III. Annual Reduction in Charge.

	First Six Years.	After 1892.
(1.) Consols	£16,313	£20,704
(2.) Five-thirties	7,885	7,885
(3.) Fives of 1914—		
Option 1; to 1892	411	
Afterwards		672
Option 2	945	945
(4.) Ten-forties	11,176	11,176
(5.) Fives of 1879	1,121	1,121
(6.) Sixes of 1891	4,779	4,779
Totals	£42,630	£47,282

IV. Total Reduction in Annual Charge.

(1.) Consols	£390,633
(2.) Five-thirties	149,815
(3.) Fives of 1914	43,710
(4.) Ten-forties	16,764
(5.) Fives of 1879	3,923
(6.) Sixes of 1891	23,895
Total	£628,740

V. Liquidation of Debt.—(Annual Sinking Fund to extinguish Augmentation.)

	£ s. d.	£ s. d.
(1.) Consols—		
Option 1	397 12 0	
Option 2	23 13 0	
		421 5 0
(2.) Five-thirties		341 1 0
(3.) Fives of 1914—		
Option 1	43 9 0	
Option 2	79 15 0	
		123 4 0
(4.) Ten-forties		380 10 0
(5.) Fives of 1879		51 19 0
(6.) Sixes of 1891—		
Loan of 1860	17 5 0	
Loan of 1863	103 19 0	
		121 4 0

In addition to the Actuaries' tables, we also transmit a computation by the Audit Officer showing the effect of the conversion upon the amount of interest which will come in course of payment during the financial year 1886–87. You will observe that this computation takes no note of the new 5-per-cent. bonds, as there is no variation in the interest in their case.

We cannot but think that the figures now given will strengthen the satisfaction you have already been pleased to express at the results of the conversion. An augmentation of £165,533 to the debt for a conversion of £4,162,600 is certainly not great, not being more than £3 19s. 6d. per cent; while a yearly reduction in charge of £42,630 up to 1892, and of £47,282 afterwards, is in itself an appreciable one, bringing up, as it does, when added to the reductions effected by the previous conversions of 1883 and 1885, the total saving to a sum which is certainly a very substantial relief to the finances of the colony.

We have, &c.,
P. G. Julyan,
F. D. Bell,
Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Enclosure 1 in No. 1.

The Agent-General to the Actuaries.

7, Westminster Chambers, 15th April, 1886.

Dear Sirs,—

The time for the options given to holders of the New Zealand consols and the 4½-per-cent five-thirties having now expired, I have to acquaint you that the following amounts of bonds of each issue have been sent in for conversion, viz.:—

1. Consols: To be exchanged for 5-per-cent. new bonds for six years, and then £107 of stock	£562,400	
To be converted at once into £106 stock	38,200	
		£600,600
2. Five-thirties: To be converted into £101 of stock		£1,890,700

I have now accordingly to request that you will make the same computation in each of these cases as you have done on previous occasions, showing the financial results of the operation to the colony.

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

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