have to be provided for at the end of forty-seven years; still, such provision is not actually made in our accounts, and need not, therefore, enter into our present calculations.

I have to thank you for the trouble you are taking in this important negotiation, and to express the hope that the result will be satisfactory to all parties.

I am gratified to notice that the price of our 3½-per-cent. Stock is steadily going upwards.

I have, &c.,

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

No. 23.

The AGENT-GENERAL to the PREMIER.

(No. 70.) Westminster Chambers, 13, Victoria Street, London, S.W., 19th January, 1893.

SIR,—

I beg leave to inform you that shortly after posting my letter No. 1742, of the 9th ultimo, I had an interview with the Governor of the Bank of England on the subject of the £500,000 Imperial guaranteed debentures, the result being that I found that the Bank had not only no wish, but were, in fact, extremely reluctant to part with the debentures in question, and that it was therefore useless to expect to obtain them except at an extreme valuation.

I attach a copy of a valuation which the Bank had obtained from the Actuary to the National Debt Commissioners, by which it will be seen that taking Imperial Consols as a basis of calculation, he estimated the value of our guaranteed debentures at from 121¾ to 124⅛ cash for every £100 debenture.

In my cablegram to you of the 16th ultimo I mentioned that I estimated the market-value of these debentures at 115. I took as my guide in making this estimate the quoted market price of the Canadian Imperial guaranteed debentures.

* * * * *

Under these circumstances, before again communicating with the Governor, I deemed it expedient to inform you of the actuarial valuations produced by the Bank, and to request you to let me know the maximum amount which the Government were prepared to give, in order that I might be in a position to make a definite offer. Your reply, however, simply disapproving of the Bank's proposals, appeared to me to indicate that the Government were not prepared to offer anything approaching the value placed upon these debentures, and that, as it was evident that the Bank were not disposed to take into consideration the exceptional circumstances under which it became possessed of them, it was useless to prolong the negotiation.

I have accordingly taken no further steps in the matter.

I attach copy of letter which I addressed to the Colonial Office, asking on what conditions the debentures in question received the Imperial guarantee; but to this I have not as yet had any reply.

I have, &c.,

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

Enclosure 1 in No. 23.

SIR,— 13, Victoria Street, 30th December, 1892.

Referring to my letter of the 26th August last, which I had the honour to address to you on the subject of the £500,000 4-per-cent Imperial guaranteed debentures, I have to thank you for your reply of the 18th November, a copy of which has been forwarded to my Government. Pending final instructions from the colony, and following up the suggestions contained in your letter, I am now negotiating with the Bank of England, with a view to ascertaining whether any arrangement can be arrived at under which the New Zealand Government may become repossessed of the debentures in question. I find the Bank places a very high value upon the debentures—the estimated value, as given by the Bank's Actuary, being over £120 per £100 bond.

I notice by the Imperial Act, 29 and 30 Vict., cap. iv., section 1, that the Treasury was empowered to guarantee the debentures "either absolutely or subject to such conditions as they shall think fit." It appears from an *enclosure* memorandum from the Treasury in a despatch from Lord Carnarvon to Sir George Grey, dated 20th November, 1866, that the Secretary to the Treasury had affixed his signature to the debentures in signification of the guarantee; but I cannot find whether the guarantee was *absolute* or *conditional*. As this has an important bearing on the value of the debentures, I would be obliged if you will ascertain if the Treasury can give me any information on the subject. I need hardly point out that should the New Zealand Government obtain possession of and cancel the bonds, the Imperial Government guarantee would be determined.

I am, &c.,

The Under-Secretary of State for the Colonies, Downing Street. W. B. PERCEVAL.

Enclosure 2 in No. 23.

CASE.—What would be the value on 22nd December, 1892, of 4-per-cent. debentures with British Government guarantee, expiring 1st November, 1915, with dividends payable 1st May and 1st November?

Opinion.—I am of opinion that the value of the British Government guarantee, as measured by the current price of 2¾-per-cent. Consols—namely, 97¼—would correspond to a rate of interest for money of 2⅝ per cent. per annum (very nearly); and as measured by the current price of 2¾-per-cent., redeemable 1,905—namely, 100—to a rate of interest of 2¾ per cent. per annum. At a rate of interest of 2⅝ per cent. per annum I am of opinion that 4-per-cent debentures expiring 1st November, 1915, with half-yearly dividends payable 1st May and 1st November, would be worth on the 22nd December, 1892, 124⅛ for a debenture of 100. At a rate of interest of 2¾ per cent. per annum, I am of opinion that the corresponding value of a debenture of 100 would be 121¾.

ALEX. J. FINLAISON,

19, Old Jewry, London, 22nd December, 1892. Actuary to the National Debt Commissioners.

(Initialed) F.M., 23rd December, 1892.

No. 24.

The AGENT-GENERAL to the PREMIER.

(Telegram.) Premier, Wellington. Received 15th March, 1893.

GUARANTEED debentures Loan of 1863 cancelled. Sinking Fund released.

(London, 14th.)