Have decided wait expiry options before settling about syndicate for four-and-a-half-per-cent. five-thirties.

LOAN AGENTS,
London, 6th.

No. 67.

The COLONIAL TREASURER to the AGENT-GENERAL.

Agent-General, London.

Wellington, 8th April.

If four-and-a-half-per-cent. five-thirties syndicate not settled immediately, bears will continue reduce prices, besides injuring conversion options end of month. This merely suggestion, leave decision entirely to your judgment.

No. 68.

The COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

Treasury, Wellington, 8th April, 1886.

WITH reference to your letters of the 3rd June last, No. 465, and 14th January, No. 36, with which you forwarded copies of correspondence with Messrs. Marshall, Paine, and Co., respecting an application made by them for payment of the amount of a bond for £200 which they had lost, I have the honour to inform you that it was found there was no legal authority under which a new bond could be issued, and steps were taken to bring in a Bill last session to remedy the defect, but it was not found possible to carry the matter through. It is now proposed to introduce a Bill early in the coming session, and I do not anticipate any difficulty in carrying the measure.

The Agent-General, London.

I have, &c.,
JULIUS VOGEL.

No. 69.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

GENTLEMEN,—

The Treasury, Wellington, 21st April, 1886.

I have the honour to acknowledge the receipt of your letter dated the 20th February last, No. 220, giving particulars of your proceedings in connection with the conversion operations recently sanctioned by the New Zealand Government, and have much pleasure in conveying to you the thanks of the Government for the able and satisfactory manner in which you have carried out the important duties devolving upon you.

I have examined the various tables of calculations you enclose, and fully appreciate their usefulness and value, and realize the object of the apparent anomalies to which you draw attention.

The New Zealand Loan and Stock Agents, London.

I have, &c.,
JULIUS VOGEL.

No. 70.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 12th March, 1886.

A letter signed "Mercator" appeared in yesterday's city article of the *Times* imputing to you the intention of raising a loan of eight or ten millions for three new lines of railway. It being necessary to take immediate notice of this statement, I wrote a letter to the *Times*, which you will find annexed. But I telegraphed to you strongly advising you to let me contradict "Mercator's" statement, as if left uncontradicted it would certainly do the colony great harm; for I did not feel justified in making public, without your leave, what you had telegraphed to the Stock Agents some time ago, about the amount to be raised when Parliament should have considered your financial proposals.

I had the satisfaction to receive your answering message this morning, and beg permission to express my thanks for so prompt a reply. You will see from to-day's city article that the *Times* expects "Mercator" to take up my challenge; and your message will enable me to make a statement which I feel sure will be well received by the market. I had interpreted, and, indeed had frequently explained in a private manner, your intended policy in exactly the sense you describe; and I hope I shall not be stepping beyond my province if, in the further letter which I shall no doubt have to write to the *Times* presently, I say that personally I entirely concur with it.

Copies of the telegrams are annexed.

The Hon. the Colonial Treasurer, Wellington.

I have, &c.,
F. D. BELL.*Copies of Telegrams referred to in No. 70.*

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received 12th March, 1886.)

LETTER *Times* you intend proposing new loan eight to ten millions. Strongly advise permission contradict immediately. London, 11th.

The COLONIAL TREASURER to the AGENT-GENERAL.

Agent-General, London.

(Received 12th March, 1886.)

HAVE spoken favour deciding railways for eight or ten years authorizing loan negotiable as required. Objects avoid yearly capricious changes, altering purposes, delayed returns, and spending money unproductively. If borrow this year not exceed million and a half, including Trunk Loan. Above outline my views, which English lenders should prefer to present desultory operations. Other colonies adopt similar plans. Inform me further course correspondence.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received 13th March, 1886.)

THANKS prompt message: had understood and frequently explained your intentions exactly that sense. London, 12th.

Enclosures in No. 70.[Extract from the *Times*, Thursday, 11th March, 1886.]

THE following refers to the finances of New Zealand: "SIR,—The Colonial Treasurer of New Zealand has foreshadowed the intention of raising a new loan of from £8,000,000 to £10,000,000, to construct, he states, three new lines of railway and to pay the interest thereon while the railways are in process of construction. I think, Sir, you and the investing public will agree with me that the colony is not warranted in doing anything of the sort. The Government debt exceeds already £30,000,000, or £58 per head for every colonist, young or old, in the country—four times that of Egypt, five times that of Turkey, and twice that of Spain—and the colony enjoys the unenviable distinction of being the most indebted country under the sun. To meet its present engagements taxation has reached the tensile point.

Customs duties are abundantly heavy, while those of stamps and legacies are not neglected, and over all there exists a property-tax assessed on the capital value, which in its ramifications literally embraces every kind or class of property, real or personal. It is true some of the land of the colony is very good; but the good is very limited in extent and is all alienated, leaving only the mountains and the disputed territory of the Maori King, a densely forest country, as an asset for the public creditor. Such, then, is the position of the colony in its public capacity; and I regret to say that the internal economic system, if anything, is less encouraging. To borrow money and batten on its expenditure has been a growing evil in the colony for many years past, and I can safely say that there is not one City Council, Municipality, County Council, Road Board, Harbour Board, or other corporate body which has not its own individual debt; and if to these we add the Government debt, the mortgages registered on private property (by no means modest), and the capital of banks and finance companies employed in the colony, the aggregate reaches £65,000,000, which, at a general average of $6\frac{1}{2}$ per cent., reaches the sum of over £4,000,000 of interest. And, as only £12,000,000 is registered as New Zealand capital, nearly the whole of that sum has to go annually out of the colony to pay the interest on public or private debts. In 1883 the exports amounted to £7,000,000; but since then the low price of grain and Indian competition have almost destroyed the cultivation of wheat for export, and the existing depression in price of wool will reduce the total value of exports for the current year to little more than £5,000,000, which represents the purchasing-power of the colony and the wherewithal to pay interest on her huge public and private debts, administer the government of the country, and maintain her free educational system of £600,000. The question to be considered is, Can she stand the present strain? rather than entertaining the idea of contracting new liabilities. Were there an influx of labour and capital to the colony, as in colonies situated nearer to the great centres of European populations, the burden, though great, might soon be relieved; but at present labour has to be found by the Government for the unemployed, and the introduction of new capital by private enterprise has long since ceased; indeed, it is no longer an open secret that much of the private lands have fallen into the hands of finance institutions for advances made in more prosperous times, and are now farmed directly on their account. The picture is a desponding one, but it is true, and the future is shadowed in doubt. It is true there is at the head of affairs a gentleman of great financial capacity, Sir Julius Vogel, well known in London monetary circles; but his great energy and wisdom, I think, would be better employed in husbanding the colony as he now finds it rather than in increasing a burden out of all proportion to the population and resources of the colony.—Yours, &c., MERCATOR."

[Extract from the *Times*, Friday, 12th March, 1886.]

THE subjoined letter from Sir F. Dillon Bell replies to the letter from "Mercator" in yesterday's article. Its terms seem to us unnecessarily fierce; but perhaps Sir Francis thinks that the Government of New Zealand is charged with an unconstitutional desire to raise a loan without consent of the Legislature of the colony. Our correspondent ought, of course, to have written "the intention of asking for power to raise," and not "the intention of raising" a loan. That they are thinking of issuing a new loan before long is, we believe, matter of common knowledge. No doubt "Mercator," however, will reply to this brusque challenge, and we hope he will imitate the commendable brevity of Sir Francis's letter: "March 11.—SIR,—The fact of your having admitted the letter signed 'Mercator' into your columns induces me to depart from my usual rule not to notice anonymous statements. With your correspondent's opinions I have nothing to do, but he pretends to announce in express and specific terms that my Government has 'foreshadowed the intention of raising a new loan of from £8,000,000 to £10,000,000 to construct three new lines of railway.' No one, I think, can be justified in asking the *Times* to let him make an announcement of that kind in its columns as a matter of fact without giving his authority. I challenge your correspondent to give the authority on which he has made it.—I am yours faithfully, F. D. BELL."

No. 71.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received 2nd May.)

CONVERSION, yesterday: Amount of 5-per-cent. debentures of loan of 1863 exchanged for 5-per-cent. bonds for six years, £43,600; for $112\frac{1}{2}$ 4-per-cent. inscribed stock, £65,600. Amount of debentures of 10-40 loan converted, £1,292,700. Amount of debentures of 5-per-cent. loan of 1879 converted, £136,000. Amount of debentures of 6-per-cent. loan of 1860 converted, £19,000. Amount of 6-per-cent. debentures of loan of 1863 converted, £114,400. London, 1st.

No. 72.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

Loan Agents, London.

Wellington, 3rd May, 1886.

CONVERSION: Satisfactory. Highly appreciate your management. What about syndicate pay off balance $4\frac{1}{2}$ -per-cent. five-thirties August?

No. 73.

Order in Council authorizing Creation of £251,020 3s. Stock, under "The Consolidated Stock Act, 1884."

W. F. DRUMMOND JERVOIS, Governor.

ORDER IN COUNCIL.

At the Government House, at Wellington, this sixth day of May, 1886.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS by an Act passed by the General Assembly of the Colony of New Zealand, the Short Title whereof is "The Consolidated Stock Act, 1884," it is, among other things, enacted that the said Act shall be incorporated with and read as a part of "The New Zealand Consolidated Stock Act, 1877," and that the Agents mentioned in the now reciting Act shall be the Agents from time to time appointed under "The New Zealand Consolidated Stock Act, 1877;" and by the now reciting Act it is also enacted that, in respect of the loans having sinking funds mentioned in the Schedule to such Act, the Colonial Treasurer shall, within each financial year ending on the thirty-first day of March, compute the amount which, from all sources, whether from contributions to the sinking fund or from the produce of accrued investments of the same, including the interest on drawn bonds, will accrue to increase the sinking fund of each loan within each year; and, upon such computation being approved by the Controller and Auditor-General, such amount shall be held to be

the amount of increase for the year in respect of each loan for the purposes of this Act; and it is further enacted that the first computation shall be made for the year ending on the thirty-first day of March, one thousand eight hundred and eighty-four, and that any error in the said computation for any year shall be adjusted in the year in which such error is ascertained, and shall be included in the computation for such last-mentioned year; and it is also enacted that the Governor in Council may authorize the creation of stock to the amount of the annual increases of sinking fund computed as therein provided: And whereas, of the loans mentioned in the Schedule to the said in part recited Act, those hereinafter set forth have sinking funds, and the Colonial Treasurer has, for the financial year ending on the thirty-first day of March, one thousand eight hundred and eighty-seven, computed the amount which, from all sources, as mentioned in the said Act, will accrue to increase the sinking fund of each loan for such year as follows, that is to say,—

| Name of Loan. | Amount of Annual Increase of Sinking Fund on each Loan. |
|---|---|
| | £ s. d. |
| "The New Zealand Loan Act, 1856" | 386 18 4 |
| "The New Zealand Loan Act, 1860" | 5,007 1 6 |
| "The New Zealand Loan Act, 1863" | 47,452 13 0 |
| "The Consolidated Loan Act, 1867" | 163,000 0 0 |
| "The Immigration and Public Works Loan Act, 1870" | 24,623 16 11 |
| "The Auckland Loan Act, 1863" | 1,399 17 5 |
| "The Wellington Loan Act, 1866" | 753 3 8 |
| "The Lyttelton and Christchurch Railway Loan Ordinance, 1860" | 4,270 17 4 |
| "The Canterbury Loan Ordinance, 1862" | 431 19 2 |
| "The Otago Loan Ordinance, 1862" | 3,693 15 8 |
| | 251,020 3 0 |

And whereas the computation so made as aforesaid was, on the fifth day of May instant, approved by the Controller and Auditor-General, as required by the said Act: And whereas it is expedient that the creation of stock should be authorized as hereinafter mentioned:

Now, therefore, His Excellency the Governor of the Colony of New Zealand, in pursuance and exercise of the power and authority vested in him by the said in part recited Act, and by and with the advice and consent of the Executive Council of the said colony, doth hereby authorize the creation of stock to the amount of two hundred and fifty-one thousand and twenty pounds three shillings, such amount being the total annual increases of sinking fund upon the loans hereinbefore mentioned for the year ending the thirty-first day of March, one thousand eight hundred and eighty-seven, computed in accordance with the said Act as aforesaid.

FORSTER GORING,
Clerk of the Executive Council.

MEMORANDUM showing the Computation of the Increases of the Sinking Funds of the Loans named in the Schedule in the attached Order in Council, dated May, 1886.

| Name of Loan. | Estimate for Year 1886-87. | Over or under Estimate for Year 1885-86.* | Net Estimated Increase |
|---|----------------------------|---|------------------------|
| | £ s. d. | £ s. d. | £ s. d. |
| "The New Zealand Loan Act, 1856" | 386 18 4 | | 386 18 4 |
| "The New Zealand Loan Act, 1860" | 5,161 2 11 | <i>154 1 5</i> | 5,007 1 6 |
| "The New Zealand Loan Act, 1863" | 47,452 13 0 | | 47,452 13 0 |
| "The Consolidated Loan Act, 1867" | 163,000 0 0 | | 163,000 0 0 |
| "The Immigration and Public Works Loan Act, 1870" | 24,623 16 11 | | 24,623 16 11 |
| "The Auckland Loan Act, 1863" | 1,405 13 1 | <i>5 15 8</i> | 1,399 17 5 |
| "The Wellington Loan Act, 1866" | 755 15 9 | <i>2 12 1</i> | 753 3 8 |
| "The Lyttelton and Christchurch Railway Loan Ordinance, 1860" | 4,170 1 11 | 100 15 5 | 4,270 17 4 |
| "The Canterbury Loan Ordinance, 1862" | 430 4 8 | 1 14 6 | 431 19 2 |
| "The Otago Loan Ordinance, 1862" | 3,667 13 2 | 26 2 6 | 3,693 15 8 |
| | 251,053 19 9 | 128 12 5 <i>162 9 2</i> | 251,020 3 0 |
| | | <i>33 16 9</i> | |

* Over estimate shown by italic figures; under estimate shown by Roman figures.

No. 74.

Order in Council authorizing the Colonial Treasurer to create Debentures for £251,000 in respect of Sinking Funds, under "The Consolidated Stock Act, 1884."

WM. F. DRUMMOND JERVOIS, Governor.

ORDER IN COUNCIL.

At the Government House, at Wellington, this sixth day of May, 1886.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS by an Act of the General Assembly of the Colony of New Zealand, the Short Title whereof is "The Consolidated Stock Act, 1884" (hereinafter referred to as "the said Act"), it is, among other things, enacted that so much of all the loans set forth in the Schedule thereto as were outstanding on the thirty-first day of March, one thousand eight hundred and eighty-four, together with the amount of twenty thousand nine hundred pounds of the General Purposes Loan, which fell due on the fifteenth day of October, one thousand eight hundred and eighty-four, should be and are thereby declared to be convertible into stock; and also that, pending the operations for converting loans and creating the stock authorized to be created under the provisions of the said Act and "The New Zealand Consolidated Stock Act, 1877," the Colonial Treasurer may, when so authorized by an Order in Council in that behalf, create debentures to an amount not exceeding in the whole the amount of such stock; and may borrow and raise moneys from time to time by the sale, hypothecation, or mortgage of such debentures, or may exchange the same for securities convertible under the said Act, as the Colonial Treasurer thinks fit; and that every such debenture shall bear interest at such rate not exceeding five pounds per centum per annum, and shall be in such form, and shall have a currency, not exceeding seven years, as the Colonial Treasurer directs: And whereas by an Order in Council made and issued under the sixth section of the said Act, on the date hereof, the creation of stock was authorized to the amount of two hundred and fifty-one thousand and twenty pounds three shillings, such amount being the total annual increases of sinking fund upon the loans therein mentioned for the year ending the thirty-first day of March, one thousand eight hundred and eighty-seven, computed under the said Act as aforesaid: And whereas it is expedient that the power to authorize the creation of the debentures under the said Act should be exercised in the manner hereinafter set forth, and that such debentures should be issued to an amount not exceeding the amount of stock authorized to be created as hereinbefore mentioned, and of certain other stock to be created under the hereinbefore recited provisions of the said Act: And whereas the amount for which it is proposed to create such debentures does not exceed in the whole the amount of stock authorized to be created under the said Act and "The New Zealand Consolidated Stock Act, 1877:"

Now, therefore, His Excellency the Governor of the Colony of New Zealand, in pursuance and exercise of the power and authority vested in him by the hereinbefore in part recited Act, and by and with the advice and consent of the Executive Council of the said colony, doth hereby authorize the Colonial Treasurer to create debentures to the amount of two hundred and fifty-one thousand pounds, for the purposes, in the manner, with the powers, and upon and subject to the terms and conditions in the hereinbefore in part recited Act particularly mentioned.

FORSTER GORING,
Clerk of the Executive Council.

No. 75.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 20th March, 1886.

In continuation of my letter of the 12th instant, No. 307, I transmit to you herewith an extract from the City Article of the *Times* of the 17th instant, containing the further letter which I addressed to the editor in respect to "Mercator's" financial strictures.

You will see that my letter follows the terms of your telegram of the 12th, and I have reason to think that it had a favourable effect upon the market. I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

Copy of Telegram despatched 18th March, 1886.

To Treasurer, New Zealand.

Times letter. Wrote accordance your telegram. I do not think much harm.

[Extract from the *Times*, Monday, 15th March, 1886.]

We have received a telegram from our correspondent "Mercator," dated Cannes, referring Sir Francis Bell to the public utterances of the Treasurer of New Zealand as the authority for asserting that the Government of the colony contemplate raising a new loan before long. We certainly think "Mercator's" inference from those utterances was reasonable.

[Extract from the *Times*, Wednesday, 17th March, 1886.]

THE subjoined letter refers to the finances of New Zealand. We are under no obligation to defend the exact terms of "Mercator's" original statement, which, as we ourselves pointed out, was loosely expressed; but the public are indebted to him for having been the means of obtaining some "specific allegations" as to the intentions of the Government of New Zealand from Sir Francis Bell which were much needed, considering the alarm which the "Ten Millions Loan" has excited in the colony itself:—"15th March.—Sir,—Your correspondent "Mercator's" specific allegation that there was 'an intention to raise a new loan of £8,000,000 to £10,000,000 for three new railways' now dwindles, as I expected, into a vague reference to a 'contemplated raising of a new loan before long.' Your correspondent has mistaken the meaning of the New Zealand Treasurer. What the Treasurer has advocated is a policy of settling once

for all what railways the colony means to construct in the next eight or ten years, and in what amounts the money is to be raised. The object is to avoid capricious changes, the delay of adequate returns, and the expenditure of money unproductively. A similar policy has been adopted by other colonies, and the Treasurer believes it would commend itself to investors here as preferable to uncertain and desultory operations. But it is not intended to ask for more than a million and a half this year, including the million for the North Island Trunk Railway, which was authorized in 1882, which the market has long expected, and which, as I said in a letter to you last January, will perhaps not be brought out until the New Zealand Parliament has considered the proposals of my Government in the coming session.—I have, &c., F. D. BELL."

No. 76.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, Wellington.

(Received 16th May, 1886.)

CONVERSION: Results computed actuaries. Firstly, augmentation debt, £164,381; secondly, annual reduction charge six years, £42,229, afterwards £46,842; thirdly, total reduction charge, £620,179.

London, 15th.

No. 77.

The COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

Treasury, New Zealand, Wellington, 21st May, 1886.

I have the honour to acknowledge the receipt of your letters Nos. 307 and 353, dated the 12th and 20th March last respectively, forwarding copies of the *Times* containing "Mercator's" letters on our finances, based upon rumours of proposals said to be intended to be made by the Government for raising a large loan, and of your replies thereto, and to thank you for your prompt action in dissipating the erroneous impressions as to our intentions which the statements were calculated to make, to the injury of the colony.

I have, &c.,

The Agent-General for New Zealand, London.

JULIUS VOGEL.

No. 78.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 5th April, 1886.

Adverting to previous letters on the same subject, I transmit to you herewith a list of New Zealand Government debentures which have been alleged at various times to be lost or stolen.

The Stock Agents have no power to issue new bonds in lieu of any that are alleged to be lost, nor to accept a declaration or indemnity from the holders. But if it should be thought desirable to allow lost bonds to be converted into stock upon receiving sufficient indemnity to the Government against possible future production, I would recommend a short Act being passed enabling this to be done, the form of indemnity to be first settled by counsel and approved by the Stock Agents, and the conversion to be made at par.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

Enclosure in No. 78.

STATEMENT OF NEW ZEALAND GOVERNMENT DEBENTURE BONDS which are stated to have been Lost or Stolen.

| Loans to which the Bonds belong. | Numbers of Bonds. | Amounts of Bonds. | Names and Addresses of the Owners. |
|----------------------------------|-------------------|--------------------|---|
| 5-per-cent. consolidated | 7534 | £100 | Thomas Ware, solicitor, 49, South Street, Cork. |
| 6-per-cent. March and September | 246, 2739, 2740 | £1,000, £200, £200 | John Douglas, care of Messrs. Lambton and Co., The Bank, Newcastle-on-Tyne. |
| 5-per-cent. 10-40 loan .. | 3076 | £500 | Percy Cannon, Crayford House, Crayford. |
| 4½-per-cent. 5-30 loan .. | 7472 | £200 | Messrs. Marshall, Paine, and Co., 1, Shorter's Court, E.C. |
| 5-per-cent. consolidated | 1105 | £200 | Mrs. Beyanna Rodgers, care of Messrs. A. Keyser and Co., 21, Cornhill, E.C. |

30th March, 1886.

No. 79.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 7th April, 1886.

The time having expired on the 30th March for holders of 5-per-cent. consols, and 4½-per-cent. five-thirties to exercise the options given to them in the general conversion now proceeding, we have to report that the amount of debentures of those loans sent in to be converted is as follows: Of consols—Exchanged for new 5-per-cent. bonds, £551,400; exchanged for inscribed stock, £38,200; total, £589,600. Of five-thirties—Exchanged for inscribed stock, £1,876,800.

Particulars of the denominations of the bonds are given in the enclosed statement, which we have received from the Bank of England. In addition, however, to these totals, there are a few outstanding cases in which we have authorized, or shall authorize, the bank to accept bonds for conversion, notwithstanding the expiration of the limit of time, being cases where trusteeships, orders of Court, or other reasonable grounds, are adduced by applicants. Particulars of these will be forwarded to you in due course.

We sent you a telegram on the 31st ultimo, to tell you of the amounts converted, and we append a few observations upon the result:—

1. *Consols.*

We trust that you will not have been disappointed at the amount of consol debentures sent in, for the remarks in our letters of 26th January and 20th February (Nos. 95 and 220) must have prepared you against expecting anything like a repetition of last year's success. There will always be a residuum of holders who refuse to convert, either because they do not like taking trouble, or because they prefer keeping their investment in securities that pass to bearer. We advertised widely, to make sure that the offer should reach as many holders as possible; and, as the terms were certainly deemed sufficiently favourable by the market itself, we think you may be confident that the operation has succeeded as well as there was any probability of its doing. Indeed, when you look at the results as a whole, there is reason to be very well satisfied. When we first opened the consols to conversion, there were bonds outstanding to the amount of £5,772,500. By the conversions of last year and this, and the operation of the sinking fund, the total amount outstanding has now been reduced to only £1,309,400. We are, in fact, approaching that natural extinction of the sinking fund, to which we have ourselves attached so much importance.

In the meanwhile, however, we see nothing to prevent your allowing consols-holders to continue coming in if they will. We should not recommend their having any option to exchange into new 5-per-cent. bonds, but those who like to convert direct into inscribed stock might well be permitted to do so. We accordingly telegraphed to you to that effect, and were glad to get your reply yesterday, approving what we proposed.

As soon as the option expired, the consols came back the 2 per cent. which they had gone up while the offer lasted.

2. *Five-thirties.*

In the case of the 4½-per-cent. five-thirties the bonds have come in fairly well, but holders have been influenced adversely by statements respecting the indebtedness of the colony which lately appeared in the city article of the *Times*. However, nearly two-thirds of the five-thirties have been sent in. The amount left outstanding at the close of the operation of September, 1883, was £2,946,100; and as £1,876,800 have come in now, there only remains a balance of £1,069,300 to be paid off, which is a manageable sum, so that no difficulty is probable in providing for it. In our letter of the 19th February last (No. 219) we said that we should probably advise the formation of a syndicate to take up the outstanding bonds, rather than raise money to pay them off ourselves. We telegraphed to you on the 3rd instant, confirming that advice, and were glad to get your answer yesterday approving that course. Having regard to the new loan to be brought out in the early autumn, we think it important to avoid offering by public notice the stock which it may be necessary to sell for paying off the residue of the 5-30s. We have no doubt of being able to dispose of the same favourably through a syndicate, and we have a precedent for avoiding publication in what we did in the arrangement we made with the Bank of England for paying off the 5-per-cent. 5-30s in 1884. But, after careful consideration, we have come to the conclusion that it will be best to take no step whatever until we know the results of the remaining conversions on the 30th April, at which time interest on the new stock will begin to accrue.

In the meanwhile, however, we recommend, as in the case of the consols, that any holders of 5-30s who wish to come in now should be allowed to convert direct into stock, notwithstanding the expiry of the time fixed; because it is well to avoid disturbing investment as far as possible; and it is especially desirable, in the case of a loan which is about to be paid off, to keep every holder we can in New Zealand securities.

3. *General.*

There are several points brought out by the conversion which invite comment, but we think it will be better to postpone what we have to say until the whole operation is completed at the 30th April, when we propose taking a general retrospect of what has been done since we began in 1883, and offering such advice as may be suitable for future action.

We have, &c.,

P. G. JULYAN,

F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Copies of Telegrams referred to in No. 79.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, New Zealand.

London, 31st March.

CONVERSION: Following totals converted: "Consolidated Loan, 1867," £589,600; 4½-per-cent. five-thirties £1,876,800. Agents for inscribed stock will consult you presently pursuant their telegram 2nd February. . .

The LOAN AGENTS to the COLONIAL TREASURER.

Treasurer, New Zealand.

London, 3rd April.

CONVERSION: Adhere to our proposal telegram February second. Loan Agents recommend that they be authorized to, firstly, arrange so as to provide paying residue four-and-a-half-per-cent. five-thirties; secondly, continue converting Consolidated Loan, 1867, and four-and-a-half-per-cent. five-thirties direct into inscribed stock without five-per-cent. bonds.

LOAN AGENTS.

The COLONIAL TREASURER to the LOAN AGENTS.

Loan Agents, London.

(Received 6th April.)

CONVERSION: Consolidated Loan, 1867, four-and-a-half-per-cent. five-thirties, your proposals approved. Suggest consider if desirable announce before other options declared 30th April, but let me know immediately if you have arranged paying four-and-a-half-per-cent. five-thirties by syndicate without loan.

Wellington, 6th.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

Treasurer, New Zealand.

London, 6th April.

CONVERSION: Do not think this would be advisable fresh announcement. Have decided wait expiry options before settling about syndicate for four-and-a-half-per-cent. five-thirties.

LOAN AGENTS.

Enclosure in No. 79.

PARTICULARS OF NEW ZEALAND DEBENTURES SENT IN FOR CONVERSION TO THE 30TH MARCH, 1886.

Five-per-cent. Consols Debentures.—To be exchanged for new debentures—1,070 of £100 each, £107,000; 472 of £200 each, £94,400; 442 of £500 each, £221,000; 129 of £1,000 each, £129,000: total, £551,400. To be exchanged for 4-per-cent. inscribed stock—84 of £100 each, £8,400; 24 of £200 each, £4,800; 18 of £500 each, £9,000; 16 of £1,000 each, £16,000: total, £38,200—grand total, £589,600.

Four-and-a-half-per-cent. Five-thirty Debentures.—To be exchanged for 4-per-cent. inscribed stock—2,434 of £100 each, £243,400; 652 of £200 each, £130,400; 1,180 of £500 each, £590,000; 913 of £1,000 each, £913,000: total, £1,876,800.

Bank of England, 31st March, 1886.

F. MAY, Chief Cashier.

No. 80.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 19th April, 1886.

We have to acknowledge receipt of your letter of the 26th February last, enclosing two Orders in Council authorizing the raising of £1,000,000 under the North Island Main Trunk Railway Loan Act of 1882, and appointing us Agents to raise the amount upon short-dated debentures.

We have, &c.,

P. G. JULYAN,

F. D. BELL,

Loan Agents.

The Hon. the Colonial Treasurer. Wellington.

No. 81.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 20th April, 1886.

I am glad to inform you that the Stock Exchange Committee have at last granted a quotation for the new consol bonds issued under the conversion of last year. There has been a good deal of difficulty in the way, of a purely technical kind, owing to the peculiar rules of the Stock Exchange; but it was overcome at last. The quotation for the fresh bonds created under the present conversion will now follow as a matter of course.

I have, &c.,

F. D. BELL.

The Hon. the Colonial Treasurer, Wellington.

No. 82.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 22nd April, 1886.

I herewith transmit copy (which I find has not been previously sent) of letter addressed by the Stock Agents to the Bank of England, authorizing the bank to take the necessary steps to carry out the conversions as announced, and setting forth the terms on which the bank conducts the operation.

I have, &c.,

F. D. BELL.

The Hon. the Colonial Treasurer, Wellington.

Enclosure in No. 82.

GENTLEMEN,—

7, Westminster Chambers, London, S.W., 12th February, 1886.

Adverting to the recent conferences between the Governors and ourselves, when the terms were settled on which certain further conversions of the public debt of New Zealand should be announced by the bank on our behalf, we have the honour to confirm the announcements thereof which you have caused to be published. It is unnecessary for us formally to recite again the authority under which we are acting, as this was fully set forth in our letter of the 5th March, 1885. We have now to request that you will be pleased to take the necessary steps to carry out the conversions as announced, to receive debentures sent in, and otherwise to give effect to the several operations. It is understood that the same initial charge is to be paid to the bank as in the case of previous conversions—namely, £600 per million, and that the charge for management is to be at the rate settled by the correspondence between the bank and the Agent-General in March and June, 1885—namely, £500 per million on the amount converted. As heretofore, you are authorized to allow a commission of $\frac{1}{4}$ per cent. to bankers, brokers, and others for the amounts sent in by them respectively for conversion.

We have, &c.

(For the Stock Agents),

F. D. BELL.

The Governor and Company of the Bank of England.

No. 83.

The COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

The Treasury, New Zealand, Wellington, 2nd June, 1886.

I have the honour to acknowledge the receipt of your letter of the 5th April last (No. 433) on the subject of lost bonds, in which you recommend the passing of a short Act enabling lost bonds to be converted into stock. I enclose copy of a Bill which is now before Parliament, from which you will see that the Government has been dealing with the subject in the direction you suggest, and as mentioned in my letter of the 8th April.

I have, &c.,

JULIUS VOGEL.

The Agent-General for New Zealand, London.

No. 84.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 17th May, 1886.

In their letter of the 7th instant, No. 576, the Stock Agents referred to the injurious effect upon the market of a leading article which had appeared in the *Standard*, but stated that they had come to the conclusion not to make any formal answer to it.

A good number of people, however, largely interested in New Zealand securities pressed upon me, as Agent-General, the expediency of reassuring the minds of investors upon two of the most prominent allegations in the article—namely, that interest on the public debt was being paid out of loans, and that no cultivation was going on in the country. Mr. Westgarth wrote me a letter, requesting information, and I enclose a copy of the correspondence, an extract from which appeared in the City Article of the *Times*. I have reason to believe that the effect produced was satisfactory, notwithstanding some criticisms in a financial paper, which I have not thought there was any need to notice.

The Hon. the Colonial Treasurer, Wellington.

I have, &c.,

F. D. BELL.

Enclosures in No. 84.

Mr. WESTGARTH to the AGENT-GENERAL.

DEAR SIR FRANCIS,—

8 Finch Lane, Threadneedle Street, London, E.C., 6th May, 1886.

Australian and New Zealand Debts and Securities.—Certain recent disparaging statements as to our Australian Colonies, and especially New Zealand, appear to me quite inaccurate on one point at least—namely, as to New Zealand paying the interest of her debt out of fresh borrowings, and not out of revenue. You are best able to enlighten us on that point.

Other statements as to New Zealand appear to me either much exaggerated or quite erroneous. For instance, cultivation, it is said, is being abandoned, the country settlers flocking into the towns to get wages out of the proceeds of the loans raised here. On the contrary, all my information is to the effect that, up even to the latest mails or telegrams, country settlement and cultivation extended at a pace not only exceeding, but even far exceeding, that of any other colony in the entire group.

I call your attention to statements about debt-repudiation which, if meant seriously, seem to me most unwarrantable. Mr. Froude, whose authority is quoted in this case, does mention one reckless-like person who expressed indifference on this subject. I expect that you can say something different from this for the honour of the colonists.

Regarding these colonies' public debts, it is too often ignored that they are all incurred substantially for reproductive works—almost wholly, in fact, for railways, which are thus in each colony the property of its Government. They are thus quite different from the debt of our country and of most others. In the two chief colonies, New South Wales and Victoria, the net railway receipts so nearly equal the interest of their entire debt that practically both colonies now stand debt-free. New Zealand, although not yet standing quite so favourably, is really not much behind. About one-fifth of her thirty millions of debt was sunk in Native wars, but as regards the remainder she can give a good account. From the latest railway returns—namely, up to the 31st March, 1885—I see that, for the year then ended, the net receipts had been a small fraction over 3 per cent. upon the railway outlay. The colony has latterly been borrowing at 4 per cent.; and the earlier loans, at higher interest, now gradually maturing, are replaced at this rate. I need hardly point out how this fact reduces the practical as compared with the nominal debt. Any one who is interested to see what New Zealand is turning out from her borrowed money should visit that grand exposition of colonial economic production which our Queen opened on the 4th instant at South Kensington.

Sir F. Dillon Bell, K.C.M.G., Agent-General for New Zealand.

I am, &c.,

W. WESTGARTH.

The AGENT-GENERAL to Mr. WESTGARTH.

DEAR MR. WESTGARTH,—

Kensington, 9th May, 1886.

I answer with pleasure the questions you put in your letter.

As to the statement that the interest on the New Zealand public debt is paid out of loan, it is sheer nonsense. Our ordinary and territorial revenue for the five financial years ending 1885 amounted to £17,403,600, and the interest on the public debt to £6,905,400, besides upwards of £613,000 paid for sinking fund.

As to country settlement and occupation: Throughout Australasia there is a tendency to gather into the towns; but cultivation grows apace all the same. The cultivated area in New Zealand has long been increasing at the rate of hundreds of thousands of acres every year. These are the figures since 1880: In 1880, 4,506,000; in 1881, 4,786,000; in 1882, 5,189,000; in 1883, 5,651,000; in 1884, 6,073,000; and in 1885, 6,551,000. Suppose that you were bringing new land under cultivation in England at the rate of thirty millions of acres every year, as your equality of proportion to population! In the same six years we grew nearly a hundred and seventeen million bushels of grain; last year (1885) we grew more than twenty million bushels. We cultivate our land and then lay it down to English grass, of which we have more than five million acres. Suppose you had three hundred millions of acres of sown grasses in England as your equality of proportion! We have now cultivated in New Zealand three hundred thousand more acres than the area of cultivated land, including land laid down to English grass, in the whole continent of Australia.

The number of separate occupied holdings over one acre in cultivation also grows every year. In 1881 it was 24,147; in 1882, 26,298; in 1883, 27,352; in 1884, 28,587; and in 1885, 29,814. Out of this last number 23,313 separate holdings were occupied by freeholders.

As to the railways: Our fifteen hundred miles now open for traffic have cost twelve millions, and they yielded for the financial year 1885 a net revenue of 3 per cent., leaving 1 per cent., or £120,000, to be made up. The direct yield per cent. of our lines will never be very great, because we have so many harbours that if we raise the rates the traffic goes by sea. But the indirect yield is too great to be easily measurable, for it is the secret of our large cultivation.

As to that silly stuff about repudiation, it would be comical if it were not so shameful. The real and personal property of the private settlers is now officially valued for the property-tax at £128,000,000, besides £12,000,000 belonging to municipal and other public bodies; to say nothing of the railways and other solid public works belonging to the State, or of the Crown lands. Mr. Froude was received in New Zealand with kindness and hospitality: the return he makes is to give the shelter of his fascinating pages to the raving of some nameless idiot. And now the power and influence of a great newspaper are lent to outrage a whole community without cause, by repeating the same calumny under the thin varnish of editorial disguise. But, as you say, the best answer to such stuff is the Exhibition. There, in friendly rivalry, side by side, the many Englands beyond the sea bring their gifts to the Fatherland, and in the splendour of their welcome can forget idle words which seek in vain to tarnish their honesty and good name.

W. Westgarth, Esq.

I am, &c.,

F. D. BELL.

[Extract from the *Times*, 13th May, 1886.]

THERE has lately been some correspondence between persons interested in New Zealand securities and Sir F. Dillon Bell, the Agent-General of that colony, who has sent a communication, from which we take the following extract, to Mr. Westgarth, of 8, Finch-lane, E.C.: "As to the statement that the interest on the New Zealand public debt is paid out of loan, it is sheer nonsense. Our ordinary and territorial revenue for the five financial years ending 1885

amounted to £17,403,600, and the interest on the public debt to £6,905,400, besides upwards of £613,000 paid for sinking fund. As to country settlement and occupation, throughout Australasia there is a tendency to gather into the towns; but cultivation grows apace all the same. The cultivated area in New Zealand has long been increasing at the rate of hundreds of thousands of acres every year. These are the figures since 1880: In 1880, 4,506,000; in 1881, 4,786,000; in 1882, 5,189,000; in 1883, 5,651,000; in 1884, 6,073,000; in 1885, 6,551,000. Suppose that you were bringing new land under cultivation in England at the rate of thirty millions of acres every year, as your equality of proportion to population! In the same six years we grew nearly a hundred and seventeen million bushels of grain; last year (1885) we grew more than twenty million bushels. We cultivate our land and then lay it down to English grass, of which we have more than five million acres. Suppose you had three hundred millions of acres of sown grasses in England as your equality of proportion! We have now cultivated in New Zealand three hundred thousand more acres than the area of cultivated land, including land laid down to English grass, in the whole continent of Australia. The number of separate occupied holdings over one acre in cultivation also grows every year. In 1881 it was 24,147; in 1882, 26,293; in 1883, 27,352; in 1884, 28,587; in 1885, 29,814. Out of this last number 23,313 separate holdings were occupied by freeholders. As to the railways, our fifteen hundred miles now open for traffic have cost twelve millions, and they yielded for the financial year 1885 a net revenue of 3 per cent., leaving 1 per cent., or £120,000, to be made up. The direct yield per cent. of our lines will never be very great, because we have so many harbours that if we raise the rates the traffic goes by sea. But the indirect yield is too great to be easily measurable, for it is the secret of our large cultivation. . . . The real and personal property of the private settlers is now officially valued for the property-tax at £128,000,000, besides £12,000,000 belonging to municipal and other public bodies; to say nothing of the railways and other solid public works belonging to the State or of the Crown lands."

[Extract from the *Economist*, 15th May, 1886.]

THE INDEBTEDNESS OF NEW ZEALAND.—Sir Francis Bell, the Agent-General for New Zealand, has, in reply to some criticisms upon the financial condition of that colony, written an exceedingly intemperate letter, which will do the cause he represents no good. By the violence of its language it is calculated to convey the impression that the writer finds argument difficult, and consequently elects to fall back upon abuse of his opponents. And when he does condescend to apply anything of the nature of argument and to use figures, the statements made are of the nature of those specious half-truths which are exceedingly apt to mislead. For instance, Sir Francis Bell characterizes the statement that the interest on the New Zealand debt is paid out of loans as "sheer nonsense;" and it is certainly the case, as he says, that the revenue of New Zealand for the five financial years ending 1885 amounted to £17,403,600, while the interest on the public debt was only £6,905,400, exclusive of £613,000 paid for sinking fund. But no mention is here made of the administrative charges of the colony, which have, of course, a first claim upon the revenue, and hence, with the ordinary expenditure left out, the figures given are worse than valueless. According to official figures, the total revenue, the expenditure out of revenue, and the expenditure out of loan for the four years ending 1884 have been as follows:—

| | 1884. | 1883. | 1882. | 1881. |
|---|-------------|-------------|-------------|-------------|
| Total revenue | £ 3,707,488 | £ 3,871,267 | £ 3,917,160 | £ 3,757,493 |
| Expenditure out of revenue | 4,101,318 | 3,924,005 | 3,824,735 | 3,675,797 |
| Excess or deficiency in revenue | -393,830 | -52,738 | +92,425 | +81,696 |
| "Expenditure out of loan" | 1,565,748 | 1,191,784 | 821,976 | 1,069,927 |

If the territorial revenue and expenditure be deducted from these figures, which should properly be done, the net results appear distinctly less favourable. It is plain, then, that the revenue has recently proved insufficient to meet the expenditure, and that the assertion which Sir Francis Bell so utterly scouts is not without some foundation. Again, the Agent-General refers to the large increase in the cultivated area in New Zealand; but, although there has been a considerable increase for some years past, it is as well to point out that the bulk of the increase has not been in arable land, but in land laid down to grass. And in speaking of this Sir Francis Bell compares New Zealand with Great Britain, as measured proportionally by population, forgetting that the same unreliable method could readily be used against himself. New Zealand, for instance, has about six hundred thousand inhabitants, or about one-sixtieth of the number of Great Britain; and the total colonial debt is just under thirty millions: so that to be on equal terms with the colony as regards indebtedness the debt of the Mother-country would have to amount to eighteen hundred millions, or two and a quarter times its actual amount. The debt-charge, moreover, of Great Britain, taken proportionally, would be about eighty-eight millions, or four times its actual amount. These comparisons show how very wide of the point Sir Francis Bell is in even the coolest part of his rejoinder. But, apart from comparisons of this kind, which can be made to support in a kind of way almost anything, there can be no doubt that reliable figures in reference to the financial position of the colony are far from satisfactory. As can be seen by the following figures, the indebtedness per head of population on the 31st December, 1884, is very high as compared with the other Australian Colonies: New Zealand, £58 4s. 8d.; New South Wales, £32 13s. 6d.; Queensland, £52 19s. 6d.; South Australia, £49 9s. 5d.; Tasmania, £24 10s. 7d.; Victoria, £28 12s. 9d.; Western Australia, £23 4s. 3d.; and, while thus heavily loaded with debt, and with the outlook far from clear, there is, unfortunately, a strong tendency on the part of the Government to borrow heavily and spend freely, instead of a disposition to adopt an opposite and a wiser policy. This naturally excites some anxiety, not only here, but also amongst those well qualified to form an opinion in the colony itself.

[Extract from the *Standard*, 17th May, 1886.]

THE *Economist*, dealing with some observations of the Agent-General for New Zealand, circulated with reference to the remarks of Mr. Froude and of the *Standard* upon the finances of that colony, contradicts his main assertion point-blank. Sir F. Dillon Bell characterized as "sheer nonsense" the statement of Mr. Froude's New Zealand informant that the interest of the debt is paid out of loans. The official figures of the colony show that, so far from being nonsense, this payment of current charges out of capital is increasing, and has become of the greatest possible significance to all who trust New Zealand with money. Here is the table:—

| | 1884. | 1883. | 1882. | 1881. |
|---|-------------|-------------|-------------|-------------|
| Total revenue | £ 3,707,488 | £ 3,871,267 | £ 3,917,160 | £ 3,757,493 |
| Expenditure out of revenue | 4,101,318 | 3,924,005 | 3,824,735 | 3,675,797 |
| Excess or deficiency in revenue | -393,830 | -52,738 | +92,425 | +81,696 |
| "Expenditure out of loan" | 1,565,748 | 1,191,784 | 821,976 | 1,069,927 |

If, as the *Economist* justly observes, the territorial revenue and expenditure were deducted from these figures, as they should be, the net result would be distinctly more unfavourable. It is well also to recall the fact that the debt of England, were it as heavy, head for head, as that of New Zealand, would require eighty-eight millions per

annum for its services. We make the proportionate amount considerably more; but this figure gives the New Zealanders the benefit of the Maori population. New Zealand, in short, and its imitators—Queensland and South Australia—are accumulating debt enormously, from the smallest farmer, with his mortgaged land, up to the great mortgage companies, which have millions locked up in the land and stock and house property—millions they could no more withdraw when called upon than they could squeeze water from the sands of the Arabian Desert. Valuations for rating, or any other purpose, based upon a foundation of this illusory kind may be at least as far from telling the truth as is any mention of New Zealand live stock which leaves out its rabbits.

[Extract from the *British Australasian*, 20th May, 1886.]

NEW ZEALAND FINANCE.—The letter which the Agent-General for New Zealand wrote last week to Mr. Westgarth, and which appeared in our columns under the heading of “*Standard Facts*,” is described by the *Economist* as intemperate, while the statements he makes are designated as “of the nature of those specious half-truths which are exceedingly apt to mislead.” Now, it is apparent that the letter in question was not addressed to the editor of any newspaper, but written in reply to a repeated request of a well-known member of the Stock Exchange, and in justification of his colony from published aspersions of a far more intemperate character. Indeed, the attack of the *Standard* upon New Zealand, which is brought to a climax in that curious simile “a community whose very life is jobbed away on the Stock Exchange with no more thought than if it was so much hemp”—the Stock Exchange having nothing to do with hemp—would be, as Sir Francis Bell put it, “comical, if it were not so shameful;” and if, in writing to Mr. Westgarth, he betrayed some irritation, it was very natural. However, this is only a side-issue. The *Economist* proceeds to quote the figures which, it is said, the Agent-General uses with the probability of misleading, and the *Standard* takes comfort to itself by quoting what the *Economist* has said. Let us, therefore, confine our remarks to the facts of the case, and, taking in turn each point raised, endeavour to see on which side the rights of the matter rest.

We read, “Sir Francis Bell characterizes the statement that the interest on the New Zealand debt is paid out of loans as ‘sheer nonsense;’ and it is certainly the case, as he says, that the revenue of New Zealand for the five financial years ending 1885 amounted to £17,403,600, while the interest on the public debt was only £6,905,400, exclusive of £613,000 paid for sinking fund. But no mention is here made of the administrative charges of the colony, which have, of course, a first claim upon the revenue, and hence, with the ordinary expenditure left out, the figures given are worse than valueless. According to official figures, the total revenue, the expenditure out of revenue, and the expenditure out of loan for the four years ending 1884 have been as follow:—

| | 1884. | 1883. | 1882. | 1881. |
|---|-------------|-------------|-------------|-------------|
| Total revenue | £ 3,707,488 | £ 3,871,267 | £ 3,917,160 | £ 3,757,493 |
| Expenditure out of revenue | 4,101,318 | 3,924,005 | 3,824,735 | 3,675,797 |
| Excess or deficiency in revenue | -393,830* | -52,738 | +92,425 | +81,696 |
| “Expenditure out of loan” | 1,565,748 | 1,191,784 | 821,976 | 1,069,927 |

* This deficit is incorrectly given: it should have been £146,130, the *Economist* including a further £247,700 saved by last year’s conversion of the consols in inscribed stock.

If the territorial revenue and expenditure be deducted from these figures, which should properly be done, the net results appear distinctly less favourable. It is plain, then, that the revenue has recently proved insufficient to meet the expenditure.” So it has on the four years named by £24,747, or about £6,100 a year; while the deficit of the Home Government during the past four years has been £3,389,000, or at the rate of £847,000 per annum. The point is, do such figures spell repudiation, as the *Standard* says they do? And, if in the case of New Zealand, why not at Home? Had New Zealand carried out her debt-conversion at the commencement of these four years she would have had a surplus instead of a deficit. In the year ended 31st March, 1886, New Zealand had an actual surplus of £97,000. Again, technically, the *Economist* is incorrect in stating that the debt-charge is not the primary charge; but, of course, administrative charges are admittedly a necessity, and we will grant, for the sake of argument, that the debt stands second to the necessities. But surely luxuries would stand third. Take, for instance, the expenditure for 1884, £4,101,319: we find it includes £336,178 for public instruction (including libraries and school-buildings), an outlay exceeding 12s. per head of the entire population. At the same rate the Home Government would be assisting education to the amount of £22,000,000 per annum; and if it became a question of debt-interest or of the grants for free libraries and school-buildings being curtailed, we are quite sure it would not be the bondholders who would have cause for complaint. But there are other items of expenditure in the same year which we should class as luxuries—charitable institutions, public works, including grants-in-aid, development of thermal springs, &c. These, if the pinch came, could be pruned down; only in arguing thus we are discussing eventualities that will never be raised. But the *Economist* refers to the territorial revenue, and says that it should not be classed as revenue at all. Let us see how this is. In the year 1884 that territorial revenue was £383,506, and was composed of land sales, £196,085, and licenses and rents, 187,454. Now, we hold that rents for the use of Crown lands are revenue of the most justifiable kind, and the matter in dispute is thus fined down to the remaining £196,085, representing actual sales of territory. The Government in their annual Financial Statements apply this money to specified public works under the title of the “Land Fund,” and it does not come into the ordinary revenue at all. The Agent-General in his letter to Mr. Westgarth excluded it, though evidently the *Economist* was under the impression he had not done so. But, while the point is a minor one, it is, at the same time, one not readily grasped in the Old Country. It is remarkable that land sold by any of the Australasian Governments yields a greater revenue to the State after its alienation than it did before. Taxation yields more to the Exchequer than rents; and thus parting with the fee-simple does not involve any loss, such as these critics appear to suppose. Altogether there is nothing in these land sales for the bondholders to fidget themselves about.

But the *Economist* has a good deal more to say. It points out that, though the Agent-General refers to the great increase in the cultivated area, that increase is not in arable land, but in pasturage. This is quite true—as regards grain-growing land more than true.

| | Land under Grain. | Land under Green Crops. | Grass-land. |
|--------------|-------------------|-------------------------|-------------|
| 1883 | 738,822 | 394,473 | 4,883,616 |
| 1885 | 664,540 | 467,701 | 5,315,504 |

In the Province of Canterbury alone between these years no less than sixty-seven thousand acres were converted from wheat to grass, and for the simple reason that, while grain-growing did not pay well, sheep-fattening did. During these two years not only were these sixty-seven thousand acres so utilized in Canterbury, but over two hundred thousand additional acres were ploughed and put under grass; and the remarkable growth of the frozen-meat trade in the face of all obstacles is one result of this change. New Zealand is a wonderful grass-growing country, and the actual decrease in the grain-area, taking into consideration the present trade with Europe, is in no way a bad sign.

The next point made by our contemporary is thus expressed: “Sir Francis Bell compares New Zealand with Great Britain, as measured proportionately by population, forgetting that the same unreliable method could readily be used against himself. New Zealand, for instance, has about six hundred thousand inhabitants, or about one-sixtieth of the number of Great Britain; and the total colonial debt is just under thirty millions: so that to be on equal terms with the colony as regards indebtedness the debt of the Mother-country would have to amount to eighteen hundred millions, or two and a quarter times its actual amount.” Now, we venture to call this an altogether unreliable comparison. New Zealand has with her money built her railways, which at Home have been

constructed by private enterprise at a cost of £801,464,000; and if we add this to the Home debt of £740,331,000, we have a total of £1,541,795,000, or £43 per head. But more costly at Home than the debt is the military and naval expenditure, which absorbs some £30,000,000 annually, or, proportionately, a good five times what New Zealand has to expend. So that under that head the colony is in a far better position than the Mother-country. We quite agree with the *Economist* that "comparisons of this kind can be made to support almost anything," and, such being the case, we are the more interested in impressing the right view of this important question upon British investors.

The final thrust is delivered in the following manner: "There can be no doubt that reliable figures in reference to the financial position of the colony are far from satisfactory. As can be seen by the following figures, the indebtedness per head of population is very high as compared with the other Australian Colonies." We have then set out the debt-figures per head of all the Australasian Colonies for the year 1884, and we have taken the liberty of adding those at this present date, May, 1886.

| | | | | | | | Debt per Head, as in the <i>Economist</i> , Dec. 31, 1884. | Debt per Head, May, 1886. |
|-----------------------------------|----|----|----|----|----|----|--|------------------------------|
| | | | | | | | £ s. d. | £ |
| New Zealand (exclusive of Maoris) | .. | .. | .. | .. | .. | .. | 58 4 8 | 54 |
| New South Wales | .. | .. | .. | .. | .. | .. | 32 13 6 | 36 |
| Queensland | .. | .. | .. | .. | .. | .. | 52 19 6 | 60 |
| South Australia | .. | .. | .. | .. | .. | .. | 49 9 5 | 57 |
| Tasmania | .. | .. | .. | .. | .. | .. | 24 10 7 | 30* |
| Victoria | .. | .. | .. | .. | .. | .. | 28 12 9 | 30 |
| Western Australia | .. | .. | .. | .. | .. | .. | 23 4 3 | 38 |

*Including guaranteed Main Line capital.

Now, the figures for May, 1886, are approximate, but for all practical purposes they are correct, and it is curious that the New Zealand statement actually shows a decrease per head. This is due to the circumstance that in the above £58 4s. 8d. no allowance is made for sinking funds, which, at the date named, had reduced the outstanding debt to £53 per head. Since 1884 New Zealand has borrowed £2,500,000 and added some forty thousand to the population, the two increases just about covering one another.

In the foregoing remarks we have dealt with every point raised by the *Economist*, and in doing so we hope we have made it clear what the true financial condition of New Zealand is. The colony has (but not in the past few years) borrowed considerably; and, as we hold it, now suffers more from a Protectionist policy and the recent decline in the value of wool and other produce than from aught else. When Sir Julius Vogel mooted a vigorous public works policy last autumn we were the first to oppose it—these are the times to move quietly; but there is no need to stop such an important work as the North Island Trunk Railway, and what is necessary for that purpose we shall doubtless in due time see obtained, none the less readily because the *Standard* has had the nightmare. It is not for the first time. By the way, how would the *Standard* explain the fact that the New Zealanders have been enabled to deposit with their bankers the sum of £10,051,347, in addition to the £2,091,897 deposited in their savings-banks (the Home equivalent for these deposits would be £720,000,000); while there are crowds of New Zealand companies paying good dividends, of which British capitalists do not even know the names. New Zealanders manage to have a good deal of cash and capital of their own somehow, even though they are likened by our ferocious contemporary to "the sands of the Arabian Desert."

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1. Name of insured
 2. Address of insured
 3. Date of birth of insured
 4. Sex of insured
 5. Occupation of insured
 6. Annual income of insured
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