No. 25.

The PREMIER to the AGENT-GENERAL.

(Telegram.) Agent-General, London. Wellington, 15th March, 1893.
MESSAGE of 14th received: Guaranteed debentures. Congratulate you on result of your negotiations.

No. 26.

The AGENT-GENERAL to the PREMIER.

(No. 130.) Westminster Chambers, 13, Victoria Street, London, S.W., 3rd February, 1893.
SIR,—

Referring to my letter No. 70, of the 19th ultimo, I have to acknowledge the receipt of your cablegrams of the 26th ultimo and 1st instant, instructing me to continue the negotiations with the Bank of England, and to endeavour to obtain the lowest price to which the Bank would be willing to surrender the £500,000 guaranteed debentures.

I am accordingly this day addressing a letter to the Bank, copy of which I will transmit to you by next mail.

I have, &c.,
The Hon. the Premier, Wellington. W. B. PERCEVAL.

No. 27.

The PREMIER to the AGENT-GENERAL.

(No. 13.)
SIR,— Premier's Office, Wellington, 23rd March, 1893.

Referring to the correspondence which has passed between us on the subject of the possible acceptance by the Bank of England of an immediate cash payment for the £500,000 guaranteed debentures of the loan of 1863 held by the Bank, I can only repeat what I have already expressed by cablegram of 15th instant—namely, my congratulations and thanks for the successful result of your negotiations with the Bank.

I have, &c.,
The Agent-General for New Zealand, London. J. BALLANCE.

No. 28.

The AGENT-GENERAL to the PREMIER.

(No. 178.) Westminster Chambers, 13, Victoria Street, London, S.W., 17th February, 1893.
SIR,—

Referring to my letter No. 130, of the 3rd instant, I beg to transmit copy of the correspondence with the Bank of England relating to the £500,000 guaranteed debentures. I also give copies of the cablegrams which have passed between ourselves on the same subject.

You will see, on perusal of the correspondence, that the Bank has accepted the offer which I was authorised to make for the purchase of the debentures at 117 per cent., and have agreed, upon the transfer to it of £200,000 4-per-cent. Consolidated Stock, and £610,000 3½-per-cent. Consolidated Stock, to deliver to me the debentures in question.

I shall now take the necessary steps for the creation of the 3½-per-cent. Stock into which the guaranteed debentures will be converted.

I shall also endeavour to arrange with the Sinking Fund Trustees to commence at once to realise the 4-per-cent. Stock now in their hands, as the market is favourable for its sale.

I have, &c.,
The Hon. the Premier, Wellington. W. B. PERCEVAL.

Enclosure 1 in No. 28.

GENTLEMEN,— Westminster Chambers, 13, Victoria Street, S.W., 2nd February, 1893.

In Mr. May's letter of 8th December last relating to the £500,000 New Zealand 4-per-cent. guaranteed debentures, the subject-matter of which has been communicated by me to my Government, it is stated that the Governors did not feel justified in advising the Court of Directors to release these debentures for the purpose of redemption at less than their *present* value, and it was further intimated that any definite proposal on this basis which I may desire to make would receive their considerate attention. I should have much preferred if the Bank had expressed some definite opinion as to the mode which it would be right to adopt for the purpose of arriving at the value of the debentures in question, as it is obviously difficult for me to determine on what basis to calculate their present value, such as would be satisfactory to both the Bank and to the New Zealand Government.

I may, however, remark that a valuation on an Imperial Consol basis would give these debentures a very extreme value, which would roughly, as I calculate it, amount to about £120. I consider, however, that it is obvious that these debentures cannot be fairly estimated as having so high a value as would place them on, comparatively speaking, the same footing as a similar amount of Consols, the market for the latter being certain, while the market for the New Zealand guaranteed debentures is a limited and uncertain one, consisting as they do of debentures not quoted on the Stock Exchange, the largest portion (£350,000) of which are of £500 and £1,000 each, and the total amount being comparatively small. It is not necessary for me to point out the particulars of the difference between the status of such securities and that of Consols of the Imperial Government, as they will be at once apparent to you.

I have looked through the Stock Exchange list for the purpose of ascertaining the market quotations of stock which could be fairly regarded as similar to that of the New Zealand guaranteed debentures; and, although I can find no securities exactly parallel as regards the date of maturity, I consider that Canada Government guaranteed bonds, due in 1913 (the New Zealand Stock maturing in 1915) can be taken as very similar in nearly every other respect, except that the Canadians are larger in amount (£1,700,000), which is to some extent in favour of their greater value as compared with the New Zealand debentures.

I notice that the Canadian debentures are quoted at 113–116, and that transactions are reported at about those prices. I desire, therefore, to submit that in any case it would be more correct, and more likely to lead to a just con-