

No. 58.

The AGENT-GENERAL to the PREMIER.

(No. 621.)

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

SIR,—

20th April, 1892.

I beg to acknowledge the receipt of your letter No. 12, of the 25th February last, relating to the payment of interest in connection with the conversion taking place this year of the debentures which were issued in 1885 and 1886, and enclosing copy of a minute by Sir F. D. Bell giving his views on the subject.

No representation has up to the present date been made by any of the holders of these debentures as to the non-payment of interest for the intervening periods between their conversion into stock and the 1st May. Any such representations, if made at all, will more probably come in after the 1st May, when some of those holders of the stock who have not made themselves fully acquainted with the conditions as given on their face may for the first time realise that for a certain period they receive no interest on either the debentures or on the stock into which such debentures have been converted.

I am glad to be in possession of Sir F. D. Bell's minute, as he thereby plainly sets forth the principle on which the terms of the conversion in both 1885 and 1886 were settled.

At the same time I wish to point out, in reference to that part of the minute in which it is stated that any payment of fractional interest must not be treated as a Consolidated Fund charge, but simply as part of the cost of conversion, that such mode of dealing with the matter would not, as I understand it, be in accordance with the principle on which the Conversions Account, as between the Stock Agents and the Public Account, has hitherto been made out; as in previous accounts, while the Public Account has been credited when there has been an overlap of interest, it has on the other hand been debited when, in the process of the conversion, there has been a period during which no interest has been paid.

I desire to point this out, as in the Stock Agents' Account which will be prepared for the period ending the 30th September next the Public Account will be debited with the interest, which, in case no payment is made for the intervening periods already referred to, will thus apparently be saved.

I have, &c.,

The Hon. the Premier, Wellington.

W. B. PERCEVAL.

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