debentures of the Loan of 1883, I beg leave to transmit herewith copy of letter which I have received from the Colonial Office, by which it will be seen that the Imperial Government decline to return the debentures on payment of the amount for which they were originally placed as collateral security in the hands of Her Majesty's Treasury. The ground upon which this refusal is based appears to be that the sale of the debentures to the Bank of England, being effected prior to the arrangements made for the settlement of the claims and counterclaims connected with the Native War expenditure, that transaction was virtually included in that settlement, and cannot therefore now be put aside. I may mention here that the correspondence referred to in the letter from the Colonial Office is part of that to which I specifically drew attention in my letter to you (No. 770) of the 31st May last.

I take the opportunity of transmitting copy of letter which I addressed to the Crown Agents (in whose names, jointly with the Assistant Secretary of Her Majesty's Treasury, the debentures in question were deposited at the Bank of England), asking whether any authority was given by them and their co-trustees for their transfer to the Bank. I also give copy of the Crown Agents' reply, covering copies of the correspondence which took place at the time in respect to this part of the matter.

I may add, in reference to this correspondence, that it does not appear to have any material bearing on the aspect of the case as it now stands. I think, however, that it may be right to place it on record, as showing how the transaction in question was carried into effect.

The only course now open for the purpose of converting these debentures into stock, and thus releasing the sinking fund, is to approach the Bank of England with the view of ascertaining whether the bank would be inclined to surrender them upon any terms that would be sufficiently favourable to justify the Government in accepting.

I deemed it expedient to inform the Bank at an early stage that I was communicating with the Imperial Government respecting these debentures, and, as mentioned in the Colonial Office letter, the Bank has been apprised of the wishes of your Government, and I shall now place myself in communication with the governor with the view of ascertaining whether he would be prepared to entertain on reasonable terms a proposal to release the debentures, which, I am informed, still remain in the hands of the Bank.

I have, &c.,

The Hon. the Premier, Wellington. W. B. Perceval.

Enclosure 1 in No. 10.

Gentlemen,— 13, Victoria Street, London, S.W., 23rd September, 1892.

In the year 1866, New Zealand Government 4-per-cent. debentures for £500,000, issued under the New Zealand Loan Act of 1863, were deposited with the Bank of England in the joint names of the Assistant-Secretary of Her Majesty's Treasury and the Crown Agents for the Colonies.

I transmit herewith copy of the receipt which was given by the Bank, and, in reference thereto, I have to request that you will inform me whether any authority was issued by the Crown Agents and their co-trustee for the transfer of the debentures in question from the deposit account in which they were thus placed.

I am, &c.,

The Crown Agents for the Colonies. W. B. Perceval.

Received this day from the Crown Agents for the Colonies, to be held on deposit on account of the Lords Commissioners of Her Majesty's Treasury, in the joint names of G. A. Hamilton, Esq., Assistant-Secretary to the Treasury, and the Crown Agents for the Colonies, the undermentioned New Zealand Government 4-per-cent. Debentures for five hundred thousand pounds:—

Nos.	1	to 200	=	200	of £1,000 each	=	£200,000
„	1,001	„ 1,300	=	300	„ £500 „	=	150,000
„	2,251	„ 2,625	=	375	„ £200 „	=	75,000
„	501	„ 1,250	=	750	„ £100 „	=	75,000
		Total ..		1,625			£500,000

For the Governor and Deputy-Governor of the Bank of England, 23rd January, 1866.

F. May, Deputy-Cashier.

Enclosure 2 in No. 10.

Sir,— Downing Street, London, S.W., 28th September, 1892.

I have to acknowledge the receipt of your letter of the 23rd instant, relative to the disposal, in 1866, of £500,000 New Zealand Government 4-per-cent. Debentures issued under the New Zealand Loan Act of 1863, and, in reply, I transmit herewith for your information copies of a correspondence which passed between the Crown Agents and the Colonial Secretary of New Zealand, and also between the Crown Agents and the Bank of England, on the subject.

I have, &c.,

M. F. Ommanney.

Enclosures.

Crown Agents to Colony, 1st November, 1866; Colony to Crown Agents, 7th May, 1867; Crown Agents to Bank, 11th October, 1867; Bank to Crown Agents, 12th October, 1867; Crown Agents to Bank, 14th October, 1867; Bank to Crown Agents, 15th October, 1867.

Enclosure 3 in No. 10.

The Crown Agents to the Colonial Secretary, New Zealand.

Sir,— Spring Gardens, S.W., 1st November, 1866.

I have to acknowledge the receipt of your letter of the 8th September last requesting the Crown Agents to pay the sum of £10,000 to the Lords Commissioners of Her Majesty's Treasury, on the 1st November, on the bonds of the New Zealand Government held by them, the payment to be made out of the balance of the sum reserved from the proceeds of the sale of the 6-per-cent. bonds.

The half-million debentures issued to the Treasury have been sold by that department to the Bank of England; the payment of the interest therefore of £10,000 is due to the Bank, and not to the Treasury, and will be met by the proceeds of the bill remitted in your letter of the 17th July last, No. 225, for the special purpose, and not from the sum reserved from the sale of debentures.