Your predecessor went also very fully into the subject, and the Government have also carefully considered the arguments brought forward; and I agree with you "that it would be difficult to maintain the right of the New Zealand Government to repossess themselves of the debentures (with the Imperial guarantee attached thereto) simply on the payment to the Imperial Treasury of their nominal amount."

It would, however, be very satisfactory to the Government if some arrangement could be come to with the holders of the debentures (the Bank of England) so as to effect their ultimate release; and I shall therefore be glad if you will place yourself in communication with both the Imperial Treasury and the bank authorities, with the view of ascertaining whether, in the special circumstances, arrangements might be made by which the debentures might be released on payment of the nominal amount they represent. I attach considerable importance to this negotiation, and, immediately on receipt of your letter, I sent off a cable to you (copy of which I inclose) authorising you to negotiate in the matter, and I hope your efforts will have a successful result.

I have, &c.,

The Agent-General for New Zealand, London. J. BALLANCE.

Enclosure in No. 2.

Agent-General, London. Wellington, 23rd July, 1892.

YOUR letter 31st May received. Government authorises Agent-General approach Treasury and bank, ascertain whether half-million could be paid off at par. If successful, arrange issue 3½-per-cents.

No. 3.

The AGENT-GENERAL to the PREMIER.

(No. 1060.) Westminster Chambers, 13, Victoria Street, London, S.W., 5th August, 1892.

SIR,—

I beg to acknowledge the receipt of your cablegram of the 23rd ultimo,* by which in reference to my letter, No. 770, of the 31st May last, I am authorised to approach the Imperial Government and the Bank of England for the purpose of ascertaining whether the guaranteed half-million debentures of 1863, which were originally deposited with the bank as collateral security for the repayment to the Imperial Government of certain sums of money, can now be redeemed at par.

I have taken some preliminary steps in this matter; but the general election, probable change in the Government, and other considerations, have caused me to deem it expedient to defer for the present taking definite action in the matter.

I have, &c.,

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

No. 4.

The AGENT-GENERAL to the PREMIER.

(No. 1228.) Westminster Chambers, 13, Victoria Street, London, S.W. 2nd September, 1892.

SIR,—

Referring to my letter of 31st May last, relating to the question of the guaranteed half-million debentures of 1863, in which I gave a history of the whole matter, and asked for your instructions, I duly received your telegram of 23rd July last, in which you authorise me to approach the Treasury and the Bank of England to ascertain whether the £500,000 could be paid off at par, and to arrange for the issue of 3½-per-cent. stock. After giving the matter my most careful consideration I have written to the Under-Secretary of State for the Colonies a letter, copy of which I attach. Before despatching the letter I submitted a draft to Sir Penrose Julyan, and had the benefit of a consultation with him on the whole subject. Sir Penrose Julyan approved of my draft, and the letter was despatched on the 26th ultimo. I have received no reply up to the present. I anticipate that the negotiations will be somewhat protracted, as the Bank of England will, no doubt, in the first instance, resist our claim to obtain possession of the bonds on the payment of their nominal value. The whole matter is, of course, very complicated, but I hope that some arrangement profitable to the colony may ultimately be arrived at. I have thought it prudent to await a reply from the Treasury before communicating with the Bank of England, so that I may, when approaching the Bank, be in possession of the views of the Treasury on the subject. It is premature to discuss the best method of providing the money required to redeem the debentures until our right to redeem has been established.

I have, &c.,

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

Enclosure in No. 4.

The AGENT-GENERAL to the UNDER-SECRETARY of STATE for the COLONIES.

SIR,— 13, Victoria Street, London, S.W., 26th August, 1892.

The Government of New Zealand have for some time past been engaged in the conversion and consolidation of the Public Debt of the colony, and with this object in view they desire to deal with the £500,000 debentures which, as stated in the Imperial Act, Vict. 29-30, Cap. 104, were in 1865 issued and placed in the hands of the Commissioners of Her Majesty's Treasury as collateral security for the repayment of certain sums of money due from the Government of New Zealand to Her Majesty's Exchequer.

My Government are now prepared to make arrangements to pay the Imperial Government the full amount (£500,000) which these debentures represent, receiving the debentures in exchange, and, on their receipt, it is proposed to cancel them and thus relieve the Imperial Government from further liability in respect thereto.

* *Vide* enclosure to No. 2.