

£85,000 of stock, and that no further sales had been effected. Of course I fully recognise that your financial arrangements connected with the present conversion were founded upon a gradual sale of stock, so as not to press unduly upon the market; at the same time I think it is right to inform you that at the present moment the "Conversion Account" in our books stands overdrawn to the amount of £259,286, and the Audit Office are anxious to know when this large overdraft is likely to be extinguished.

The Agent-General for New Zealand, London.

I have, &c.,

J. BALLANCE.

No. 7.

The AGENT-GENERAL to the PREMIER.

(Memorandum 961.)

Westminster Chambers, 13, Victoria-street, London, S.W.,
23rd June, 1891.

STOCK AGENTS' CONVERSION ACCOUNTS.

In the Stock Agents' letter to the Colonial Treasurer of the 15th July, 1885 (No. 867), they forwarded a correspondence with the Bank of England respecting a sum of £556 which had been paid to the Bank on account of £13,900 consol debentures drawn at that year's annual drawing, but converted under the condition of paying £4 per cent. in cash under the conversion prospectus of the 6th March, 1885. This sum of £556 was placed by the Bank to the credit of an old account opened by the former Stock Agents in 1880, where it has been lying ever since. It ought, of course, to have been seen at the time that the cash had not been passed to the credit of the present Stock Agents' account, and, above all, this ought to have been seen and corrected when the Stock Agents' accounts were transmitted to you last March. The amount will now be transferred to the credit of the proper account, and will appear in the next accounts of the Stock Agents.

F. D. BELL.

No. 8.

The AGENT-GENERAL to the PREMIER.

(No. 1009.)

Westminster Chambers, 13, Victoria Street, London, S.W.,
26th June, 1891.

SIR,—

You will have been glad to find from the message I sent you on the 22nd instant that the arrangements connected with the conversion are progressing satisfactorily; the details are given in a separate letter by this mail.

On receiving your telegram of the 22nd, inquiring as to the results of the conversion up to the 15th June, I replied giving you in round numbers the amounts respectively converted and paid off, and the amount realised from sales of 4-per-cent. stock in the sinking fund of the loan of 1863. It seemed a good opportunity to remind the Government that, as the Treasury will ultimately get back the whole sinking fund accretions of the loans included in the conversion, it is really immaterial how much of each loan is paid off or how much is converted, the result being the same in the long run.

The fall in the prices of all colonial stocks, and the langour in the market, have unavoidably prevented sales being made yet of the 3½-per-cent. conversion stock; but the improvement reported last mail has gone on during the last fortnight, so that I hope it will not be long before a beginning can be made in the sales. Bank rate was put down a week ago to 3 per cent. upon a further large influx of gold; in fact, more than eight millions of gold have come into the Bank since the middle of May, and less has been sent away than was expected. The markets have revived, New Zealand 4-per-cent. stock having come back to 103-104, and 3½-per-cent. to 93½-94½.

It would be very desirable if the Treasury arrangements in regard to investment of moneys belonging to the trust funds would allow of part of the conversion stock being taken up for a time. Naturally, after such a large amount of 4-per-cent. stock being sold by the Sinking Fund Trustees, the market for New Zealand securities is heavy, and if a portion of the conversion stock could be locked up even for a year the price for whatever is now sold would be better.

I have, &c.,

F. D. BELL.

The Hon. the Premier, Wellington.

No. 9.

The PREMIER to the AGENT-GENERAL.

(No. 41.)

SIR,—

Premier's Office, Wellington, 7th September, 1891.

With reference to the suggestion in your letter of the 26th June, No. 1009, that investment of moneys belonging to the trust funds might be made in the 3½-per-cent. stock, I have the honour to inform you that it would be difficult to persuade the Boards having the control of the funds of the Government Life Insurance Department and the Public Trust Office to accept such a low rate of interest, even temporarily, while, as the Post-Office Savings-bank continues to pay interest at 4½ per cent. on deposits, it is obvious the Postmaster-General would hesitate to invest in a 3½-per-cent. stock, even at a buying-rate of 94.

I have, &c.,

J. BALLANCE.

The Agent-General for New Zealand, London.