

Having brought your letter before the Governors, I am directed to say that, in their opinion, the present is not a happy time for the consideration of so large a question, as any concession of the kind could not be granted to the New Zealand Government without its extension to other colonies and corporations which are under similar arrangements as to the provision for the dividends.

The Agent-General for New Zealand.

I am, &c.,

F. MAY, Chief Cashier.

*Enclosure 3 in No. 3.*

GENTLEMEN,—

13, Victoria Street, 18th March, 1892.

I have to acknowledge the receipt of Mr. May's letter of the 8th instant, in which he informs me that, in your opinion, the present is not a happy time for the consideration of the question which I did myself the honour of bringing under your notice in my letter of the 4th instant.

I certainly feel somewhat at a loss to understand the grounds on which you thus designate the present time. It may be that, in alluding to it in this way, you refer to circumstances which have occurred, or are occurring, in connection with other colonies and corporations, but of which I am not cognisant.

For, as regards the colony which I have the honour to represent, I feel justified in expressing a strong opinion that the present time is exceptionally opportune for the favourable consideration of the matter on the part of the Bank.

With regard to the colony's finance, I desire to state for your information that the remittances from the colony for the service of the Public Debt, already received and on their way, amount at the present time to £575,000 (not including the drafts for £100,000 which matured on the 11th instant) which by themselves are more than sufficient to meet the amounts payable through your Bank in April and May. Moreover, I would point out that my Government have now paid off the advance (£260,000) made by you in 1890-91, on the security of a portion of the £800,000 Imperial guaranteed debentures deposited at the Bank.

These debentures, I may remark, remaining in the hands of the Bank provide security for any temporary advances which may be required by my Government in order to meet the amounts of interest as they become due, thus, in my opinion, giving additional assurance that the money will be available at the right time, and placing the colony in a position which, I submit, can be very favourably compared with that of any other colony and corporation.

I would also take the opportunity of calling your attention to the colony's great increase in material prosperity, as evidenced by the value of its exports for the year 1890 as compared with previous years. In 1888 their value amounted to £7,767,000, while in 1890 it was £9,820,000—an increase of over £2,000,000. Meanwhile the imports had only increased by £320,000, being £5,941,900 in 1888, and £6,260,500 in 1890. I will not trouble you with further statistical evidence, but will content myself with saying that in other respects there is continued proof of the colony's great advance in material prosperity.

I may, I trust, be allowed under these circumstances to express my regret that the Bank adopts the principle of not granting any concession to New Zealand unless it can at the same time extend it to other colonies and corporations; and I venture, if you do not see your way to depart from such principle, to submit a proposal which could, I think, be made generally applicable.

My proposal is as follows, namely: That if negotiable securities, applicable for the purpose of meeting the whole or portion of the interest, are in the hands of the Bank on and during the ten days prior to the due date thereof, then and in such case the amount represented by such securities will not be required to be paid over to the Bank in cash earlier than one or two days before the said date.

I trust that this proposal will commend itself to your favourable consideration.

The Governor and Company, Bank of England, E.C.

I have, &c.,

W. B. PERCEVAL.

*Enclosure 4 in No. 3.*

SIR,—

Bank of England, London, E.C., 21st March, 1892.

I have to acknowledge the receipt of your letter of the 18th instant with further reference to the subject of your previous communication of the 4th instant.

The Governors have given the reasons set forth by you their fullest consideration, and in view of all the circumstances of the case they are disposed to meet your request. I am therefore directed to say that so long as the Bank hold an amount of guaranteed debentures sufficient to cover the whole of the interest ten days before it becomes payable they will be satisfied if the money required for the dividends be paid to the Bank two days before it is due.

The Agent-General for New Zealand.

I have, &c.,

F. MAY, Chief Cashier.

*Enclosure 5 in No. 3.*

MR. KENNAWAY,—

In continuance of our conversation yesterday with regard to the lodgment of interest-moneys at the Bank of England, I have worked out that our saving per annum at, say,  $3\frac{1}{2}$  per cent. (which I think a fair rate to adopt), will amount to £985. I append some figures which you might compare with your own and see how far they agree.

Interest on inscribed 4-per-cent. stock, in round numbers, from the 1st May next, I make to be £1,164,852 per annum, being interest on £29,121,302 stock.

The interest on  $3\frac{1}{2}$ -per-cent. stock will amount to £119,259, being interest on £3,407,397 stock. The total interest is, accordingly, £1,284,111, on a total amount of inscribed stock, £32,528,699.

The addition to the 4 per-cent. inscribed stock by automatical conversion of the Consols (£4,509,087) and 5 per cent. of 1863 (£47,960) comes to £4,557,047. The Consols were £4,214,100 converted at 107, and the 5 per cent. of 1863 converted at 110, £43,600.

I may, I think, here state that this automatic conversion will save the colony in interest some £30,600 per annum.

22nd March, 1892.

C. F. WRAY PALLISER.

No. 4.

The PREMIER to the AGENT-GENERAL.

(No. 26.)

SIR,—

Premier's Office, Wellington, 19th May, 1892.

I have the honour to acknowledge receipt of your letter, No. 405, dated the 22nd March last, informing me that you had approached the governors of the Bank of England on the subject of obtaining a modification of the arrangement under which the amounts of interest on the New Zealand public debt payable at the Bank have to be deposited ten days before the due date.

I must congratulate you on the result of your correspondence with the Bank, which has led to the substantial reduction of from ten days to two days of the deposit of the amount required for the payment of interest falling due at the Bank.