

No. 2.

The AGENT-GENERAL to the PREMIER.

(No. 845.)

Westminster Chambers, 13, Victoria Street, London, S.W.,
29th May, 1891.

SIR,—

Since my last letter on the subject of the conversion the markets have continued to be so depressed that no further sales of stock have been possible at any price. The collapse of the Queensland loan for £2,500,000, even at a minimum which counting allowances was practically under 92, accentuated the fall that had already taken place; and, although a large influx of gold has taken place during the last fortnight, bank rate continues at 5 per cent., and the financial inquietude is still great, because the bulk of the gold must go to Russia, and the harvest prospects throughout Europe are so poor that a great drain of gold to the United States is sure to happen in the autumn.

Under these circumstances, you will no doubt be glad that the measures reported in my letter of the 15th instant (No. 785) were taken in time. In one respect I have had to make a slight change since, by reducing the amount of stock to be sold out of the sinking fund of 1863 from £130,000 to £100,000; the position of the fund having been altered by transfers of stock from the 1891 fund to the 1914 and 1915 funds, and the accruing contribution to the 1891 fund (due 15th June) having also to be taken into account. The Crown Agents have accordingly been instructed only to sell £100,000 between now and the 25th July, as will be seen from the annexed correspondence. But unless a revival takes place soon it may not be possible to sell even that amount, and I may have to reconstruct the financial arrangements that had been contemplated.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

Enclosure 1 in No. 2.

SIR,—

Crown Agents for the Colonies, Downing Street, 15th May, 1891.

I have to acknowledge the receipt of your letter dated the 11th instant, requesting us to make gradual sales of New Zealand 4-per-cent. inscribed stock on account of this fund to the extent of, say, £130,000, to be spread over the Stock Exchange settlements which will occur between this time and the 25th July next.

On reference to the account, it appears that at present there is on deposit £115,036, made up as follows:—

	£	s.	d.
Proceeds of stock sold to 1914 and 1915 sinking funds	12,912	0	0
Proceeds of £100,000 stock sold	102,124	0	0

115,036 0 0

And a contribution will be due to the 1891 fund on the 15th June next of .. 2,622 0 0

117,658 0 0

Add already paid to the Agent-General 110,817 0 0

£228,475 0 0

which, in regard to the sum of £348,200 required, would leave only about £114,725 to be provided by further sales of New Zealand inscribed stock.

We shall be glad to have your confirmation of this view, and would point out that the 15th June next is the date of redemption of £188,400, and not the 25th July, the date referred to at the close of your letter under reply.

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

I am, &c.,

Executive Trustee of the Sinking Fund of Loan of 1863.

M. F. OMMANNEY.

Enclosure 2 in No. 2.

GENTLEMEN,—

13, Victoria Street, 19th May, 1891.

I have to acknowledge the receipt of your letter of the 15th instant, in reply to mine of the 11th, on the subject of making a further sale of £130,000 stock from the sinking fund of the loan of 1863.

In writing to you on the 11th instant I had not taken into account the two sums of £12,912 and £2,622, making together £15,534, which have to be added to the proceeds of the sale of £100,000 stock last sold; and you rightly point out that, as the account now stands, we should be selling out more stock than is wanted if £130,000 were disposed of. I have accordingly to request that the amount to be sold may be reduced to only £100,000 for the present.

With regard to the last portion of your letter, it will be desirable not to make any change in the period over which the sales should be spread—viz., up to the 25th July—unless a favourable turn takes place in the market meanwhile. Provision has been made by the New Zealand Government for paying off the unconverted bonds of the June series, and it is better not to press sales at the low prices now ruling.

I have, &c.,

F. D. BELL,

Executive Trustee of the Sinking Fund of 1863 Loan.

The Crown Agents for the Colonies, Downing Street.

No. 3.

The AGENT-GENERAL to the PREMIER.

(No. 902.)

Westminster Chambers, 13, Victoria Street, London, S.W.,
10th June, 1891.

SIR,—

I have to acknowledge the receipt of your letter of the 16th April (No. 16), and of the debenture for £50,000 issued under the Westland Loan Act. In compliance with your directions, the certificate you sent of the due receipt of the debenture has been signed by the Audit officer and myself, and is returned herewith.

On receiving your letter, I cabled to you on the 1st June that there was a difficulty, because a debenture, to be convertible under the conversion prospectus of the 13th February, must have been then in existence, and the Bank of England would want to know why the original debentures were not surrendered with coupons attached, as required by the prospectus. Your reply of the 2nd June informed me that only scrip had been issued, without coupons, and that if a difficulty arose with the