1890.
NEW ZEALAND.

THREE AND A HALF PER CENT. CONVERSION LOAN OF 1889

(CORRESPONDENCE RELATIVE TO THE NEGOTIATION OF THE).

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., 26th November, 1888.

It will no doubt be in your recollection that when the Five-million Loan of 1879 was issued one of the conditions was that the debentures then created were to be paid off in ten years—that is to say, on the 1st November, 1889. The aggregate sum of £4,612,000 out of the total of five millions having, however, been converted into 4-per-cent. inscribed stock under other conditions of the issue, debentures to the extent of £388,000 only have to be provided for in November next year. The unfavourable state of the market for our inscribed stock which has so long prevailed puts any present renewal of large conversion operations out of the question, and must therefore continue to necessitate the postponement of any fresh one in the ten-forties; but I venture to bring under your notice these outstanding debentures of the Five-million Loan, as provision will have to be made for them betimes. In all probability the Loan Agents will shortly address you with any suggestions they may be able to make on the subject. Meanwhile it may be convenient to enclose a copy of the debenture of 1879.

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

The Hon. the Colonial Treasurer, Wellington.

No. 2.

The Agent-General to the Colonial Treasurer.

Sir,— 7, Westminster Chambers, London, S.W., 10th January, 1889.

Adverting to my letter of the 26th November, No. 1630, on the subject of the debentures for £388,000 of the Five-million Loan of 1879, I beg to be permitted to make the suggestion that, in the event of no general conversion including the ten-forties being practicable before the date when notice would have to be given for the latter series of bonds, it would be better to take up the £388,000 from the Bank of England and pay off the debentures of 1879. I have reason to believe that there would be no difficulty in doing this at 4 per cent., provided the bank-rate in October should not then be higher than it is now—namely, 4 per cent.

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

The Hon. the Colonial Treasurer, Wellington.

No. 3.

The Colonial Treasurer to the Agent-General.

Sir,— The Treasury, Wellington, 23rd March, 1889.

In reply to your letter of the 10th January last, No. 33, which my absence from Wellington has prevented me from answering earlier, I have the honour to state that the Government approve your suggestion to obtain from the Bank of England the £388,000 required to pay off, on 1st November next, the outstanding debentures of the Five-million Loan of 1879, pending the renewal of conversion operations which would include the ten-forty debentures. I accordingly authorise the Loan Agents to give effect to the proposal, and to arrange fitting terms with the Bank.

I have, &c.,
H. A. Atkinson.

The Agent-General for New Zealand, London.

No. 4.

The LOAN AND STOCK AGENTS to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 8th February, 1889.

The Stock Agents have for some time had under consideration the advice they ought to offer to the Government with respect to a conversion of the ten-forties. You are aware that six months' notice to call these bonds in for payment has to be given from the 1st March or the 1st September in any year, so that if any operation were contemplated now notice must very soon be given. For several reasons, we think it would be best not to attempt an operation at the present moment, but to postpone it at any rate until September; and by an early mail we shall submit to you the grounds on which we have come to that conclusion.

I have, &c.,
F. D. BELL,
For the Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

No. 5.

The LOAN AND STOCK AGENTS to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 22nd February, 1889.

We have frequently had under our consideration of late the question of whether it would be advisable to make any operation in the conversion of the ten-forties a present, and our conclusion is in the negative.

Your inscribed stock, which at the end of 1888 was at par, revived after the turn of the year, and touched 104; but the market has since been highly sensitive and fluctuating, and the stock is now heavy of sale at 102½.

According to the terms of the ten-forty bonds, they can only be called in for payment at six months' notice from the 1st March or the 1st September in any year, and, while we think it would not be desirable, at the present price of the inscribed stock, to offer any conversion without at the same time giving notice to pay off bonds that were not brought in, we also think it would be inexpedient to give any notice without its being accompanied by an offer to convert.

So far as we can understand, it is likely that the Chancellor of the Exchequer will in a short time waive his objection to the clause in the Liability of Trustees Act allowing the investment of trust-moneys in colonial stocks; and, assuming this to be the case, it may reasonably be expected, unless some political or financial scare intervenes, that the New Zealand 4-per-cent. stock will soon go up to 105, which would bring it among the securities in which such investments would be permitted; and, as provision must in any case be made before next October for paying off (without notice) the £388,000 outstanding bonds of the Five-million Loan of 1879, that operation might profitably be united to one in the ten-forties.

Again, it cannot be said that at this moment the political outlook is reassuring. There is till great anxiety throughout Europe as to whether peace will be preserved, and this anxiety is aggravated by the unsettled condition of affairs in France. Another trouble, special to New Zealand, also hangs over the market at present, from the uncertainty whether some of the local bodies in the colony, and especially the New Plymouth Harbour Board, may not find themselves unable to discharge their obligations to their English creditors. On the other hand, if peace should be preserved, and the recent signs of a revival in prosperity and improvement in the public revenue be confirmed, and if there should be no sudden scare about the local bodies, a conversion operation would obviously have a better prospect of success later on than it could have now.

Lastly, there is the important question whether we should not, in any new operation, introduce a 3½-per-cent. stock. At this moment such an attempt would not succeed, but it might be otherwise later on in the year; and, having regard to the arrangements which will have to be made before long in preparation for redeeming the outstanding portion of the sixes of 1891, as well as to the possible necessity which may arise for a new loan after March, 1891, it is, in our opinion, very desirable to reserve any operation for the present, in the hope that whenever one is made we may be able to make it in a 3½-per-cent. stock.

All these things point to the expediency of adjourning any financial operation for the present, and we trust that our advice to that effect will receive the concurrence of the Government.

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.

Treasurer, New Zealand. (Received 9th July, 1889.)

WITH reference to New Zealand loan, 1879, and 5-per-cent. 10-40 loan. Conference with the governors of the Bank to-day, when decided publish immediately notification paying off. The governors consent to bring out the loan (a 3½-per-cent. loan) October, aggregate amount required. The question is still unsettled whether Bank prospectus of the loan should include offer conversion. This can wait October. Instruct whether shall.

London, 8th July. LOAN AGENTS.

No. 7.

The Colonial Treasurer to the Loan and Stock Agents.

Loan Agents, London. Wellington, 10th July, 1889.

Message of 8th received. Your proposals approved. Government much gratified therewith, and thank you. With reference to inclusion Bank prospectus of the loan offers conversion, exercise your discretion.

No. 8.

The Loan and Stock Agents to the Colonial Treasurer.

Sir,— 7, Westminster Chambers, London, S.W., 12th July, 1889.

It will be in your recollection that among the reasons we had for advising you, in the early part of this year, to put off calling in the 10-40 bonds for payment was the hope that whenever the time came for operating we might close the issue of any more 4-per-cents, and make the first creation of a 3½-per-cent. stock.

A number of things lately combined to make us think the right moment had come for the double operation of calling in the ten-forties and paying off the outstanding bonds of 1879. It was necessary, however, to make sure that the Bank of England concurred with us, and would promise to issue a 3½-per-cent. stock, at the proper time, for the amount required—namely, about £2,600,000; and we are glad to say that, at a conference with the governors a few days ago, they consented to bring out a conversion loan accordingly in the early part of October.

An important point discussed at the conference was whether the loan should be issued simply to pay off the debentures in cash, and without giving an opportunity to the holders to convert, or whether the prospectus of the loan should contain an offer of terms of conversion. You will remember our saying last February that it would probably be inexpedient to call in the ten-forties without making such an offer; but of course everything depends on the state of the market at the moment, and, as there is no necessity for deciding the point now, it was agreed at the conference to leave it open till the time approaches for bringing out the loan.

We telegraphed the result of the conference to you on the 8th, and were much gratified by your approval of our proposals in such generous terms.

We shall, as on former occasions, send you in good time a set of special ciphers prepared to cover the points we shall have to decide, so that you may know the steps actually taken when bringing out the loan.

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

The Hon. the Colonial Treasurer, Wellington.

No. 9.

The Agent-General to the Colonial Treasurer.

Sir,— 7, Westminster Chambers, London, S.W., 26th July, 1889.

With reference to the Loan Agents' letter of the 12th instant, I beg to enclose copies of the notices we have issued calling in the outstanding bonds of the loan of 1879 and of the ten-forty series.

The appearance a few days ago of a Reuter's telegram from Wellington—of which a copy is also annexed—called the attention of the market to the fact of an operation being pending, and it may be said that the result has so far been favourable to the prospect of establishing the new 3½-per-cent. stock.

Meanwhile, the Actuaries have been desired to calculate the equivalent in the new 3½-per-cent. stock for £100 of the fours at the market price of the day within a range of quotations between 102 and 107 and at every ¼ per cent. of the range, on the supposition of a currency of fifty years from the 1st November, 1889.

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

The Hon. the Colonial Treasurer, Wellington.

Enclosure 1 in No. 9.

New Zealand.—To the holders of New Zealand Government 5-per-cent. ten-forty debentures issued under the Acts of the General Assembly of New Zealand intituled respectively "The New Zealand Loan Act, 1876," and "The New Zealand Loan Act, 1877."—The Government of New Zealand hereby give notice that the outstanding 5-per-cent. ten-forty debentures issued under the above Acts will be paid off at par on the 1st day of March, 1890, 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,
Penrose G. Julyan,
F. D. Bell,
Loan Agents of the said Government.

Westminster Chambers, London, 16th July, 1889.

Enclosure 2 in No. 9.

New Zealand.—To the holders of New Zealand Government 5-per-cent. debentures issued under the Act of the General Assembly of New Zealand intituled "The New Zealand Loan Act, 1879."—The Government of New Zealand hereby give notice that the outstanding 5-per-cent. debentures issued under the above Act will be paid off at par on the 1st day of November, 1889, 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,
Penrose G. Julyan,
F. D. Bell,
Loan Agents of the said Government.

Westminster Chambers, London, 16th July, 1889.

Enclosure 3 in No. 9.

[Extract from the *Times*, Friday, 19th July, 1889.]

New Zealand.—Wellington, 15th July.—It is understood that the New Zealand Government is negotiating with the Bank of England for the conversion of the £3,500,000 5-per-cent. debentures into 3½-per-cent. inscribed stock.

No. 10.

The Agent-General to the Colonial Treasurer.

Sir,— 7, Westminster Chambers, London, S.W., 9th August, 1889.

It was the intention of the Loan Agents to send you a set of special ciphers to cover the points they will have to decide when the new 3½-per-cent. conversion loan is brought out. But on trying to prepare these ciphers I find so much difficulty in forecasting at the present time the exact phrases we may have to use that I must give up the attempt. The ciphers already in the code are sufficient to convey what we shall have to state about the loan, except on the question of whether an offer of conversion is to be made to the bondholders; but it is just this question which may very likely have to be settled at the last moment, in a shape we do not think of, and ciphers prepared for it now may be of no use whatever in October. We should, of course, be glad to save any expense in telegraphing, but we must be content with the ciphers we already have.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington. F. D. Bell.

No. 11.

The Agent-General to the Colonial Treasurer.

Treasurer, New Zealand. (Received 8th October, 1889.)

Three-and-a-half-per-cent. Loan.—Cannot say certainly yet when the loan will be announced. Temporary financial scare has taken place in consequence of foreign requirements gold, and money-market is unsettled. Must wait a little time, until the financial horizon is clear.

London, 7th.

No. 12.

The Loan and Stock Agents to the Colonial Treasurer.

Treasurer, New Zealand. (Received 19th October, 1889.)

Three-and-a-half-per-cent. Loan.—The money-market having improved, it has been decided offer loan at once, without making proposals conversion. Accordingly, after several conferences with the governors of the Bank, the loan will be announced to-night. Total amount of the loan to be now raised, £2,700,000. The loan to be issued by tender. Bank of England brokers wanted price of issue fixed 94, but the minimum has been fixed at 95. Date of receiving tenders next Friday. New loan currency 50 years; interest, payable in London, commences January first. The instalments are as follow: 20 per cent. immediately, balance February; rate for paying-up under discount 2½.

Loan Agents, London, 18th.

No. 13.

The Agent-General to the Colonial Treasurer.

Treasurer, New Zealand. (Received 20th October, 1889.)

Three-and-a-half-per-cent. Loan.—Announcement well received; the Press comments are friendly; quoted 1¼–1¾ premium.

London, 19th.

No. 14.

The Agent-General to the Colonial Treasurer.

Treasurer, New Zealand. (Received 26th October, 1889.)

Three-and-a-half-per-cent. Loan.—Result unsatisfactory. Total amount tendered approximately £5,000,000, but prices poor. Tenders £95 8s. 6d. receive 21 per cent., remainder in full. Will cable average at which loan placed later.

London, 25th.

No. 15.

The Agent-General to the Colonial Treasurer.

Treasurer, New Zealand. (Received 28th October, 1889.)

Three-and-a-half-per-cent. Loan.—Number of tenders, 344; total amount tendered, £4,942,100; average at which loan placed, £95 16s. 8d.

London, 26th.

No. 16.

The Colonial Treasurer to the Loan and Stock Agents.

Loan and Stock Agents, London. Wellington, 31st October, 1889.

Three-and-a-half-per-cent. Loan.—Has it been yet arranged provide deficiency after costs and debentures paid?

No. 17.

The Agent-General to the Colonial Treasurer.

Treasurer, New Zealand. (Received 1st November, 1889.)

THREE-AND-A-HALF-PER-CENT. LOAN.—Yes; Agents for Inscribed Stock created three millions stock, so as to provide plenty. London, 31st October.

No. 18.

The Colonial Treasurer to the Loan and Stock Agents.

GENTLEMEN,— The Treasury, New Zealand, Wellington, 2nd November, 1889.

I have the honour to acknowledge the receipt of your telegram of the 18th ultimo, announcing your decision to float the $3\frac{1}{2}$-per-cent. conversion-loan of £2,700,000 on the 25th idem, and also of subsequent messages from the Agent-General reporting the result. Copies of the messages will be forwarded with a separate letter.

From the reports of the London money-market telegraphed to the colony there appeared to be a hopeful prospect of the loan being taken at a good deal above the minimum. When, therefore, it was found that the price realised was only £95 16s. 8d., or 16s. 8d. above the minimum, some slight disappointment was naturally felt. However, taking the surrounding circumstances into consideration, the price obtained is satisfactory, and I have to thank you for having successfully carried through an operation which marks a new departure in New Zealand finance.

I have, &c.,

G. F. RICHARDSON (for the Colonial Treasurer).

The New Zealand Loan and Stock Agents, London.

No. 19.

The Agent-General to the Colonial Treasurer.

SIR,— Westminster Chambers, 13, Victoria Street, London, S.W., 5th October, 1889.

The Loan Agents had hoped to be able to send you definite intelligence by this mail regarding the issue of the conversion-loan; but the stringency which has taken place in the money-market has made it impossible to do anything yet. Bank rate was put up to 5 per cent. on the withdrawal of large amounts of gold for South America and elsewhere, and it was thought that the Bank of England would have to raise the rate even higher. There now seems, however, to be a disposition to regard the stringency as being relieved, as the gold required for South America is likely to be got from Paris or New York. The Loan Agents cannot at this moment see their way clear, and it is possible that the issue of the loan may have to be postponed for a short time; in which case arrangements would have to be made with the Bank of England for temporary advances to pay off the £388,000 of debentures of the Five-million Loan which fall due on the 1st November. But the question must be settled within the next ten days, and long before this letter arrives you will have received a telegram informing you of what the Loan Agents have decided.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington. F. D. BELL.

No. 20.

The Agent-General to the Colonial Treasurer.

SIR,— Westminster Chambers, 13, Victoria Street, London, S.W., 31st October, 1889.

Your telegram to the Loan Agents of this date has just been received, inquiring whether arrangements had been made to provide for the deficiency there will be in the amount received in cash for the issue of £2,700,000 $3\frac{1}{2}$-per-cent. stock after the debentures and expenses are paid, and I have replied that the Stock Agents have provided plenty of margin by creating £3,000,000 of stock, of which the first £2,700,000 are sold. The formal instrument for creating the stock, and the declaration for the Inland Revenue, have been duly prepared by Messrs. Mackrell, and will be sent to you by next mail, after enrolment. (Meanwhile, I enclose a proof. The deeds were signed to-day, November 2nd.)

The customary instructions have also been given to the Bank of England authorising them to inscribe the stock according to the prospectus of the loan, and a copy is enclosed herewith.

We considered it best to create three millions of new stock, in order not only to give ample margin for present wants, but to allow of any operation that may have to be made for paying off other issues by-and-by.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington. F. D. BELL.

Enclosure in No. 20.

GENTLEMEN,— Westminster Chambers, 18th October, 1889.

At a conference to-day between the governors of the Bank and ourselves, being the Stock Agents of the New Zealand Government duly authorised under the provisions of "The New Zealand Consolidated Stock Act, 1877," it was agreed to make an issue of £2,700,000 of $3\frac{1}{2}$-per-cent. New Zealand inscribed stock, according to the terms of the prospectus of the same settled at the conference, for paying off the unconverted 5-per-cent. debentures of the New Zealand loan of 1879, amounting to £388,000, and the 5-per-cent. 10-40 debentures of the New Zealand loan of 1878, amounting to £2,207,300.

We have now accordingly to request that you will proceed with the issue of the said stock. The formal instruments for creating the same, and enrolling the necessary declaration thereof at the Inland Revenue, will be executed immediately, and copies of the same forwarded to you.

We have to request you to pay to the Commissioners of Inland Revenue the composition for stamp duty upon the stock, so as to enable the same after inscription to be transferred free of duty.

We authorise you to issue to the holders of the stock who may desire the same from time to time stock certificates to bearer, charging the same fees for such certificates as are payable in case of certificates for the Metropolitan Board of Works stock.

We also authorise you to transmit dividend warrants by post in the same manner and on the same conditions as dividend warrants for Imperial Government stock.

We also authorise you to pay the customary allowance of five shillings per cent. to the bankers, brokers, and agents on allotments of the stock made to them in pursuance of their tenders.

Lastly, we request you to transfer to the credit of the New Zealand Public Account at the Bank of New Zealand such sums as are received by you for subscriptions, retaining in your hands, until the accounts are closed, a sufficient amount to meet the Bank's charge for the issue, and other charges as heretofore paid by you on behalf of the New Zealand Government out of the proceeds of the New Zealand loans.

We have, &c.,
F. D. Bell,
P. G. Julyan,
Stock Agents of the New Zealand Government duly authorised to raise and manage loans issued under "The New Zealand Consolidated Stock Act, 1877."

The Governor and Company of the Bank of England.

No. 21.

The Loan and Stock Agents to the Colonial Treasurer.

Sir,— Westminster Chambers, 13, Victoria Street, London, S.W., 26th October, 1889.

We now beg to report the steps taken by us since we last addressed you on the 12th July for the issue of a new 3½-per-cent. inscribed stock, to pay off the outstanding debentures of the Five-million Loan of 1879 and of the 10-40 loan.

The first step was to call in these debentures for payment, which was accordingly done by notices published in the *London Gazette* of 6th and 30th August, and *Times* of 23rd July and 30th August, as well as in the principal other London papers.

Meanwhile we had come to the conclusion that the currency of the new stock should be fifty years, and the Actuaries were desired to construct a table, showing the equivalent issue price for such a stock, to yield the same interest to an investor as would be returned by the present 4-per-cent. inscribed stock at given market prices of the latter. A copy of that table is now enclosed.

During August the prospect seemed very fair of the new stock being favourably launched. The inscribed fours had risen steadily until they touched 109¼, a price which (after allowing for accrued dividend of about three months) would give a middle price of about 108. That price, however, did not last, and by the middle of September it had fallen away to 106½–7 ex dividend. Towards the end of September a sudden stringency set in upon heavy withdrawals of gold; bank rate was up to 5 per cent., with a prospect of its having to go to 6, and the market became very sensitive and unsettled. As fast as gold came in it was taken away; and a number of causes combined together to make it nearly certain that money would continue to be dear up to the end of the year, so that if we did not bring out the loan at once we must put it off till January. Thus we found ourselves suddenly met by unexpectedly adverse conditions.

Up to that time we had been clearly of opinion that the most advantageous course for the colony was to make the operation one of a cash loan, without offering terms of conversion to the debenture-holders; and, although the events which had changed the position so adversely to us made it our duty to reconsider very seriously the question of making such an offer, the balance of considerations was still against it, except on terms very advantageous to the holders, as we could not run any risk of finding ourselves compelled to raise a large sum in January after all, without any time left over which to spread the instalments. We therefore decided to wait a little time to see if the market improved.

The market took a turn for the better about the middle of October, and after several conferences with the governors of the Bank it seemed that the favourable moment had arrived; so we decided to bring out the loan at once.

The first point of difficulty was, of course, the minimum. We strongly pressed the governors to bring out the loan at a minimum of not less than 96, but the Bank's brokers advised them not to consent to a higher one than 94; at last, after several conferences, they agreed to a minimum of 95.

The next point was to decide the date from which interest on the new stock should begin to run, which was fixed at 1st January, 1890, with the first dividend payable next July. The effect of this is a little complex, as we now go on to explain.

As it was necessary to get in enough money to pay off the £388,000 of unconverted bonds of 1879 on the 1st November, and also desirable to have a substantial instalment paid up at once, we fixed 20 per cent. as the amount payable on the 5th November, leaving 80 per cent. to be paid on the 26th February, debentures of the 10-40 loan being received at par at that date as cash. Subscribers who may be desirous of paying up in full in cash (not bonds) may do so under discount at 2½ per cent., and get their stock inscribed at once. Thus the subscribers to the loan receive no interest on their first instalment of 20 per cent. for nearly two months to 31st December, but get nearly two months' interest afterwards on their stock, while they have till the 26th February to pay up. Broadly stated, the effect is this: (1.) The colony saves interest at 4½ per cent. on £388,000 for two months, that being the rate the Bank of England asked for a loan if the issue was put off till January. (2.) The colony gets interest from its own bankers for those two months on the balance between the £388,000 and the aggregate amount of the 20-per-cent. instalment, as well as on any instalments paid up in full in cash. (3.) The colony pays 3½ per cent. interest during January and February on the stock, in addition to the proportion of the coupon of the 10-40 debentures which belongs to those two months. (4.) The sum of the difference between the various debits and credits of interest and discount will come in by-and-by as part of the cost of the operation, to be defrayed, like the balance between par and the actual cash received, stamp duty, commission to the Bank of England, allowance of ¼ per cent. to bankers and brokers, and contingent expenses, by the sale of the requisite amount of stock.

The other details of the issue do not appear to require special remark. We beg to enclose the Bank prospectus as finally published on the 18th instant, together with a copy of the telegrams we sent you that evening, and on the 25th, informing you of the loan being brought out, and of the result.

The announcement was well received by the market, the scrip of the new stock being immediately quoted 2½ per cent. premium, and rising next day to 3 per cent. premium, which promised well for the average price of issue. Unfortunately, this expectation was not realised. There were 344 tenders, amounting to £4,942,100; but the prices were very poor, the result being that tenders at £95 8s. 6d. received 17 per cent., while the average was only £95 16s. 8d. We beg to enclose copy of a letter from the Bank containing a list of the allotments made, from which it will be seen that an issue of £2,700,000 of stock has only realised £2,587,538 17s. in cash.

We cannot doubt that you will have received the news of this result with much disappointment. It hardly seems worth while now for us to account for the adverse turn which the market so suddenly took. At the same time we ought, perhaps, to mention two points which had to be taken into account in placing a new stock for the first time upon the market. In the first place, the price of the day for the inscribed fours was 106½–7—that is to say, for a quotation of a £500 stock, not for a large issue. Roughly speaking, the minimum for such an issue could not safely have been put higher than from 1 to 1½ per cent. below the quotation of the day; for instance, if we had been making a further issue of inscribed fours, instead of new 3½-per-cents, we should certainly not have been able to fix the minimum higher than from 105 to 105½. Now, the Actuaries' table enclosed shows that, if existing fours were at 105, the equivalent in a new 3½ stock, with fifty years' currency, would be £94 3s. 2d.; if at 105¼, £94 8s. 2d.; if at 105½, £94 13s. 3d.; if at 105¾, £94 18s. 3d.; if at 106, £95 3s. 4d.; if at 106¼, £95 8s. 6d.; if at £106½, £95 13s. 7d.; if at 106¾, £95 18s. 9d.; if at 107, £96 3s. 11d. Supposing, therefore, that the issue had been made in fours, it would have taken an average of close upon 106¾ to equal the average at which the three-and-a-halfs have been placed; in other words, £2,700,000 of new 3½-per-cents have been placed at a price which is as nearly as possible an equation of the market price of the day for £500 of fours.

In the second place, a new stock must always be allowed some time to get established, and it would only be by exceptional good fortune that its starting-price should not be relatively a low one. The 3½-per-cent. scrip is quoted to-day 1½ premium, or 96½, and may reasonably be expected to improve before long. There were two things to be done—one to relieve the colony from having any longer to pay an excessive interest, the other to close the 4-per-cents and establish the 3½-per-cents; and though it has not been done without a disappointing diminution of 1 per cent in the issue price, still both objects have been attained, and a good market created in what for many years to come must be the stock in which any new operations will have to be made.

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

The Hon. the Colonial Treasurer, Wellington.

Enclosure 1 in No. 21.

New Zealand Government Debt.—Table showing the Equivalent Issue Price of a 3½-per-cent. Stock, redeemable at par at the end of Fifty Years, corresponding to the undershown Market Prices (ex div.) of the 4-per-cent. Inscribed Stock, redeemable at par at the end of Forty Years.

Market Price (ex div.) of £100 4-per-cent. Inscribed Stock (redeemable 40 years hence).	Equivalent Issue Price of a 3½-per-cent. Stock (redeemable at par 50 years hence).	Market Price (ex div.) of £100 4-per-cent. Inscribed Stock (redeemable 40 years hence).	Equivalent Issue Price of a 3½-per-cent. Stock (redeemable at par 50 years hence).
£	£ s. d.	£	£ s. d.
102	91 4 7	105¼	94 8 2
102¼	91 9 4	105½	94 13 3
102½	91 14 2	105¾	94 18 3
102¾	91 18 11	106	95 3 4
103	92 3 10	106¼	95 8 6
103¼	92 8 8	106½	95 13 7
103½	92 13 6	106¾	95 18 9
103¾	92 18 5	107	96 3 11
104	93 3 4	107¼	96 9 1
104¼	93 8 3	107½	96 14 4
104½	93 13 2	107¾	96 19 7
104¾	93 18 2	108	97 4 10
105	94 3 2		

A. H. Bailey,
Ralph P. Hardy.

31st July, 1889.

Enclosure 2 in No. 21.

Gentlemen,— Bank of England, London, E.C., 26th October, 1889.

I am directed to inform you that, in accordance with the terms of the advertisement dated the 18th October, 1889, tenders were received yesterday at the Bank of England for the issue of £2,700,000 New Zealand Government 3½-per-cent stock.

The applications amounted to £4,942,100, at prices varying from £100 to £95, the minimum. Tenders at £95 8s. 6d. receive about 17 per cent. of the amount applied for, those above that price being allotted in full. I forward herewith a statement of the amounts allotted, at the various prices.

I shall be glad to receive instructions as to the payment of the 5-per-cent. deposit on the accepted tenders.

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., C.B.,
Agents under the N.Z. Loan Acts 1882 and 1888.

New Zealand Three-and-a-half-per-cent. Loan of 1889, for £2,7000,000.—Statement of Amounts subscribed at the various accepted Prices.

Subscription.	Price.	Amount payable.	Subscription.	Price.	Amount payable.
£	£ s. d.	£ s. d.	£	£ s. d.	£ s. d.
2,100	100 0 0	2,100 0 0	89,200	96 1 6	85,698 18 0
200	99 0 0	198 0 0	262,800	96 1 0	252,419 8 0
300	98 5 0	294 15 0	34,000	96 0 6	32,648 10 0
1,000	98 1 6	980 15 0	199,000	96 0 0	191,040 0 0
1,000	98 1 0	980 10 0	5,300	95 19 6	5,086 13 6
1,300	98 0 0	1,274 0 0	6,000	95 19 0	5,757 0 0
1,000	97 5 0	972 10 0	107,000	95 18 6	102,639 15 0
1,000	97 1 6	970 15 0	7,000	95 18 0	6,713 0 0
11,700	97 0 0	11,349 0 0	65,400	95 17 6	62,702 5 0
100	96 18 6	96 18 6	76,000	95 17 0	72,846 0 0
700	96 15 0	677 5 0	45,000	95 16 6	43,121 5 0
200	96 13 6	193 7 0	13,000	95 16 0	12,454 0 0
4,000	96 12 6	3,865 0 0	59,200	95 15 6	56,698 16 0
10,000	96 10 6	9,652 10 0	57,600	95 15 0	55,152 0 0
9,100	96 10 0	8,781 10 0	40,000	95 14 6	38,290 0 0
300	96 9 6	289 8 6	4,000	95 14 0	3,828 0 0
5,200	96 8 6	5,014 2 0	94,000	95 13 6	89,934 10 0
20,300	96 7 6	19,564 2 6	8,500	95 13 0	8,130 5 0
25,000	96 7 0	24,087 10 0	114,600	95 12 6	109,586 5 0
32,500	96 6 6	31,305 12 6	175,500	95 12 0	167,778 0 0
75,000	96 6 0	72,225 0 0	7,200	95 11 6	6,881 8 0
44,000	96 5 6	42,361 0 0	182,000	95 11 0	173,901 0 0
20,500	96 5 0	19,731 5 0	26,700	95 10 6	25,505 3 6
3,000	96 4 0	2,886 0 0	137,700	95 10 0	131,503 10 0
128,000	96 3 6	123,104 0 0	50,000	95 9 6	47,737 10 0
16,000	96 3 0	15,384 0 0	5,000	95 9 0	4,772 10 0
51,600	96 2 6	49,600 10 0	335,000	95 8 6	319,673 15 0
28,200	96 2 0	27,100 4 0			
			£2,700,000		£2,587,538 17 0

Average price, £95 16s. 8·34d.

Bank of England, 26th October, 1889.

F. May, Chief Cashier.

Enclosure 3 in No. 21.

New Zealand Government £3½-per-cent. Stock.—Issue of £2,700,000, repayable at par 1st January, 1940.—Minimum Price of Issue, £95 per Cent.—First Dividend, being Six Months' Interest, payable 1st July, 1890.—Issued under the "New Zealand Consolidated Stock Act, 1877:" For the purpose of paying off the Balances unconverted of the New Zealand 5-per-cent. Loan of 1879, due 1st November, 1889, £388,000; and of the £5-per-cent. 10-40 Loan of 1878, due 1st March, 1890, £2,207,300.

The Governor and Company of the Bank of England give notice that, on behalf of the Agents appointed for raising and managing loans under the above Act (Sir Francis Dillon Bell, K.C.M.G., C.B., and Sir Penrose Goodchild Julyan, K.C.M.G., C.B.), they are authorised to receive tenders for £2,700,000 New Zealand Government £3½-per-cent. stock, repayable at par on the 1st January, 1940.

The books of the stock will be kept at the Bank of England, where all assignments and transfers will be made. Holders of the stock will be 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 will be free of stamp duty. The dividends on the stock will be payable at the Bank of England half-yearly, on 1st January and 1st July, and the first six months' interest, calculated upon the nominal amount of stock, will be payable 1st July, 1890. Dividend warrants will be 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 this 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 accepted. Tenders must be delivered at the Chief Cashier's Office, Bank of England, before 2 o'clock, on Friday, the 25th October, 1889. 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 £95 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 ratâ* diminution.

The dates at which the further payments on account of the said loan will be required are as follows: On Tuesday, the 5th November, 1889, so much as, when added to the deposit, will leave eighty pounds (sterling) to be paid for each hundred pounds of stock; on Wednesday, the 26th February, 1890, the balance of £80 per cent., which may be paid either in cash or in 5-per-cent. 10-40 bonds due 1st March next at par, ex the coupon. The instalments may be paid in full on or after the 5th November, 1889, under discount at the rate of £2½ 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 afer the 26th February, 1890, but scrip paid up in full, in anticipation, may be inscribed forthwith.

Applications must be upon the printed forms which may be obtained at the Chief Cashier's Office, Bank of England; and of Messrs. Mullens, Marshall and Co., 4, Lombard Street; and at the office of the Agent-General of New Zealand, 7, Westminster Chambers, S.W.

Bank of England, London, 18th October, 1889.

Enclosure 4 in No. 21

New Zealand Government £3½-per-cent. Stock.—Issue of £2,700,000 Stock.—Minimum Price, £95 per Cent.

To the Governor and Company of the Bank of England, London.

Having paid to you the sum of £ , being a deposit of £5* per cent. on this application, hereby tender for £† , say pounds of the above stock, for every hundred pounds of which willing to give the sum of pounds shillings and pence (£); and hereby engage to pay the balance of £80 per cent., when it shall become due, on any allotment that may be made in respect of this tender, in accordance with the terms of the prospectus dated 18th October, 1889.

Name in full:
Address:
Date:

N.B.—*Tenders will not be received after 2 o'clock on Friday, 25th October, 1889.*

No. 22.

The Loan and Stock Agents to the Colonial Treasurer.

Sir,— Westminster Chambers, 13, Victoria Street, London, S.W., 13th November, 1889.

We beg to transmit to you herewith six copies of the deed-poll by which we have created the new stock of £3,000,0000, together with the declaration we have enrolled at the Inland Revenue.

A copy of the formal letter addressed by us to the Bank of England was transmitted in the Agent-General's letter of 31st October (No. 1,307). We have, &c.,

(For the Stock Agents),
F. D. Bell.

The Hon. the Colonial Treasurer, Wellington.

Enclosure 1 in No. 22.

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, and a Companion of the Most Honourable Order of the Bath, 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 said General Assembly in any future session of the General Assembly authorising 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 prices 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 authorise 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 authorise 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 any conversion so authorised might be effected either by arrangement with the holders of the existing securities, or by purchase thereof out of moneys raised by a sale of the new stock, or partly in one way and partly in the other: And by the said Act it was further enacted that all stock and the dividends thereon, and all charges and expenses incurred in carrying out the provisions of the said Act, should be a charge on and be paid out of the Consolidated Fund: 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 Sir Penrose Goodchild Julyan, and of Sir Julius Vogel, a Knight Commander of the said Most Distinguished Order of Saint Michael and Saint George, and of Montagu Frederic Ommanney, Esquire, 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 authorised 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:

* The deposit must not be enclosed.
† Tenders to be for even hundreds of stock, and at prices that do not include fractions of a shilling other than sixpence.

And whereas various further amounts of New Zealand Consolidated Stock have from time to time been duly created by us, the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan, 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, the 1st day of January, 1885, the 1st day of June, 1885, the 20th day of May, 1886, the 6th day of October, 1886, and the 30th day of May, 1888, 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 been issued:

And whereas of New Zealand Consolidated Stock so created as aforesaid there has been issued the total amount of £24,564,255 of such stock and no more:

And whereas there are now outstanding and will shortly be due debentures representing the sum of £388,000 of the New Zealand 5-per-cent. loan 1879, and £2,207,300 of the 5-per-cent. 10-40 loan of 1878; and for the purpose of raising the necessary moneys to redeem such debentures, and other debentures of other New Zealand loans, and for the payment of the expenses of and attending the creation of the stock, we, the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan, in exercise and in pursuance of the powers and authorities in that behalf conferred upon us as aforesaid, have determined to create a further amount of not exceeding £3,000,000 of New Zealand Consolidated Stock, to be issued as hereinafter mentioned, and to be in addition to and to rank *pari passu* with the New Zealand Consolidated Stock which has been and shall hereafter be created and inscribed in the books of the governor and company of the Bank of England:

And whereas we have further determined that such further issue 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 hereinafter mentioned:

And whereas it is expedient that our determination to create such additional amount of £3,000,000 New Zealand Consolidated Stock, to be so issued and 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 Order in Council vested in us, do by these presents declare, that we have created a further amount of £3,000,000 sterling of capital stock, to be called "New Zealand Consolidated Stock," in addition to and to rank *pari passu* with the said New Zealand Consolidated Stock heretofore issued as aforesaid, during the existence thereof, and with such further amount of New Zealand Consolidated Stock as may 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 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 raised by us, the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan, as aforesaid, shall be issued to such subscribers at the rate of £100 of stock for every nominal amount of £100 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 the interest or dividend to be paid on the said further amount of £3,000,000 sterling of stock so created by us as last aforesaid shall be at the rate of £3 10s. per centum per annum, and shall be payable half-yearly at the Bank of England on the 1st day of January and the 1st day of July in each year until the 1st day of January, 1940, and that the first half of a year's interest or dividend shall be payable on the 1st day of July, 1890: And, further, that on the said 1st day of January, 1940, 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 31st day of October, 1889.

Signed, sealed, and delivered by the above-named Sir Francis Dillon Bell in the presence of LEONARD J. MATON, Solicitor, 21, Cannon Street, E.C. (L.S.) F. D. BELL.

Signed, sealed, and delivered by the above-named Sir Penrose Goodchild Julyan in the presence of WILLIAM FORD EDGELOW, Physician, Braddonfield Torquay. (L.S.) P. G. JULYAN.

Enclosure 2 in No. 22.

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 authorise 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 authorise 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:

(4.) Any conversion so authorised may be effected either by arrangement with the holders of existing securities or by purchase thereof out of moneys raised by a sale of new stock, or partly in one way and partly in the other.

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 purposes 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 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 Julyan, K.C.M.G., C.B., Sir Julius Vogel, K.C.M.G., and Montagu Frederic Ommanney, Esquire, 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 authorised 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 Julyan, 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 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 Julyan, acting as such Agents, and duly empowered as aforesaid upon the terms and conditions respectively mentioned in certain deeds-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, the 1st day of January, 1885, the 1st day of June, 1885, the 20th day of May, 1886, the 6th day of October, 1886, and the 30th day of May, 1888, 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 of New Zealand Consolidated Stock so created as aforesaid there has been issued the total amount of £24,564,255 of such stock and no more:

And it is hereby further declared that by a deed-poll bearing date the 31st day of October, 1889, 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 powers and authorities in that behalf conferred on them they had determined to create a further amount of not exceeding £3,000,000 of New Zealand Consolidated Stock for the purposes therein mentioned, they, in exercise and in pursuance of the powers by the said Order in Council vested in them, did, by the same deed-poll, declare that they had created a further amount of £3,000,000 sterling of capital stock, to be called "New Zealand Consolidated Stock," in addition to and to rank *pari passu* with the said New Zealand Consolidated Stock theretofore issued as aforesaid during the existence thereof, and with such further amount of New Zealand Consolidated Stock as might 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 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 that they 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 intended to be and about to be 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 the interest or dividend to be paid on the said further amount of £3,000,000 sterling of stock so created by them as last aforesaid should be at the rate of £3 10s. per centum per annum, and should be payable half-yearly at the Bank of England on the 1st day of January and the 1st day of July in each year until the 1st day of January, 1940, and that the first half of a year's interest or dividend should be payable on the 1st day of July, 1890: And that on the said 1st day of January, 1940, the capital should be repaid at par at the same place:

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 day of 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 stock mentioned in the 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 "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 1st day of November, 1889.

Signed by the above-named Sir Francis Dillon Bell, in the presence of LEONARD J. MATON, Solicitor, 21 Cannon Street, E.C. F. D. BELL.

Signed by the above-named Sir Penrose Goodchild Julyan, in the presence of WILLIAM FORD EDGELOW, Physician, Braddonfield, Torquay. P. G. JULYAN.

No. 23.

The Agent-General to the Colonial Treasurer.

Westminster Chambers, 13, Victoria Street, London, S.W.,
(Memorandum.) 15th November, 1889.

Three-and-a-half-per-cent. Loan.—The following are the payments made by the Bank of England to the Public Account on account of the $3\frac{1}{2}$-per-cent. loan: 29th October, £135,000; 29th October, £20,000; 31st October, £155,000; 4th November, £30,000; 5th November, £50,000; 6th November, £50,000; 7th November, £60,000; 12th November, £20,000; 13th November, £35,000: total, £555,000. F. D. Bell.

No. 24.

The Agent-General to the Colonial Treasurer.

Westminster Chambers, 13, Victoria Street, London, S.W.,
(Memorandum.) 30th November, 1889.

Three-and-a-half-per-cent. Loan.—In continuation of my memorandum of the 15th November, No. 1396, I beg to report the following payments made by the Bank of England to the Public Account on account of the $3\frac{1}{2}$-per-cent. loan: Amount already advised, £555,000; 15th November, £15,000; 21st November, £10,000: total, £580,000. F. D. Bell.

No. 25.

The Agent-General to the Colonial Treasurer.

Westminster Chambers, 13, Victoria Street, London, S.W.,
(Memorandum.) 13th December, 1889.

Three-and-a-half-per-cent. Loan.—In continuation of my memorandum, No. 1,503, of the 30th November, I beg to report the following payments made by the Bank of England to the Public Account on account of the $3\frac{1}{2}$-per-cent. loan: Amount already advised, £580,000; 4th December, £10,000; 10th December, £15,000: total, £605,000. F. D. Bell.

No. 26.

The Loan and Stock Agents to the Colonial Treasurer.

Sir,— Westminster Chambers, 13, Victoria Street, London, S.W., 11th December, 1889.

We have the honour to acknowledge the receipt of your letter of the 2nd November, No. 1, and we desire to express our thanks to the Government for its generous terms.

The anticipation mentioned in our letter of the 26th October, No. 1,306, that the new $3\frac{1}{2}$-per-cents would soon improve in price, has been realised, as business was done yesterday in the scrip at $3\frac{1}{8}$ premium ($18\frac{1}{2}$, 80 per cent. to be paid).

Up to the present date the sum of £605,000 has been paid into the Public Account of the loan. As the deposit and first instalment amounted to £427,538 17s., subscribers have paid up in full to the amount of about £220,000.

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

The Hon. the Colonial Treasurer, Wellington.

No. 27.

The Agent-General to the Colonial Treasurer.

Westminster Chambers, 13, Victoria Street, London, S.W.,
(Memorandum.) 10th January, 1890.

Three-and-a-half-per-cent. Loan.—In continuation of my memorandum, No. 1569, of the 13th ultimo, I now beg to report the following payments made by the Bank of England to the Public Account on account of the $3\frac{1}{2}$-per-cent. loan: Amount already advised, £605,000; 20th December, £10,000; 30th December, £20,000: total, £635,000. F. D. Bell.

No. 28.

The Agent-General to the Colonial Treasurer.

Treasurer, New Zealand. (Received 28th February, 1890.)

Three-and-a-half-per-cent. loan completed. Only £92,400 debentures deposited Bank of England towards last instalment. Remainder in full paid into Public Account. In round numbers million and a half debentures lodged Crown Agents, payment Saturday. Secondly, next Consol drawing, 7th March; amount repayable by Crown Agents paid into Public Account 15th.

London, 27th.

No. 29.

The Agent-General to the Colonial Treasurer.

Westminster Chambers, 13, Victoria Street, London, S.W.,
(Memorandum.) 7th February, 1890.

Three-and-a-half-per-cent. Loan.—In continuation of my memorandum, No. 36, of the 10th January, I now beg to report the following payments made by the Bank of England to the Public Account on account of the 3½-per-cent. loan: Amount already advised, £635,000; 14th January, £10,000; 30th January, £10,000: total £655,000. The Hon. the Minister may perhaps have noticed that the state in which the money-market has been for some weeks past has caused a smart fall in the value of stocks generally. The New Zealand 3½-per-cent. scrip is only quoted 16½, (96½ when fully paid); and it is very fortunate that the loan was brought out in October, for it certainly could not have been put on the market now. F. D. Bell.

No. 30.

The Agent-General to the Colonial Treasurer.

Westminster Chambers, 13, Victoria Street, London, S.W.,
(Memorandum.) 7th March, 1890.

Three-and-a-half-per-cent. Loan.—In continuation of my memorandum, No. 195, of the 7th February, I now beg to report the following payments made by the Bank of England to the Public Account on account of the 3½-per-cent. loan: Amount already advised, £655,000; 14th February, £15,000; 25th February, £80,000; 26th February, £40,000; 27th February, £1,580,000; 28th February, £40,000: total £2,410,000. F. D. Bell.

No. 31.

The Agent-General to the Colonial Treasurer.

Sir,— Westminster Chambers, 13, Victoria Street, London, S.W., 7th March, 1890.

Pursuant to the terms of issue of the 3½-per-cent. conversion-loan, the last instalment of 80 per cent. was paid up in due course on the 26th ultimo.

The total sum paid into the Public Account by the Bank of England to date on account of the loan is £2,410,000, and I expect to receive in a few days the accounts from the Bank. The total amount of debentures of the 10-40 loan handed into the Bank in payment of the last instalment was only £92,400, so that the great bulk of the loan was paid up in cash; and the payment of so large a sum on one day, when the money-market was in a stringent state, was good business for the Bank, which lent the money out as fast as it came in at 6 per cent.

In the meantime 10-40 debentures were being sent in to the Crown Agents' office for payment, and up to this time £1,730,800 of them have been received, Commissioners' orders on the Public Account being issued to meet requisitions of the Crown Agents. The rate of deposit of debentures is now falling off in the usual way, and no doubt some time will elapse before the conversion is closed; the slower they come in now the better, as I do not want to sell stock till a better price can be got for it than the quotation of to-day—97 to 98.

I hope the Stock Agents may be able to send you the Bank of England's account by next mail, and to give approximately the financial results of the conversion on the lines of their letter of the 26th October last, No. 1306.

I have, &c.,
The Hon. the Colonial Treasurer, Wellington. F. D. Bell.

No. 32.

The Agent-General to the Colonial Treasurer.

Sir,— Westminster Chambers, 13, Victoria Street, London, S.W., 22nd March, 1890.

I beg to enclose copy of a letter from the Bank of England, covering the account relating to the conversion-loan of £2,700,000; the proceeds amounted to £2,587,631 9s. 11d., including a small sum for interest on instalments.

The formal report of the Stock Agents will go to you by next mail.

The 10-40 debentures, amounting to £92,400, which were paid in at the Bank of England instead of cash, will be forwarded in the next mail-box. It is in one sense a pity that so few debentures were paid in at the Bank, as the Crown-Agents' commission of ½ per cent. on paying off the great bulk of the 10-40 series will amount to a large sum, in addition to £1,940 for commission on paying off the £388,000 debentures of the Five-million Loan.

I take the opportunity of sending you two statements showing the present state of the account as between the Stock Agents and the Treasury in connection with the loan.

I have, &c.,
The Hon. the Colonial Treasurer, Wellington. F. D. Bell.

Enclosure 1 in No. 32.

Gentlemen,— Bank of England, E.C., 17th March, 1890.

The whole of the subscriptions to the New Zealand Government £3½-per-cent. loan of 1889 for £2,700,000 having been received, I now have the pleasure to forward you herein a statement of the receipts and payments in connection therewith, in which is included the Bank's charge for management. At the same time I forward the 5-per-cent. bonds, amounting to £92,400, which have been received in payment of a portion of the loan, as per list attached, the receipt of which be good enough to acknowledge.

I am, &c.,
F. May,
The Loan Agents for the Government of New Zealand, 7, Westminster Chambers, S.W. Chief Cashier.

LIST of NEW ZEALAND 5-PER-CENT. 10-40 BONDS received by the BANK OF ENGLAND in Part Payment of the Final Instalment of the New Zealand Government 3½-per-cent. Loan of 1889.

One Hundred Pounds.

1921	2256	2638	2853	3115	3217	3864	4485	4563
1932	2282	2646	2865	3143	3315	4179	4560	4688
1992	2482	2649	2890	3144	3626	4184	4561	4785
2179	2531	2699	2924	3170	3627	4284	4562	4970
2255	2634	2700	3088	3171	3720	4314		

Two Hundred Pounds.

1238	1493	1563	1707	1750	1799	1909	1931	1932
1438	1496	1667	1742					

Five Hundred Pounds.

942	1515	1724	2470	2780	3232	3464	3926	4151
996	1550	1833	2629	2818	3284	3502	3927	4152
1077	1567	1896	2647	2890	3287	3562	3954	4153
1138	1614	1897	2649	2891	3373	3591	4030	4192
1163	1669	1992	2651	2967	3374	3740	4031	4258
1195	1682	2052	2652	3068	3375	3786	4042	4278
1201	1706	2160	2661	3106	3376	3802	4084	4280
1341	1717	2162	2675	3130	3377	3855	4085	4281
1422	1722	2176	2683	3198	3378	3871	4089	4357
1472	1723	2304	2720	3199	3460	3925	4150	

One Thousand Pounds.

441	509	713	792	875	987	1081	1283	1474
447	517	714	811	915	1011	1146	1422	1492
453	686	720	812	920	1079	1185	1458	1596
467	708	763	823	922	1080	1186	1459	1597
508	712	788	828	924				

Summary.

43 of £100 each	£4,300
13 „ 200 „	2,600
89 „ 500 „	44,500
41 „ 1,000 „	41,000
186 bonds.	£92,000

Bank of England, 17th March, 1890. F. MAY.

The GOVERNOR and COMPANY of the BANK of ENGLAND in Account with the LOAN AGENTS of the GOVERNMENT of NEW ZEALAND.—Account of the Receipts and Payments in respect of the New Zealand Government £3½-per-cent. Consolidated Stock Loan of 1889 for £2,700,000.

Date	Receipts.	£ s. d.
1889. Oct. 25.	To Cash received for allotments at the various prices accepted	2,587,538 17 0
1890. Mar. 15.	Interest received on instalments unpaid on due dates	92 12 11
		£2,587,631 9 11

Date	Expenditure.	£ s. d.
1889. Oct. 29.	By Cash paid to the credit of the New Zealand Government with the Bank of New Zealand	2,300,964 18 7
1890. Mar. 16.		
1889. Nov. 5.	New Zealand Stock Agents' Conversion Account (repayment of advance) ..	155,000 0 0
	Final payment made by deposit of bonds ..	92,400 0 0
	Discount allowed on instalments paid in anticipation	1,609 12 0
	Cash paid to brokers and others for commission—viz., ¼% on £2,653,100 ..	6,632 15 0
	Cash paid the Receiver-General of Inland Revenue for composition of stamp duty	16,875 0 0
	Cash paid for advertisements	541 13 6
	Cash paid for five days' interest on advance of £155,000	84 18 8
	Cash paid for stamping scrip, &c.	22 12 2
	Cash paid to the Bank of England for management	13,500 0 0
		£2,587,631 9 11

Bank of England, 17th March, 1890. F. MAY, Chief Cashier.

Enclosure 2 in No. 32.

The STOCK AGENTS in Account with the PUBLIC ACCOUNT.—(Conversion of 1879 and 10-40 5-per-cent Bonds by issue of 3½-per-cent. Stock).

Receipts.	£ s. d.
To Cash paid by the Bank of England to the credit of the Public Account ..	2,455,964 18 7
	£2,455,964 18 7

Expenditure.	£ s. d.
By Commissioners' orders issued to meet payments of 1879 bonds	384,900 0 0
Commissioners' order issued to meet payments of commission (1879 bonds) to Crown Agents for the Colonies	1,924 10 0
Commissioners' orders issued to meet payments of 10-40 bonds ..	1,830,800 0 0
Balance due to the Stock Agents ..	238,340 8 7
	£2,455,964 18 7

21st March, 1890.

Enclosure 3 in No. 32.

STATEMENT showing the Amounts of RECEIPTS and PAYMENTS in respect to the Conversion of the 1879 and 10-40 Bonds by issue of 3½-per-cent. Stock.

Receipts.	£ s. d.	*Expenditure.*		£ s. d.
To Cash received for allotments at the various prices accepted for the £2,700,000 3½-per-cent. loan ..	2,587,538 17 0	By Amount of 1879 bonds to be paid off		388,000 0 0
Interest received on instalments unpaid on due dates	92 12 11	Amount of 10-40 bonds to be paid off		2,207,300 0 0
Balance required (to be provided by further issue of stock)	59,949 11 5	Expenses, discounts, stamp duty, &c., paid by Bank of England ..		39,266 11 4
		Expenses paid and payable by Stock Agents, say		500 0 0
		Commission payable to the Crown Agents—		
		½-per cent. on £388,000 1879 bonds ..	1,940 0 0	
		Ditto on £2,114,900 10-40 bonds ..	10,574 10 0	
				12,514 10 0
	£2,647,581 1 4			£2,647,581 1 4

21st March, 1890.

No. 33.

The AGENT-GENERAL to the COLONIAL TREASURER.

Westminster Chambers, 13, Victoria Street, London, S.W.,

(Memorandum.) 22nd March, 1890.

THREE-AND-A-HALF-PER-CENT. LOAN.—In continuation of my memorandum, No. 307, of the 7th March, I now beg to report the final payments made by the Bank of England to the Public Account on account of the 3½-per-cent. loan as follows: Amount already advised, £2,410,000; 13th March, £10,000; 15th March, £35,964 18s. 7d.: total £2,455,964 18s. 7d.

F. D. BELL.

No. 34.

The LOAN AND STOCK AGENTS to the COLONIAL TREASURER.

SIR,— Westminster Chambers, 13, Victoria Street, London, S.W., 15th April, 1890.

The financial transactions connected with the loan of £2,700,000 raised to pay off the outstanding debentures of the Five-million Loan of 1879 and the 10-40 series are now sufficiently advanced for an approximate estimate to be made of the results so far, as well as of what remains to be done to complete the conversion.

The total amount received by the Bank of England, including interest on overdue instalments, was as follows:—

	£	s.	d.
In cash	2,495,231	9	11
In 10-40 debentures	92,400	0	0
	2,587,631	9	11

The following charges were paid by the Bank out of the proceeds:—

	£	s.	d.
Discount on instalments in anticipation	1,609	12	0
Commission of ¼ per cent. to bankers and brokers ...	6,632	15	0
Inland Revenue, stamp duty	16,875	0	0
Advertisements	541	13	6
Stamping scrip	22	12	2
Bank of England charge for issue, ½ per cent.	13,500	0	0
Bank of England: Interest on an advance of £155,000 for five days made to the Stock Agents, as reported by the Agent-General in his letter of 2nd November, 1889, No. 1363	84	18	8
	£39,266	11	4

In addition, the following expenses have been paid by us:—

	£	s.	d.
Crown Agents' commission of ½ per cent. on paying off the bonds of 1879	1,924	10	0
Sundry payments by Stock Agents, say	350	8	0
	£2,274	10	0

So far as is at present ascertained there are also the following liabilities to come in:—

	£	s.	d.
Crown Agents' commission on balance of the bonds of 1879 ...	15	10	0
Crown Agents' commission on 10-40 bonds paid off ... ... Crown Agents' commission on balance of 10-40 bonds ...	10,574	10	0
Stamp duty, &c., on issue of balance of stock required, say ...	525	0	0
Sundries, say	250	0	0
	£11,365	0	0

The charges, therefore, already paid or known to be due in respect of the conversion may be approximately put at the sum of £53,000. When the loan was placed on the market it seemed likely that a considerable amount of the second (and last) instalment of the 80 per cent. would be paid up in 10-40 debentures; but, owing to the unexpected stringency in the money-market at the end of the year, when the bank-rate had to be put up to 6 per cent., only £92,400 was so paid up. In one respect this was a disadvantage to the conversion, as the bulk of the 10-40s had to be paid off in cash by the Crown Agents, who thereupon became entitled to their commission of ½ per cent., a charge which under our arrangements with the Bank of England would have been saved if the bonds had been handed in to the Bank.

The debentures paid into the Bank will be sent out by the s.s. "Rimutaka," leaving London on the 1st of May. The debentures paid off by the Crown Agents are being de-registered, and will be sent out later on.

The total amount of debentures of both series paid off to this date is as follows:—

	£	s.	d.
Debentures of 1879	385,900	0	0
10-40 debentures	1,977,400	0	0
	£2,363,300	0	0
Leaving still outstanding—			
Debentures of 1879	2,100	0	0
10-40 debentures	229,900	0	0
	£232,000	0	0

If you will now do us the favour of turning to that part of our letter of the 26th October, 1889, No. 1306, which referred to taking an account of debits and credits of interest and discount, our anticipations of that time have resulted approximately as follows:—

	£	£	s.	d.
Debits—				
1. Interest to Bank of England on £155,000 borrowed by Stock Agents, five days at 4 per cent.		84	18	8
2. Interest on the stock from 1st January to 26th February, when last instalment paid, as the coupon of the 10-40s was running at the same time, fifty-seven days at 3½ per cent.		14,342	0	0
3. Discount allowed on payment of instalments		1,609	12	0
		£16,036	10	8
Credits—				
1. Interest saved to colony on £388,000 (see despatch of 26th October), at 4½ per cent., two months ...	2,910			
2. Interest on amounts credited to Public Account to 15th April	3,830			
3. Estimate of probable interest to be saved till both series paid off	1,000			
4. Estimate of interest to be saved on stock not yet issued	1,225			
		8,965	0	0
Approximate difference between debits and credits ...		£7,071	10	8

It results from the preceding figures that the general account of the conversion up to this date (15th April, 1890) stands approximately as follows:—

	£	£	s.	d.
Total amount received in cash and bonds		2,587,631	9	11
Against this total, debentures of 1879 have been paid off	385,900			
And 10-40 debentures have been paid off ...	1,997,400			
Debentures of both series to come in	232,000			
Charges which have been already paid, or estimated to be due on 15th April	52,906			
Difference of debits over credits	7,071			
		2,655,277	0	0
Deficiency to be met		£67,646	0	0

The creation of £3,000,000 of stock provided ample means for completing the conversion, and the only question is when stock shall be sold to meet the above deficiency. There is no necessity to do anything yet, as the 10-40 bonds are coming in slowly, and some interval will elapse before they are paid off. It will be in your recollection that the bonds of the 4½-per-cent. 5-30s took fifteen months to pay off, and the 5-per-cent. 5-30s twelve months, so that we do not expect to have to sell stock, at any rate, until after the first half-yearly interest day in July; and in case of need we shall be able to make any temporary financial arrangement in anticipation. The stock has been rising of late, and is now quoted at 98 to 99, so that it will most likely be an advantage to put off a sale as long as circumstances will permit.

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

The Hon. the Colonial Treasurer, Wellington.

[*Approximate Cost of Paper.*—Preparation, Nil; printing (1,200 copies), £11 12s.6d.]

By Authority: George Didsbury, Government Printer, Wellington.—1890.