perceive makes it obligatory on the Treasury to do so; and the fact that in some cases bank orders have been made payable two or three days before the money was actually due is explained by Sunday intervening. But after all it is not of much consequence if the bank orders be antedated, as you are not called upon to exercise them until the day you require to provide the money due.

I quite concur in the opinion expressed by Mr. Kennaway that the Bank of England should not require us to provide the money for interest on our inscribed stock ten days before the interest is due, and I shall be glad if you will approach the Governor with the object of obtaining a modification of the existing arrangement.

I have, &c.,
W. P. Reeves,
For the Colonial Treasurer.

The Agent-General for New Zealand, London.

No. 3.

The Agent-General to the Premier.

(No. 405.)
Westminster Chambers, 13, Victoria Street, London, S.W.,
22nd March, 1892.

Sir,—

Referring to your letter, No. 61, of the 21st December last, instructing me to approach the Governor of the Bank of England with the object of obtaining a modification of the arrangement under which the amounts of interest on the New Zealand Public Debt domiciled thereat have to be deposited at the Bank ten days before the interest is due, I beg to state that, having communicated to the Bank your views in respect to the matter, I received a reply stating that, in the opinion of the Governors, the present was not a happy time for the consideration of so large a question, as any concession of the kind made in favour of New Zealand would have to be extended to other colonies and corporations.

To this I replied, showing that whatever may be the case with other colonies the present time was exceptionally opportune as regards New Zealand, for the favourable consideration of the matter, and, in order to bring it to a point, I suggested certain conditions under which the proposed modification could be adopted so as to be applicable to any colony or corporation that asked for a similar concession.

To this the Governors of the Bank replied that, having given my communication their fullest consideration, they were disposed to meet my request; and would, therefore, be satisfied if the moneys required for the interest were deposited two days (instead of ten) before it was due, provided that the Bank held at the time a sufficient amount of guaranteed debentures to cover the whole of the amount.

In mentioning "negotiable securities" in the proposal I made to the Bank I intended to include the drafts from the colony, which the Bank have so far discounted without demur. The Bank, however, limit such securities to the guaranteed debentures.

I think, however, the Government may be satisfied with the concession as proposed by the Bank, as one that virtually gives, as regards the future, all that was required.

I attach copy of memo. from the Audit Officer, showing that the saving in interest which is effected by this new arrangement may be estimated at £985 per annum, being eight days' interest at 3½ per cent. per annum on, say, £1,284,111.

I attach copy of the correspondence which has taken place with the Bank.

I have, &c.,
W. B. Perceval.

The Hon. the Premier, Wellington.

Enclosure 1 in No. 3.

Gentlemen,—
13, Victoria Street, 4th March, 1892.

In the arrangements that were made for the payment of the interest on the New Zealand Government stock domiciled at the Bank it was originally provided that the moneys required to meet the same should be deposited thereat one month prior to the date at which such interest became due, and this provision was subsequently modified to the extent of reducing the time within which such deposit should be made to ten days before that date.

I need scarcely point out that under this mode of payment the colony now loses interest for several days in each year on over a million and a quarter. At the same time I do not lose sight of the fact that the Bank by reducing the time is depriving itself of the use of the money for a short period. I imagine, however, that I am right in assuming that this mode of payment was originally required, not for the purpose of providing money for the use of the Bank, but in order that it may be in some measure assured that the money would be in its hands, ready to meet the interest when due.

I desire to represent, however, that under present arrangements as regards New Zealand, the Bank has the custody and the discounting of the drafts which are remitted from time to time from the colony for the purpose of providing the necessary funds to meet the interest, and that the Imperial guaranteed debentures are also deposited with it; and that, therefore, it may fairly be considered that a sufficient assurance is thus given without any further safeguard that the moneys required will be forthcoming at the proper time.

Under these circumstances, my Government are of opinion that they are justified in requesting the Bank to reconsider this provision, with the view of reducing the time within which the money shall be deposited to, say, one or two days prior to the due date of interest.

I therefore beg that you will do me the favour of giving this matter your careful consideration, and I trust that you will see your way to a determination in consonance with the views of my Government.

I have, &c.,
W. B. Perceval.

The Governor and Company, Bank of England.

Enclosure 2 in No. 3.

Sir,—
Bank of England, London, E.C., 8th March, 1892.

I have to acknowledge the receipt of your letter of the 4th instant, in which you convey a request on behalf of your Government that the Bank would reconsider the modified provision agreed upon between the Bank and your Government in June, 1885, under which the money is provided for the payment of dividends on New Zealand stock ten days before the dividends become payable.