

1893.
NEW ZEALAND.

IMPERIAL GUARANTEED HALF-MILLION LOAN OF 1863
(CORRESPONDENCE RELATING TO CONVERSION OF THE).

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

The AGENT-GENERAL to the PREMIER.

(No. 770.)
Sir,—
Westminster Chambers, 13, Victoria Street, London, S.W.,
31st May, 1892.

Adverting to Sir F. D. Bell's letters, numbered and dated as per margin,* in which he refers to the question of the Guaranteed Half-million Debentures of 1863, I deem it right to again bring the matter under your notice.

In examining the papers which are at this office relating to these debentures, it appears to me that the principal point involved is the question whether the Government are prepared to claim that the debentures as guaranteed by the Imperial Government be returned to them on the payment to the Imperial Treasury of the amount they represent.

Sir F. D. Bell, in his letter of the 14th November, 1890, states the conditions under which in 1865 these debentures were placed in the hands of the Commissioners of Her Majesty's Treasury—namely, that they were to be held as collateral security for the repayment of certain sums of money due from the Government of New Zealand to Her Majesty's Exchequer; and, later on, in his letter of the 8th January, 1891, in referring to the statement made in Lord Carnarvon's despatch of the 20th November, 1866, to the effect that the Treasury had entered into an arrangement with the Bank of England for the purchase of the debentures at par, he expresses his opinion that it might be fairly contended that the colony was free at any time to pay off the half-million and get back the debentures.

In considering whether there is sufficient ground for such a contention, it will, I think, be necessary to briefly refer to the circumstances under which these debentures were issued and afterwards dealt with.

The Imperial Government had claimed that a large sum of money was due from the colony on account of the Native War expenditure, and the Colonial Government had made a counterclaim; and up to the end of 1865 the only definite action taken in the direction of the settlement of these claims appears to have been the issuing of these debentures, and placing them in the hands of the Imperial Treasury as collateral security for a portion of the debt assumed to be due to Her Majesty's Government.†

In November, 1866, the Imperial Treasury intimated to the Colonial Office‡ that an arrangement had been made with the Bank of England for the purchase of these debentures at par, and that the signature of the Assistant Secretary to the Treasury had been affixed to each of them, thus signifying the guarantee of Her Majesty's Treasury for the payment of the principal and interest. On this transaction being reported to the colony, the New Zealand Government took exception to the action taken§—not on the ground, however, that the Imperial Treasury had no right to sell, but because the sale had been made privately, instead of in the open market; and a claim was therefore made that the additional amount which the debentures would have sold for in the open market be placed to the credit of the colony. The Imperial Treasury, however, declined to admit any such claim, and, in doing so, transmitted a letter from the Crown Agents in which, *inter alia*, they pointedly stated|| that they were not prepared to hear that the debentures had been sold, as they were accepted by the Imperial Treasury only as a collateral security, and were, therefore, after the payment of the debt, returnable to the Colonial Government for disposal. The New Zealand Government, however, again pressed their claim against the Imperial Treasury, and a memorandum, dated the 7th March, 1868, to that effect was forwarded from the colony to the Colonial Office.¶

* No. 1595, 14th November, 1890; No. 50, 8th January, 1891 (see B.—14, 1891, No 4). † Crown Agents' letter, 26th October, 1865, B.—1A, page 4, Appendix, 1866. ‡ No. 13, page 8, A.—1, Appendix, 1867. § No. 24, page 46, A.—1A, Appendix, 1867. || Page 5, No. 9, A. No. 1A, Appendix, 1868. ¶ Page 57, A. No. 1, Appendix, 1868.

Meanwhile, however, an arrangement had been made by Sir William Fitzherbert with the Colonial Office* as regards the claims and counterclaims in respect to the military operations in the colony, by which it was agreed that such claims on both sides should be abandoned, and that the accounts be accordingly closed by a mutual release. The New Zealand Government's acquiescence in this settlement was communicated to the Colonial Office in July, 1868,† and after the Secretary of State's reply of 14th September, 1868,‡ the matter appears to have been dropped.

But it may be noted that in the despatch of the Secretary of State of 1st April, 1868,§ the realisation of the £500,000 debentures is referred to as rendering a re-statement of the "claims" account necessary, as it reduced the claim of the Imperial Government to that extent; and this would seem to indicate that, in the final settlement of the matter, accounts were interchanged, in which the £500,000 was included, and the balances written off; and, if such was the case, the Treasury at Wellington would have, I presume, counterparts of such accounts.

Under the circumstances, which I have thus endeavoured to summarise, it appears to me that it would be difficult to maintain the right of the New Zealand Government to repossess themselves of these debentures (with the Imperial guarantee attached thereto) simply on the payment to the Imperial Treasury of their nominal amount; but, if such a right could be enforced, no doubt the result would prove very advantageous to the financial interests of the colony, inasmuch as in that case the money being raised by the issue of 3½-per-cent. stock, the sinking fund, amounting now to nearly £250,000, would be set free under the provisions of the Consolidated Stock Act of 1884.

If, however, such a right cannot be enforced, it does not at present appear to me that it would be practicable to convert these debentures into stock. The Imperial Government would not on their part transfer their guarantee to a stock having no sinking fund; and the Bank of England, who, I understand, still holds the debentures, could not be expected to exchange them for a stock which would be without the Imperial guarantee, and also without a sinking fund. The records at the Treasury at Wellington may throw some new light on this somewhat complicated matter, and I shall be glad to receive the views of the Treasury on the subject. The letters dated 28th March, 1868, and 30th March, 1868, which passed between Sir Frederick Rogers and Sir William Fitzherbert, seem to me to render it difficult to contend that the colony has a right to redeem these debentures on payment of the sum they represent, as these letters appear to finally close the accounts and be in the nature of a mutual release; and, moreover, these letters were written subsequent to the sale to the Bank of England.

It possibly might lead to desirable results if, under the authority of the Government, I were to place myself in communication with both the Imperial Treasury and the Bank of England, for the purpose of ascertaining whether, in the special circumstances under which these debentures were issued, arrangements might be made by which the debentures might be released on payment of the nominal amount they represent; and, if this could be arranged, I do not think it would be difficult, assuming that there is no great change in the money-market, to raise the money for the purpose, so as to substitute 3½-per-cent. stock in their place, and thus release the accumulated sinking fund.

I attach a copy of one of the debentures referred to in this letter, and which were received by the Bank of England on the 23rd January, 1866||, to be held on deposit in the joint names of the Assistant Secretary to the Treasury and the Crown Agents for the colonies.

The Hon. the Premier, Wellington.

I have, &c.,

W. B. PERCEVAL.

Enclosure in No. 1.

£1,000.	NEW ZEALAND GOVERNMENT DEBENTURE.	£1,000.
	<i>New Zealand Loan Act, 1863.</i>	
No.	£3,000,000.	No.
SECOND issue, £500,000, in Bonds Nos. 1 to 200 of £1,000 each, Nos. 1,001 to 1,300 of £500 each, Nos. 2,251 to 2,625 of £200 each, and Nos. 501 to 1,250 of £100 each (making with previous issue under the same Ordinance £1,500,000).		
FIFTY years from and after the 1st November, 1865, the Government of New Zealand promise to pay the holder of this debenture One Thousand Pounds, value received. They further undertake to pay interest thereon half-yearly throughout the whole period at the rate of Four Pounds sterling per centum per annum. Both principal and interest are charged upon the ordinary revenue of the Colony of New Zealand, by "The New Zealand Loan Act, 1863," and are payable at the offices of the Crown Agents for the Colonies in London.		

[Registered.]

Due 1st November, 1915.

Crown Agents for the Colonies, and Agents for the Loan.

[Indorsed on back with Crown Agents' stamp, "Four per cent. New Zealand Loan."]

No. 2.

The PREMIER to the AGENT-GENERAL.

(No. 35.)

SIR,—

Premier's Office, Wellington, 8th August, 1892.

I have the honour to acknowledge the receipt of your Despatch No. 770, dated the 31st May last, referring to the correspondence which has taken place on the question of the position of the Government in respect of the Guaranteed Half-million Loan of 1863.

I am much obliged by the care you have taken to make yourself acquainted with the point involved—namely, whether the Government are prepared to claim that the debentures, as guaranteed by the Imperial Government, should be returned to them on the payment to the Imperial Treasury of the amount they represent.

* No. 40, page 33, A. No. 1A, Appendix, 1868. † No. 52, page 84, A. No. 1, Appendix, 1868, ‡ No. 7, page 5, A. No. 1A, Appendix, 1869. § No. 40, page 33, A. No. 1A, Appendix, 1868. || Page 7, B. No. 1A, Appendix, 1866.

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.,

J. BALLANCE.

The Agent-General for New Zealand, London.

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 $3\frac{1}{2}$ -per-cents.

No. 3.

The AGENT-GENERAL to the PREMIER.

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

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.
Sir,— 2nd September, 1892.

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 $3\frac{1}{2}$ -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 Julian, and had the benefit of a consultation with him on the whole subject. Sir Penrose Julian 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.

I shall therefore be obliged if you will bring the matter under the notice of the proper authorities, with the view of ascertaining whether they are prepared to meet the views of my Government, and to return the debentures in question on receiving in exchange the amount for which they were originally placed as collateral security in the hands of Her Majesty's Treasury.

My Government are aware that these debentures were, when they were handed to the Treasury, deposited with the Bank of England, but that subsequently the Imperial Treasury received from the Bank the sum of £500,000 in respect thereto, and this transaction was carried into effect without the concurrence of the colonial authorities first being obtained. My Government objected at the time to the mode of sale, and in the correspondence that ensued between the Crown Agents and the Treasury, those officers after reviewing the facts expressed themselves as follows:—

“*The Crown Agents were not in any way prepared for the statement contained in your letter of 13th September last, that the £500,000 bonds had been sold to the Governor and Company of the Bank of England, as the Lords Commissioners had, by your letter to Sir F. Rogers of the 19th August, 1865, accepted those bonds only as ‘collateral security’ for a portion of the debt due to Her Majesty's Government by the New Zealand Government, and had decided that when prepared they should be deposited with the Bank of England in your name and those of the Crown Agents, their Lordships having reserved to themselves the power to dispose of the interest from time to time accruing.

“Moreover the Crown Agents had been requested by their Lordships to prepare those bonds in such amounts, and for such periods as would best suit the convenience of the Colonial Government in disposing of them when returned to them after payment of the debt to the Imperial Government.”

My Government trust that under these circumstances there will be no objection on the part of those concerned to the proposal to pay them off as originally contemplated, it being assumed that it is not desired by the Imperial Government that any advantage shall be derived beyond the payment of the interest at the rate of 4 per cent. per annum, which has been regularly paid, and the payment of the principal amount which, as I have stated, my Government are now prepared to arrange.

The Under-Secretary of State for the Colonies.

I have, &c.,
W. B. PERCEVAL.

No. 5.

(No. 51.)

The PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 31st October, 1892.

I have the honour to acknowledge the receipt of your letter of the 2nd September last, No. 1584, reporting the action you had taken in regard to obtaining the consent of the Imperial Government to our paying-off the half-million guaranteed debentures of the loan of 1863, and enclosing copy of a letter you had written to the Colonial Office on the subject, and to express my approval of the steps you have so far taken. I shall be glad to find your negotiations lead to a successful result.

I have, &c.,

P. A. BUCKLEY
(For the Premier).

The Agent-General for New Zealand, London.

No. 6.

The PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 16th December, 1892.

GUARANTEED Loan of 1863. Any progress?
Agent-General, London.

No. 7.

The AGENT-GENERAL to the PREMIER.

(Telegram.)

(Received 17th.)

GUARANTEED Debentures. Imperial Treasury pleads estoppel in consequence of settlement after Bank of England purchase. The Governors decline surrender except market value estimated 115.

Premier, Wellington.

London, 16th.

No. 8.

The PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 19th December, 1892.

GUARANTEED Debentures. Am anxious to negotiate with Bank of England and have conversion effected so as to release sinking fund.

Agent-General, London.

No. 9.

The AGENT-GENERAL to the PREMIER.

(Telegram.)

Received, 20th December, 1892.

MESSAGE of 19th received. * * * * * Guaranteed debentures: Will negotiate Bank of England.

Premier, Wellington.

London, 19th.

No. 10.

The AGENT GENERAL to the PREMIER.

(No. 1641.)

Westminster Chambers, 13, Victoria Street, London, S.W.,
24th November, 1892.

SIR,—

Referring to your letter No. 35 (Treasury), of the 8th August last, and also to the letter I addressed to yourself on the 2nd September on the question of the £500,000 Imperial-guaranteed

* Letter to Mr. Hamilton of the Treasury, dated 23rd August, 1867.

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.

The Hon. the Premier, Wellington.

I have, &c.,

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.

The Crown Agents for the Colonies.

I am, &c.,

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.

I take this opportunity of forwarding to you copy of a further communication which has this day been addressed to the Managing Director of the Bank of New Zealand, on the subject of the £100,000 debentures handed over to the Bank in the month of June last.

I have, &c.,
W. C. SARGEAUNT.

Enclosure 4 in No. 10.

The COLONIAL SECRETARY, New Zealand, to the CROWN AGENTS.

GENTLEMEN,—

Colonial Secretary's Office, Wellington, 7th May, 1867.
I have the honour to acknowledge the receipt of your letter of the 1st November last in reference to the sale by the Imperial Government to the Bank of England of the half-million New Zealand bonds issued to the Treasury, and also to the one hundred thousand pounds bonds handed over by you to the Bank of New Zealand in June last.

On the first point, the Colonial Government has expressed to the Secretary of State for the Colonies its regret that the Imperial Government should have disposed of the New Zealand bonds of five hundred thousand pounds (remitted on account of Imperial claim) privately, instead of placing them on the open market, and thus have sacrificed the considerable premium which, as the Colonial Government is advised, would have resulted from the adoption of the latter course. A request has accordingly been made that the additional amount which these bonds would have sold for in the open market may be estimated by competent persons, and placed to the credit of the colony in account with the Imperial Government.

I have, &c.,
E. W. STAFFORD.

Enclosure 5 in No. 10.

The CROWN AGENTS to the CHIEF CASHIER, Bank of England.

SIR,—

Spring Gardens, S.W., 11th October, 1867.
Referring to my letter of the 23rd January, 1866, in which you were requested to hold to the joint order of Messrs. Hamilton, Julian, and Sargeant, £500,000 New Zealand Government 4-per-cent. debentures therewith transmitted: may I request that you will be good enough to inform the Crown Agents for the Colonies if those securities are still held by the Bank to the order of those gentlemen.

I have, &c.,
P. G. JULYAN.

Enclosure 6 in No. 10.

The DEPUTY CHIEF CASHIER of Bank of England to the CROWN AGENTS.

GENTLEMEN,—

12th October, 1867
In reply to your letter of yesterday's date, I have to state that the £500,000 New Zealand debentures in question were transferred to the Governor and Company of the Bank of England, under instructions from the Treasury, in September, 1866, they having been purchased by the Bank at the request of the Chancellor of the Exchequer.

I am, &c.,
F. MAY, Deputy Chief Cashier.

Enclosure 7 in No. 10.

The CROWN AGENTS to the CHIEF CASHIER, Bank of England.

SIR,—

Spring Gardens, S.W., 14th October, 1867.
Referring to your reply to my letter of the 11th instant, I have further to request that you will inform the Crown Agents for the Colonies under what circumstances the Bank felt themselves justified in delivering the £500,000 New Zealand debentures, placed in their custody on 23rd January, 1866, subject to the joint order of Messrs. Hamilton, Julian, and Sargeant, without such joint order having first been obtained. And further, whether the Bank consider themselves in like manner at liberty to deal with the other securities from time to time lodged with them by the Crown Agents on joint accounts.

I am, &c.,
P. G. JULYAN.

Enclosure 8 in No. 10.

The CHIEF CASHIER, Bank of England, to the CROWN AGENTS.

GENTLEMEN,—

15th October, 1867.
In answer to your letter of yesterday, I have to inform you that the £500,000 New Zealand bonds in question were held under instructions from the Treasury, "on account of that Board," in the name of G. A. Hamilton, Esq., and the Crown Agents for the Colonies, and in consequence were considered to be at the disposal of the Lords Commissioners of Her Majesty's Treasury, and were dealt with accordingly, as explained in my letter of the 12th instant.

I have further to add, in reply to the latter paragraph of your letter, that all securities held by the Bank are subject to the conditions arranged at the time of deposit.

I am, &c.,
F. MAY, Deputy Chief Cashier.

Enclosure 9 in No. 10.

SIR,—

Colonial Office, Downing Street, 18th November, 1892.
With reference to the letter from this department of the 2nd instant* and to previous correspondence respecting the New Zealand Government debentures lodged by the Colonial Government with the Treasury in 1865, I am directed by the Marquis of Ripon to state that the matter has been considered by the Lords Commissioners of that department, who have now expressed an opinion upon it, in which His Lordship concurs.

You correctly state that the Treasury sold these bonds in 1866 to the Bank of England at par, and you urge that, as the bonds were admittedly held as collateral security for the payment of a debt due from the Colonial Government to the Imperial Government, the Treasury, on tender of the amount of the debt, should return the debentures, or their equivalent in money.

I am, however, to point out that arrangements were entered into after the sale which make it unnecessary to discuss that question. The amount of the debt, as security for which the debentures were assigned, was unascertained at the time, and was never, owing to the complexity of accounts and to political reasons, definitely fixed. The Imperial Government, believing that if the accounts were fully gone into, a balance would be shown in their favour, after taking into account the realisation of the debentures for £500,000, but not desiring, in view of the difficulties with which the Colonial Government had had to contend, to press any such claim, proposed in 1868 that these accounts should be closed by a mutual release, and the Colonial Government accepted this proposal.

The correspondence on the subject will be in the possession of your Government, but I am to enclose for your convenience copies of the papers containing this agreement.

I am to draw your attention to the fact, that when this settlement was made, the Colonial Government had full notice that the debentures had been sold at par (*vide* the enclosure to the despatch from Sir G. Bowen) and that, as the accounts have been closed, and the two parties to them mutually released, the question of the price obtained for them is immaterial. The amount so obtained was taken into account when the debt was extinguished, or in other words the proceeds of the sale were appropriated towards the liquidation of the debt, the balance of which (if any) was then written off.

* The letter of the 2nd November was one simply stating that the question was under the consideration of the Treasury.

Lord Ripon trusts that this explanation will be accepted as satisfactory by your Government. The debentures in question are still in the hands of the Bank of England, and consequently your Government would only have to deal with one holder if they desire to pay them off before their maturity (1915). The Bank has been apprised of the wishes of the Colonial Government, and Her Majesty's Government trust that the two parties will be able to come to terms.

The Agent-General for New Zealand.

I am, &c.,

JOHN BRAMSTON.

Sub-Enclosure 1.

COPY of a DESPATCH from Governor Sir G. F. BOWEN, G.C.M.G., to His Grace the DUKE of BUCKINGHAM AND CHANDOS.

(Received 29th April, 1868; answered, No. 71, 30th June, 1868, page 94.)

MY LORD DUKE,—

Government House, Wellington, 7th March, 1868.

Adverting to Your Grace's despatch to my predecessor, Sir George Grey, No. 68, of the 6th November ultimo, with its enclosures, respecting the disposal of certain New Zealand bonds, I have now the honour, at the request of my Responsible Advisers, to forward a memorandum prepared by the Acting Colonial Treasurer.

I have, &c.,

G. F. BOWEN.

Sub-Enclosure 2.

MEMORANDUM for his EXCELLENCY the GOVERNOR.

ADVERTING to Despatch No. 68, of the 6th November last, from His Grace the Duke of Buckingham and Chandos, on the subject of the disposal by the Imperial Government of the New Zealand bonds for five hundred thousand pounds (£500,000) remitted in March, 1865, from the colony on account of Imperial claim, Ministers would observe that the estimate of the loss to the colony of £20,000, arising from the private instead of the public disposal of these bonds, is founded on the following statement of the Crown Agents, contained in their letter dated 26th July, 1865, to the Colonial Office, and communicated to the New Zealand Government in a letter of the same date: "Accept the debentures just as they are offered, and during the next session of Parliament (it will be too late probably to do it in this) pass an Act to guarantee this half-million, then dispose of the securities in the market, and you will recoup yourselves of the principal, and in all probability realise a further sum of twenty thousand pounds (£20,000) for premium."

The suggestion as to the guarantee was adopted, but not that as to the disposal of the guaranteed bonds, and therefore Ministers who were informed by Lord Carnarvon's Despatch, No. 46,* 20th November, 1866, that these bonds had been disposed of privately to the Bank of England at par, felt bound, in their memorandum of the 9th of March last, to bring under the notice of the Imperial Government the circumstances of the case, and to submit that the colony should not be allowed to "suffer from the manner in which its bonds have been disposed of by the Imperial Government, but that the additional amount which they would have sold for in the open market may be estimated by competent persons, and placed to the credit of the colony."

It appears from the following extract from the letter of the Crown Agents, dated 23rd of August, 1867, to the Secretary to the Treasury (enclosed in the despatch now referred to) that they substantially adhere to their former estimate of the loss in question. "8. It is believed, however, that the estimate now called in question was a moderate one, and, looking to the comparative state of the market in September, 1866, the Crown Agents see no reason to doubt that it would have been, to a great extent, if not entirely, realised, had the bonds been sold publicly instead of privately."

The Crown Agents also refer in the following words to an additional loss to the colony, which cannot be represented in figures: "10. The public sale of a guaranteed Colonial loan is, in the estimation of the Crown Agents, much more important with regard to its future influence upon the general credit of the colony, than from any considerations as to price on one limited issue of this kind, and it is more especially for this reason that they ought to have brought the subject again more prominently to the notice of their Lordships before the sale to the Bank of England."

Ministers desire to bring under the notice of his Grace that these bonds were voluntarily remitted by the Colonial Government, not as the payment of a legal debt, for at that time the claims and counter-claims on each side were altogether unadjusted, but with an earnest desire not as of a party to a mercantile transaction, but as of a portion of a great empire, to maintain the good faith of the colony, and to contribute to the utmost its own resources to the generous aid which has been afforded to it by the Imperial Government; that the remittance was made at a time when the colony was suffering under great financial pressure, when it was still engaged in actual hostilities, and when it had offered to dispense with further Imperial assistance, and to relieve Great Britain from a large military expenditure; that in giving practical effect to the acceptance of that offer, the colony is undergoing heavy sacrifices; that the Crown Agents, competent and impartial judges, estimate that the public disposal of these bonds (the mode contemplated in the Ministerial memorandum of 23rd March, 1865, notifying the remittance) would have realised to the colony a premium of twenty thousand pounds (£20,000), and a beneficial influence on its general credit.

Ministers respectfully trust that on a retrospect of all the circumstances of this case, the Imperial Government will be disposed to give the claim of the colony in this matter a favourable reconsideration.

Wellington, 7th March, 1868.

J. L. C. RICHARDSON.

Sub-enclosure 3.

COPY OF A DESPATCH FROM HIS GRACE THE DUKE OF BUCKINGHAM AND CHANDOS TO THE OFFICER ADMINISTERING THE GOVERNMENT.

SIR,—

Downing Street, 1st April, 1868.

I have received Sir George Grey's Despatch No. 65, of 17th July last, forwarding a copy of the report furnished by Major Richardson, whom he had appointed to examine into the accounts between the Imperial and Colonial Governments, arising out of the recent war in New Zealand.

That report includes a statement of the claims made against the colony by Mr Commissary-General Jones on behalf of Her Majesty's Treasury, amounting to £1,222,183.

Upon the receipt of this report, I placed myself in communication with the Lords Commissioners of the Treasury, in order to determine how far the claims advanced by the Imperial and Colonial Governments could be properly sustained.

The realisation of the debentures for £500,000, placed by desire of your Government in the hands of the Lords Commissioners of the Treasury, and sold by them at par, had obviously rendered a re-statement of the account necessary, as it reduced the claim of the Imperial Government to that extent, and had affected the calculation of interest.

With regard to the capitation rate of £5 a head on all the troops in New Zealand, Her Majesty's Government were prepared to admit the claim of the colony to a remission towards the expenditure for Native purposes during the years 1862, 1863, and 1864; and though they considered that the capitation rate might properly have been continued in respect of troops actually in the field during such subsequent period as was reasonably necessary for their removal, yet it did not appear that any definite agreement was in force on this subject after the 31st December, 1864, the negotiation between Mr. Reader Wood and Mr. Cardwell in 1864 not having led to any conclusion.

At this stage of the inquiry, Mr. Fitzherbert arrived in this country, having been authorised to represent the Colonial Government upon certain questions mentioned in the memorandum which accompanied Sir George Grey's despatch, No. 123 of the 8th November, of which the settlement of all claims between the Imperial and Colonial Governments was one, and having gone carefully into the accounts with his aid, and in the presence of Commissary-General Jones, I came to the conclusion that upon a complete scrutiny of the items a balance would certainly have proved to be due to the Imperial Treasury.

*Vide papers presented in 1867, page 44.

Such scrutiny, however, could not have been carried out without at least one reference to the colony, and this would have necessarily occupied much time, while the existence of such an unascertained claim must have greatly prejudiced the financial arrangements of the colony.

The colony is oppressed by a heavy debt, to a great extent caused by the same circumstances which had led to the Imperial expenditure in the colony. The magnitude of that debt has raised the taxation of the colony to more than £6 5s. per head on the entire population, Native and European, while the war has prevented that steady progress of settlement and industry which should have, during the same period, enriched the colony, and increased its resources.

The colony, moreover, has taken upon itself the entire duties of future internal self-defence, thus relieving the Imperial Government from the former responsibility, and the Imperial Treasury from the expenses incident to the maintenance of a large military force in New Zealand.

It appeared to me that, under these circumstances, the Imperial Government might properly consent, simultaneously with the removal of the troops, the installation of a new Governor, and the establishment of a complete system of self-reliance, to close these accounts by a mutual release, waiving the claim which they consider might be established against the colony.

In this view Her Majesty's Government concur; I have accordingly communicated with Mr. Fitzherbert, who has assented thereto, and I enclose a copy of the letter in which the decision was conveyed to Mr. Fitzherbert, and a copy of his reply adopting the arrangement, thus finally disposing of these long-pending matters.

I have, &c.,

BUCKINGHAM AND CHANDOS.

Sub-enclosure 4.

MEMORANDUM FOR HIS EXCELLENCY THE GOVERNOR.

THE despatch, No. 34, of the 1st of April last, from Her Majesty's Principal Secretary of State for the Colonies, communicates the settlement of the accounts between the Imperial and New Zealand Governments, arising out of the late war, on the basis of a reciprocal abandonment both of claims and counter-claims.

As a final conclusion of a prolonged and irritating controversy on matters of accounts between the Imperial Government and a portion of the Empire, this settlement must, on political grounds, be regarded with satisfaction; and in the peculiar circumstances of New Zealand, the decisive settlement, even at a pecuniary loss to it, of these long outstanding claims was much to be desired. But in acquiescing, for these reasons, in the arrangement above referred to, the New Zealand Government submit that it must be recognised that the colony has thereby made a considerable sacrifice; and it is a matter of regret that the promised scrutiny has not been made into the colonial counter-claims, which are believed to be founded on justice, and which show a credit to the colony of £147,235, after deducting from the Imperial claims preferred by Mr. Commissary-General Jones certain charges, such, amongst others, as the capitation charge, which His Grace the Duke of Buckingham does not consider justifiable. It is confidently felt that the result of that scrutiny would not only on broad constitutional grounds of policy, but even if more narrowly tested as a mere question of financial account, have placed a considerable sum to the credit of the colony.

But there are claims other than pecuniary which this colony has on the British Empire, not those arising out of natural relationship, but claims which the colony has eminently earned by its action during the late war; and it is gratifying to perceive that His Grace appreciates the national patriotism and unselfish character of that action, inasmuch as the colony, under the pressure of war and of a heavy debt, to a great extent caused by the same circumstances which had led to the Imperial expenditure in the colony, undertook the entire duty of future internal self-defence, thus relieving the Imperial Government from the former responsibility, and the Imperial Treasury from the expenses incident to the maintenance of a large military force in New Zealand.

To these claims, His Grace might have added that the colony also took upon itself the cost and responsibility of the fulfilment of these solemn obligations which the Crown of Great Britain had contracted in respect of the Maori race, when the promise was made that, in consideration of the cession of sovereignty of these islands, "Her Majesty the Queen of England extends to the natives of New Zealand her royal protection, and imparts to them all the rights and privileges of British subjects." And, in undertaking these obligations, the colony has not been content with mere idle professions; but, notwithstanding the continued pressure of the heavy war expenditure, has expended, and is expending, very large sums for promoting the civilization and education of the Native race, amounting (as shown by the annexed statement) to not less than £296,035 18s. 10d. during the last seven years.

Wellington, 4th July, 1868.

E. W. STAFFORD.

Annexed are: 1. (Sub-enclosure No. 1.) A statement of the expenditure of the Government of New Zealand on purely Native purposes during the last seven years; (Sub-enclosure No. 2.) A statement showing the expenditure of New Zealand during the financial year 1867-68, for Native purposes, colonial defence, and the interest of the war debt.

SUB-ENCLOSURE 1.—PAPERS relating to NEW ZEALAND: EXPENDITURE ON NATIVE PURPOSES.

	1860-61.	£	s.	d.	£	s.	d.
Civil List, including amounts unexpended in former years	..	7,909	3	4			
Native schools	..	6,254	15	7			
Appropriations	..	2,934	19	10			
	1861-62.				17,098	18	9
Civil List, including amounts unexpended in former years	..	10,259	7	1			
Native schools	..	5,461	16	6			
Appropriations	..	9,001	16	9			
	1862-63.				24,723	0	4
Civil List, including amounts unexpended in former years	..	7,903	4	6			
Native schools	..	8,447	15	8			
Appropriations	..	40,670	12	11			
	1863-64.				57,021	13	1
Civil List, including amounts unexpended in former years	..	7,327	19	1			
Native schools	..	4,525	13	9			
Appropriations	..	41,105	10	4			
	1864-65.				52,959	3	2
Civil List	..	7,000	0	0			
Native schools	..	2,508	5	0			
Appropriations	..	51,044	2	0			
	1865-66.				60,552	7	0
Civil List	..	7,000	0	0			
Native schools	..	912	7	11			
Appropriations	..	41,635	11	1			
	1866-67.				49,547	19	0
Civil List	..	228	9	10			
Native schools	..	438	2	8			
Appropriations	..	33,465	15	0			
					34,132	7	6
					£296,035	8	10

Treasury, 6th July, 1868.

J. WOODWARD, Assistant Treasurer.

SUB-ENCLOSURE 2.—MEMORANDUM showing the EXPENDITURE of New Zealand during the FINANCIAL YEAR 1867-68, for NATIVE PURPOSES, COLONIAL DEFENCE, and the INTEREST of the WAR DEBT.

	£	s.	d.	£	s.	d.
Vote for Native Purposes,—						
Civil List	7,000	0	0			
Appropriations	23,544	5	10			
Native schools	4,000	0	0			
				34,544	5	10
Vote for Armed Constabulary*				53,941	16	0
Vote for Military Settlers, Militia, Volunteers, and Liabilities for ditto				71,319	12	7
Vote for Defence Department and Military Pensions				4,608	6	8
Interest and Sinking Fund on War Loan of £3,000,000.. .. .				199,465	10	2
				<u>£363,879</u>	<u>11</u>	<u>3</u>

Wellington, 4th July, 1868.

J. WOODWARD, Assistant Treasurer.

No. 11.

The AGENT-GENERAL to the PREMIER.

The Premier, Wellington. Received, 11th January, 1893.
 GUARANTEED Debentures.—Bank England produces actuarial valuations ranging 121-24. Instruct maximum New Zealand Government prepared give. Will offer less, but prospects discouraging. Bank England reluctant sell. Such purchase concluded realisation by private sale 1,000,000 3½-per-cents., Colonial Bank included, would take such long time that question is whether public conversion a 3½-per-cent. loan preferable. (London, 10.)

No. 12.

The PREMIER to the AGENT-GENERAL.

(Telegram.) Wellington, 12th January, 1893.
 GOVERNMENT cannot approve proposals Bank of England guaranteed debentures three-and-a-half per cents.
 Agent-General, London.

No. 13.

The AGENT-GENERAL to the PREMIER.

(No. 1742). Westminster Chambers, 13, Victoria Street, London, S.W.,
 9th December, 1892.
 SIR,— Referring to my letter No. 1641, of the 24th ultimo, relating to the question of the £500,000 Imperial-guaranteed debentures of the loan of 1863, I beg leave to transmit copy of letter which I addressed to the Bank of England, and a copy of the Bank's reply.
 It will be seen that the Bank, while virtually declining to surrender the debentures at their nominal value, is open to consider a definite proposal to redeem them for what is described in the Bank's letter as their present value.
 I am not aware of what the Bank estimates this value to be, but as Canadian Imperial-guaranteed 4-per-cent. debentures, redeemable in 1913, are quoted at 113-116, I am inclined to think that the price which the Bank would accept would be at about that rate.
 Whether it would be a favourable transaction, assuming that it could be effected under the provisions of the Consolidated Stock Acts, to redeem the debentures at such a rate for the purpose of releasing the Sinking Fund, is a question which will have to be carefully considered by the Government.
 I have in contemplation to ask the Bank to name the price at which the debentures would be surrendered, and then to inform you by cablegram of the result.

The Hon. the Premier, Wellington.

I have, &c.,
 W. B. PERCEVAL.

Enclosure 1 in No. 13.

GENTLEMEN,— 13, Victoria Street, S.W., 29th November, 1892.
 Referring to my letter to you of the 12th September last, when I forwarded for your information a copy of a letter I had addressed to the Under-Secretary of State for the Colonies, relating to the £500,000 debentures of 1863 guaranteed by the Imperial Government, which were placed in the hands of the Commissioners of Her Majesty's Treasury as collateral security for the repayment of certain sums of money claimed to be due from the Colony of New Zealand to Her Majesty's Exchequer, I beg to state that the Colonial Office has now communicated to me the decision of the Treasury on the subject, in which, while it is admitted that the debentures were originally held as collateral security for a debt, it is claimed on behalf of the Treasury that the mutual release executed by the Imperial and Colonial Governments after the sale to your bank had taken place, precludes the Imperial Government from returning the debentures to the Colonial Government on payment of their nominal value. The Under-Secretary for the Colonies states, however, that the debentures in question are still in the hands of the Bank of England, and informs me that your Bank has been apprised of the wishes of my Government to redeem them.

I am forwarding the correspondence to my Government; but having received instructions to place myself in communication also with your Bank, with the view of ascertaining whether, under the special circumstances, arrangements can be made by which the debentures can be released, I shall be much obliged if you will inform me whether the Bank is prepared to allow my Government to redeem them.

It will be for my Government to decide whether the release referred to by the Treasury precludes any further claim on behalf of the colony to the right to redeem these debentures; but, in considering your reply to the request contained in this letter, I would direct your attention to what appear to me to be strong grounds, at least in equity, for asking, so far as the Bank is concerned, that a favourable view of the wishes of my Government be taken.

*This is not a police but a military force, employed in protecting the settlers and loyal Natives, and dispersed in detachments in the disturbed districts.

It will be noted that the debentures were originally deposited with the Bank to be held to the joint order of Mr. Hamilton, as representing the Treasury, and Messrs. Julyan and Sargeant, as representing the New Zealand Government. I attach a copy of the receipt given by the Bank, which shows that the Bank held these debentures on behalf of two parties to what may be termed a trust. In September 1866, the Bank, without any authority from Messrs. Julyan and Sargeant, accepted a transfer of the debentures at par from the Treasury. The sale was objected to by my Government at the time, on the ground that the debentures were disposed of privately instead of in the open market, it being alleged at the time that the debentures would have realised a price considerably over par if sold publicly.

I attach a copy of the correspondence which took place at the time between the Colonial Government, the Crown Agents, and the Bank of England, from which it would appear clear that the Crown Agents were not consenting parties to the sale, and, despite the reason given in the Bank's letter of 15th October, 1867, it is submitted that notice of the intended sale by the Treasury to your Bank should have been given to the Crown Agents, even if their consent in writing was not absolutely necessary. It is clear from the correspondence that the Crown Agents would have insisted on a sale in the open market, instead of privately to your Bank, and the colony would have reaped a benefit in the shape of the premium, which would, it was alleged, have resulted from a sale, which benefit accrued to the Bank.

Under these circumstances it is submitted that your Bank, in determining the terms on which the Bank will allow the New Zealand Government to redeem these debentures, should bear in mind the fact that the bonds were originally acquired by the Bank from the Treasury in a method and at a price which was, at the time, protested against by the representatives of the colony.

I have thought it right to bring under your notice the circumstances under which the Bank became possessed of these debentures, as they certainly appear worthy of consideration when determining the conditions under which the Bank will be prepared to allow my Government to redeem them.

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

I am, &c.,

W. B. PERCEVAL.

Enclosure 2 in No. 13.

SIR,—

Bank of England, 8th December, 1892.

I am directed to acknowledge the receipt of your letter of the 29th ultimo, and copy correspondence, with further reference to your letter of the 12th September last, on the subject of £500,000 New Zealand 4-per-cent. guaranteed debentures, which were sold by Her Majesty's Government to the Bank of England in September, 1866, and which your Government are now desirous of redeeming, and inquiring on their behalf whether the Bank are prepared to release the debentures for this purpose.

The somewhat voluminous correspondence that has passed between the different departments of the Government and the Governors of the bank with the New Zealand Government, sufficiently shows that the debentures in question were sold by Her Majesty's Treasury to the Bank at what was then considered a fair price; and the only question to determine is on what terms, if any, the Bank will now consent to meet the wishes of your Government to pay them off; and I am to say that, while the Governors have every desire to assist your Government, they do not feel that they would be justified in advising the Court of Directors to release the debentures for the purpose of redemption at less than their *present* value. Any definite proposal on this basis that you may desire to make shall receive their considerate attention.

W. B. Perceval, Esq., Agent-General for New Zealand.

I am, &c.,

F. MAX, Chief Cashier.

No. 14.

(No. 1.)

The PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 25th January, 1893.

I am in receipt of your despatch No. 1742, dated 9th ultimo, enclosing copy of a letter which you had addressed to the Bank of England relating to the question of the payment-off of the £500,000 guaranteed debentures held by the Bank, and a copy of the Bank's reply.

On receipt of the telegram dated 10th instant, the figures quoted as actuarial equivalents appeared so high, that I was disinclined to go on with further negotiations with the Bank, and I therefore sent you the cablegram dated 12th instant, intimating that I could not approve the proposals; but on very carefully reconsidering the matter, and armed with the figures you quote as the market price of the Canadian guaranteed bonds bearing the same rate of interest, I am of opinion that further negotiation with the Bank ought to result in their acceptance of a fair cash price, and this I consider should not be higher than 113–114, for which 118–119 of 3½-per-cent. Stock at 96 would be required.

You will readily understand the anxiety I feel to see these negotiations completed with a result satisfactory to both the Bank and the Government, securing, as the transaction will do, the release of a substantial amount of Sinking Fund, the balance of which the law sets aside for the purpose of public works expenditure.

The Government recognises the extremely sensitive condition of Colonial bonds and stock in the London market, and how very inadvisable it would be to approach lenders at the present time; however, the Government has no intention of coming on the market for a loan, but it must be admitted that there are several lines of railway already partially open for traffic which, if continued to a more paying point, would be the means of making large tracts of suitable country available for settlement by yeoman farmers. The application of the released Sinking Funds for such a purpose and within the authority of law, must be considered a legitimate reason for my expressing the hope that your negotiations with the Bank will result successfully, but this must not be obtained at too great a cost.

The Agent-General for New Zealand, London.

I have, &c.,

J. BALLANCE.

No. 15.

The PREMIER to the AGENT-GENERAL.

The Agent-General, London.

Wellington, 26th January, 1893.

CONTINUE negotiation with Bank of England. Think 113–14 enough for guaranteed debentures, equivalent 118–19 3½-per-cents.

No. 16.

The AGENT-GENERAL to the PREMIER.

(Telegram.) Premier, Wellington.

Received 1st February, 1893.

FEAR Bank of England will decline 114.

No. 17.

The PREMIER to the AGENT-GENERAL.

The Agent-General, London.

Wellington, 1st February, 1893.

ENDEAVOUR get Bank of England name lowest price.

No. 18.

The AGENT-GENERAL to the PREMIER.

(Telegram.) Premier, Wellington.

Received 6th February, 1893.

BANK of England offers accept 117 guaranteed debentures.

(London, 4th.)

No. 19.

The PREMIER to the AGENT-GENERAL.

Agent-General, London.

Wellington, 6th February, 1893.

MESSAGE of 4th received, Bank of England guaranteed debentures. Make best terms you can.

No. 20.

The AGENT-GENERAL to the PREMIER.

(Telegram.) Premier, Wellington.

Received 10th February, 1893.

BANK of England willing sell guaranteed debentures at 117, holding 200,000 4-per-cents. and 615,000 3½-per-cents. as security, until sufficient sold pay Bank of England; interest meanwhile 3 per cent. The 4-per-cents. are part Guaranteed Debentures Sinking Funds, and 3½-per-cents. Inscribed Stock created by conversion guaranteed debentures. My opinion is these best terms obtainable. Instruct whether shall accept.

(London, 9th.)

No. 21.

The PREMIER to the AGENT-GENERAL.

(Telegram.) The Agent-General, London.

Wellington, 13th February, 1893.

MESSAGE of 9th received. Accept terms mentioned.

No. 22.

The PREMIER to the AGENT-GENERAL.

(No. 10.)

SIR,—

Premier's Office, Wellington, 23rd February, 1893.

Referring to the correspondence which has passed between us in connection with the conversion of the guaranteed debentures of the loan of 1863, now held by the Bank of England, and more especially to your telegram of the 9th instant, wherein you inform me that the Bank is willing to sell at 117, I have the honour to state that the offer has caused me some anxiety and grave consideration, and I felt that a decision should not be hastily made.

As I have before stated, the whole question of the advisability, or otherwise, of the conversion hinges upon the necessity to provide funds during the coming financial year for public-works purposes. If, by the proposed conversion, sufficient Sinking Funds are released, and these by process of law pass into the Public Works Fund, we shall have achieved two most important results: (1) provided money to carry on works; and (2) kept out of the money-market as a borrower.

The first consideration is, of course, whether these results can be obtained at a reasonable rate and without sacrifice to the finances of the colony. The rate of 117 of cash asked by the Bank is, of course, high (1 per cent. better than the market quotation for guaranteed Canadians); but, as you report that the Bank are not anxious to sell at all, we must expect to pay more than would be the case if the conditions were reversed.

But, taking the proposals as they stand, I find that the conversion will result in a net saving of over £2,000 per annum for interest, including the interest saved on the debentures to be redeemed when the Sinking Fund is released. On the other hand, if we had to go upon the London market to obtain £170,500 (the amount which I anticipate will go into the Public Works Fund) by means of a 3½-per-cent. loan, we should have to pay an annual charge of over £6,000 for interest, besides increasing the public debt by nearly £180,000, instead of by only slightly more than £28,000 by the present proposals. I have not lost sight of the fact that £115,000 of additional stock will

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 $3\frac{1}{2}$ -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.,

SIR,—

19th January, 1893.

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 $121\frac{3}{4}$ to $124\frac{1}{8}$ 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 $2\frac{3}{4}$ -per-cent. Consols—namely, $97\frac{1}{4}$ —would correspond to a rate of interest for money of $2\frac{3}{8}$ per cent. per annum (very nearly) ; and as measured by the current price of $2\frac{3}{4}$ -per-cent., redeemable 1,905—namely, 100—to a rate of interest of $2\frac{3}{4}$ per cent. per annum. At a rate of interest of $2\frac{3}{8}$ 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, $124\frac{1}{8}$ for a debenture of 100. At a rate of interest of $2\frac{3}{4}$ per cent. per annum, I am of opinion that the corresponding value of a debenture of 100 would be $121\frac{3}{4}$.

19, Old Jewry, London, 22nd December, 1892.

Actuary to the National Debt Commissioners.

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

ALEX. J. FINLAISON,

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.)

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.,
Sir,— 3rd February, 1893.

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.) Premier's Office, Wellington, 23rd March, 1893.
Sir,—

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.,
Sir,— 17th February, 1893.

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-

clusion, if the value of the New Zealand guaranteed debentures now in your hands were measured by the price of the Canadian debentures, rather than by the current price of Consols or of similar Imperial Funds.

Even then, however, it appears to me, and I would strongly urge the Bank authorities to give this their careful consideration, there are circumstances which would justify the directors dealing with the matter in a special and more favourable manner as regards the colony, than by strictly adhering to this mode of arriving at the price at which you would be willing to meet my Government in their desire to resume possession of these debentures. In my previous letter I adverted to the circumstances under which these debentures were transferred to the Bank of England in 1866, circumstances which, as I pointed out, led my Government at the time to protest against the mode of sale which was then adopted, and it is therefore unnecessary for me in this letter to refer any further to that operation.

As you are aware, my Government have been engaged for some years in converting the loans of the colony into stock which is domiciled at your bank, and it is in pursuance of this policy that it is now desired to resume possession of these debentures, in order that they may be converted into stock, domiciled at the Bank of England.

I would point out that one result of this financial policy has been to transfer to the Bank's management almost the whole of the loans of the colony, and that, in a few years, whatever still remains outstanding will most probably be placed in a similar position.

That the result of this policy has been advantageous to the interests of the colony I freely admit; at the same time I consider that I am justified in referring to the fact that the result to the Bank has been that it is receiving from the colony an annual present payment of over £18,000, which, when the conversion of the loans into stock is completed, will probably be increased to over £20,000.

Taking, therefore, the relations which thus exist between the Bank and the colony into consideration, I feel confident that you will concur with me in thinking that they constitute a strong reason why, in dealing with the subject of this letter, the Bank should regard the colony in a more favourable light than if these relations were non-existent. I trust, therefore, that these considerations, which I have briefly indicated, and to which I consider it my duty to refer, will have their due weight with you when deciding upon the course which you will advise the Court of Directors to adopt.

With the view of facilitating the settlement of this matter, I beg permission, in closing this letter, to state that, if the Bank could see their way to fix the price of these debentures at 115, cum dividend of the 1st May next, I should consider it my duty to recommend the acceptance of that valuation to the favourable consideration of my Government.

The Governor and Company of the Bank of England.

I have, &c.,

W. B. PERCEVAL.

Enclosure 2 in No. 28.

SIR,—

Bank of England, London, E.C., 3rd February, 1893.

I am directed to acknowledge the receipt of your letter of yesterday, in continuation of the correspondence which has taken place between yourself and the Bank on the subject of £500,000 New Zealand 4-per-cent. guaranteed debentures, now held by the Bank, which your Government are desirous to redeem.

The Governors have given their best consideration to the several points urged by you. They are advised that the actuarial valuation of these debentures is considerably in excess of 120 per cent., but, bearing in mind the relations which exist between the Bank and the colony, and with a view to assist your Government as far as possible in the matter, I am to say that if you will make an offer of £117 per cent.—representing somewhat a medium price—they would be prepared to recommend the Court of Directors to accept the same.

I am, &c.,

F. MAY, Chief Cashier.

W. B. Perceval, Esq., Agent-General for New Zealand.

Enclosure 3 in No. 28.

GENTLEMEN,—

Westminster Chambers, 13, Victoria Street, S.W., 7th February, 1893.

I beg to acknowledge the receipt of Mr. May's letter of the 3rd instant, and I desire to thank you for the prompt consideration which you have given to the subject of my communication to which it is a reply.

Previous to my Government deciding to make a definite offer to purchase the £500,000 guaranteed debentures, it will be desirable to arrange the terms on which payment of the purchase-money can be made, and with this object in view I beg leave to submit for your consideration the following proposals, and I shall be glad to know whether they are such as the Bank would be ready to accept.

The proposals I have to make are as follows, namely :—

1. On the delivery of the debentures, the New Zealand Government to transfer to the Bank £200,000 4-per-cent. New Zealand Consolidated Stock, already inscribed at the Bank, and the £610,000 3½-per-cent Consolidated Stock into which the guaranteed debentures will be converted.
2. The Bank to hold these two parcels of stock as security for the payment of the purchase-money, charging interest at, say, Bank rate varying, on the whole or such portion as remains unpaid.
3. The sale of the two parcels of stock to be proceeded with simultaneously, and the proceeds of the sales to be paid over to the Bank from time to time in payment of the purchase-money.
4. As soon as the proceeds of the sales are sufficient to provide for the payment of the whole of the purchase-money, the balance remaining of the two parcels of stock to be re-transferred to the New Zealand Government.

I am, &c.,

W. B. PERCEVAL.

The Governor and Company of the Bank of England.

Enclosure 4 in No. 28.

SIR,—

Bank of England, London, E.C., 8th February, 1893.

I am directed to acknowledge the receipt of your letter of yesterday, with reference to the terms in which payment of the purchase-money can be made, in the event of your Government deciding to make a definite offer for the purchase from the Bank, for the purposes of redemption, of the New Zealand guaranteed debentures for £500,000, as to which some correspondence between yourself and the Bank has already taken place.

In reply, I am directed by the Governors to say that they would be willing to acquiesce in the proposals set forth in your letter, provided that interest on the purchase-money until it be paid be at the Bank rate varying, with a minimum rate of 3 per cent.

The Governors would be glad if the last instalment of the purchase-money could be paid not later than the 1st May next.

W. B. Perceval, Esq., Agent-General for New Zealand.

I am, &c.,

F. MAY, Chief Cashier.

Enclosure 5 in No. 28.

GENTLEMEN,—

Westminster Chambers, 13, Victoria Street, S.W., 14th February, 1893.

Referring to Mr. May's letter of the 3rd instant, I beg to inform you that I am authorised by my Government to offer 117 per cent. for the £500,000 New Zealand 4-per-cent. guaranteed debentures now in your hands, the terms of payment to be as specified in my letter of the 7th instant, and in your reply thereto of the 8th instant.

As it will take some time before the necessary arrangements can be completed for the creation of the 3½-per-cent. Stock which the Bank will hold as security, I would propose that the interest on the unpaid portion of the purchase-money shall commence, say from the 14th March, that being the earliest account day for which I shall be in a position to sell the newly-created stock.

The Governor and Company, Bank of England.

I have, &c.,

W. B. PERCEVAL.

Enclosure 6 in No. 28.

SIR,—

Bank of England, London, E.C., 16th February, 1893.

I am directed to acknowledge the receipt of your letter of the 14th instant, in which you offer, on behalf of your Government, to purchase, at the price of 117 per cent., the £500,000 New Zealand 4-per-cent. guaranteed debentures now in the hands of the Bank, the terms of payment to be as specified in your letter of the 7th instant, and in my reply thereto of the 8th instant.

I am now to inform you that the Governors accept your offer, and the Bank will accordingly be prepared, upon the transfer to them on the 14th March next of the £200,000 4-per-cent New Zealand Consolidated Stock already inscribed, and the £610,000 3½-per-cent. Consolidated Stock, into which the guaranteed debentures will be converted, to deliver to you the £500,000 guaranteed debentures, interest on the unpaid portion of the purchase-money being charged from the 14th March next at the Bank rate, with a minimum of 3 per cent. per annum.

I am, &c.,

W. B. Perceval, Esq., Agent-General for New Zealand.

F. MAY, Chief Cashier.

Enclosure 7 in No. 28.

GENTLEMEN,—

Westminster Chambers, 13, Victoria Street, 17th February, 1893.

I beg to acknowledge the receipt of Mr. May's letter of the 16th instant, conveying to me your acceptance of the offer which I made on behalf of my Government for the purchase of the £500,000 guaranteed debentures now in the hands of the Bank.

I am, &c.,

The Governor and Company of the Bank of England.

W. B. PERCEVAL.

No. 29.

The AGENT-GENERAL to the PREMIER.

(No. 299.)

Westminster Chambers, 13, Victoria Street, London, S.W.,

15th March, 1893.

SIR,—

Referring to my letter No. 178, of the 17th February last, I beg leave to state that the inscription of the £610,000 3½-per-cent. Stock, to be held by the Bank of England as security for the payment of the purchase-money of the £500,000 guaranteed debentures of the loan of 1863, was duly completed yesterday.

At the same time the Trustees of the Sinking Fund transferred £200,000 of the 4-per-cent. Stock belonging to the fund to the Bank of England, and £36,191 5s. 5d. to Mr. Palliser and myself to be held by us on behalf of the Government.

The £500,000 debentures were then surrendered by the Bank and have been cancelled.

The £10,052 12s. 11d. of 3½-per-cent Stock, also belonging to the Sinking Fund, had already been sold for to-day's account, and the proceeds (£9,700 4s.) have this day been paid into the Public Account.

Of the £200,000 4-per-cent. Stock, £35,000 has been sold for to-day's account, and the proceeds (£37,274 7s.) will be paid to the Bank of England in part payment of the purchase-money of the debentures.

As there will be a large balance at the credit of the Public Account on receipt from the Crown Agents of a portion of the Consols Sinking Fund, I propose to pay thereout on the 17th instant a further sum to the Bank of £120,000 on account of the purchase-money. By doing this the Treasury will make 3 per cent. on the amount thus paid, instead of only 1 per cent., the interest allowed in case it remained in the Public Account.

I attach copies of letters to and from the Bank of England, relating to the public notification of the conversion of these debentures.

I also attach copies of the contract-notes for the sale of £35,000 4-per-cent. Stock, and £10,052 12s. 11d. 3½-per-cent. Stock, being portions of the stock belonging to the released Sinking Fund.

I enclose prints of the deed-poll and declaration relating to the creation of the 3½-per-cent. Stock required for the purpose of this operation.

I have, &c.,

The Hon. the Premier, Wellington.

W. B. PERCEVAL.

Enclosure 1 in No. 29.

GENTLEMEN,—

13, Victoria Street, 17th February, 1893.

As it will now be necessary to arrange for the issue of the 3½-per-cent. Consolidated Stock into which my Government have decided to convert the £500,000 guaranteed debentures of the loan of 1863, I deem it right, as the management of the stock will be in your hands, to request you to favour me with your advice as to whether it will be necessary to make any public notification of the operation in question.

I am, &c.,

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

W. B. PERCEVAL.

Enclosure 2 in No. 29.

SIR,—

Bank of England, London, E.C., 20th February, 1893.

I am directed to acknowledge the receipt of your letter of the 17th instant, with reference to the arrangements to be made for the issue of the 3½-per-cent. Stock into which your Government have decided to convert the £500,000 guaranteed debentures of 1863, and in reply to your inquiry, to say that the Governors are of opinion that it will not be necessary to make any public notification of the operation in question.

I am, &c.,

W. B. Perceval, Esq., Agent-General for New Zealand.

E. E. BALY,

Deputy Chief Cashier.

Enclosure 3 in No. 29.

14th March, 1893.

RECEIVED from the Agent-General for New Zealand the undermentioned debentures for cancellation—namely: Debentures bearing interest at the rate of 4 per cent. per annum, redeemable in fifty years from the 1st November, 1865:—

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

For the Governor and Company, Bank of England,
F. MAX, Chief Cashier.

Enclosure 4 in No. 29.

DEED-POLL.

TO ALL TO WHOM THESE PRESENTS SHALL COME.

WE, Sir PENROSE GOODCHILD JULYAN, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, and a Companion of the Most Honourable Order of the Bath, and WESTBY BROOK PERCEVAL, Esquire, the Agent-General for the Colony of New Zealand in the United Kingdom, send greeting:

WHEREAS by an Act of the Legislature of New Zealand, intituled "The New Zealand Consolidated Stock Act, 1877," (hereinafter referred to as "The New Zealand Stock Act,") it was among other things enacted, that, for the purpose of raising any sum or sums of money under the authority of any Act that might be passed by the General Assembly of New Zealand in any future session of the said General Assembly authorising the Governor in Council to raise by way of loan any sum of money for the public service of the colony, it should be lawful for the Governor in Council to create capital stock, to be called "New Zealand Consolidated Stock," such stock to be issued in such amounts and manner, at such prices and times, on such terms and subject to such conditions, with such dividends, and redeemable at par at such times and on such conditions, as the Governor in Council might before the creation thereof from time to time determine: And by the said Act it was further enacted that the Governor in Council might from time to time declare all or any of the New Zealand loans, whether existing in the form of stock or not, to be convertible into stock of such denominations, with such conditions, and with such dividends, and redeemable at par at such times and on such conditions as he might before the creation thereof from time to time determine, and might authorise the creation and issue of such an amount of such stock in exchange for the securities held for such loans as might be necessary, and might authorise the creation and sale of any such stock for the purpose of raising money for redeeming any outstanding stock or securities, and of paying any expenses in the creation of stock and otherwise carrying out the provisions of the said Act on such conditions as he might determine, and any conversion so authorised might be effected either by arrangement with the holders of the existing securities, or by purchase thereof out of moneys raised by a sale of the new stock, or partly in one way and partly in the other: And by the said Act it was further enacted that all stock and the dividends thereon, and all charges and expenses incurred in carrying out the provisions of the said Act, should be a charge on and be paid out of the Consolidated Fund: And by the said Act it was further enacted that the Governor in Council might from time to time appoint three or more persons in England to be Agents for the purposes of the said Act, and might empower such Agents or any three or more of them to exercise all or any of the powers by the said Act exercisable by the Governor in Council: And further, that the said Act should not come into operation nor be of any force and effect whatever until it should be declared to be so in operation by a Proclamation issued by the Governor in Council and published in the *New Zealand Gazette*:

And whereas by a Proclamation made and issued by the Governor in Council on the 9th day of February, 1878, and published in a supplement to the *New Zealand Gazette* of the same date, the Governor, with the advice and consent of the Executive Council of the said Colony, did proclaim and declare that "The New Zealand Consolidated Stock Act, 1877," should be and come into operation on and after the 9th day of February, 1878:

And whereas by another Act of the said Legislature, intituled "The New Zealand Consolidated Stock Act 1877 Amendment Act, 1881," (hereinafter referred to as "The New Zealand Stock Amendment Act") it was enacted that, notwithstanding anything in "The New Zealand Consolidated Stock Act, 1877," contained, the Governor in Council might appoint only two persons to be the Agents for the purposes of such Act, who should have, exercise, and perform all the powers, authorities, or duties by such Act given to, vested in, or imposed upon the Agents appointed under such Act, and that throughout such Act the words "the Agents" should be deemed to refer to and include the two persons by the now reciting Act authorised to be appointed to be the Agents for the purposes of "The New Zealand Consolidated Stock Act, 1877":

And whereas various amounts of New Zealand Consolidated Stock have from time to time been duly created by the Agents in England duly appointed for the purposes of the said Acts of 1877 and 1881, or one of them, and duly empowered to exercise all the powers by such Acts exercisable by the Governor in Council upon the terms and conditions respectively mentioned in certain deeds-poll under the hands and seals of such Agents for the time being:

And whereas the various amounts of New Zealand Consolidated Stock so created by such Agents as aforesaid, with the dates of such deeds-poll and the names of the Agents by whom the same were executed, together with the rate of interest (all of which is payable half-yearly at the Bank of England) fixed by such deeds-poll, and the dates upon which the amounts of the stock so created are repayable, are set forth in the Schedule hereto:

And whereas, by another Act of the said Legislature, intituled "The New Zealand Loan Act, 1863," provision was made for borrowing certain sums of money, and, in pursuance of the powers under such Act, debentures were issued to the amount of £500,000, bearing interest at the rate of £4 per cent. per annum, and which interest is guaranteed by Her Majesty's Treasury, pursuant to the provisions of the Act of the Imperial Parliament, 29 and 30 Vict., cap. 104, and such debentures are now outstanding:

And whereas, in pursuance of the power and authority vested in him by the New Zealand Stock Act and the New Zealand Stock Amendment Act (all previous appointments of Agents having been revoked), His Excellency the Governor of the Colony of New Zealand did, by an Order in Council bearing date the 1st day of February, 1892, appoint us, the said Sir Penrose Goodchild Julian and Westby Brook Perceval, from and after the 1st day of April, 1892, to be Agents for the purposes of the New Zealand Stock Act, and in that capacity to exercise all the powers by such Act exercisable by the Governor in Council:

And whereas we, the said Sir Penrose Goodchild Julian and Westby Brook Perceval, in exercise and in pursuance of the powers and authorities in that behalf conferred upon us as aforesaid, have declared the New Zealand loan raised as last aforesaid to be convertible into stock, and for the purpose of providing New Zealand Consolidated Stock to be issued for the purpose of raising money for redeeming the outstanding securities for the said loan, and for the payment of the expenses of and attending the creation and issue of the said stock, we, the said Sir Penrose Goodchild Julian and Westby Brook Perceval, in exercise and in pursuance of the powers and authorities in that behalf conferred upon us as aforesaid, have determined to create a further amount of not exceeding £650,000 of New Zealand Consolidated Stock, to be issued as hereinafter mentioned, and to be in addition to and to rank *pari passu* with the amount of New Zealand Consolidated Stock which has been and shall hereafter be created and inscribed in the books of the Governor and Company of the Bank of England:

And whereas we have further determined that such further issue of stock shall be created, issued, and inscribed under the said "New Zealand Consolidated Stock Act, 1877," and we have also determined the amount, manner, price, time, terms, and conditions on, at, and subject to which such stock shall be issued and inscribed, and the dividends thereon be payable, and the principal thereof be redeemable, such amount, manner, price, time, terms, dividends, and conditions being those hereinafter mentioned:

And whereas it is expedient that our determination to create such additional amount of £650,000 New Zealand Consolidated Stock, to be so issued and redeemable, shall be declared and manifested under our hands and seals:

NOW THEREFORE THESE PRESENTS WITNESS, and We, the said Sir PENROSE GOODCHILD JULYAN and WESTBY BROOK PERCEVAL, in exercise and in pursuance of the powers by the New Zealand Stock Act and the New Zealand Stock Amendment Act, and the Orders in Council, or any or either of them vested in us, do by these presents declare that we have created a further amount of six hundred and fifty thousand pounds sterling of capital stock, to be called "New Zealand Consolidated Stock," in addition to and to rank *pari passu* with the said New Zealand Consolidated Stock heretofore created and issued under the provisions of the said deeds-poll mentioned in the Schedule hereto, or any or either of them during the existence thereof, and with such further amount of New Zealand Consolidated Stock as may be issued in pursuance of or as mentioned in the said deeds-poll, or any or either of them, and also with any further amount of New Zealand Consolidated Stock which shall be hereafter created and issued and be inscribed in the books of the Governor and Company of the Bank of England: And we have determined that so much of the same capital stock as it shall be necessary to sell for the purpose of raising money to redeem the securities or debentures now outstanding as aforesaid, and for the payment of such expenses as aforesaid, shall from time to time be sold and issued to the purchasers thereof, or their respective nominees, at such price or prices as can be reasonably obtained for the same: And that the interest or dividend to be paid on the said further amount of six hundred and fifty thousand pounds sterling of stock so created by us as last aforesaid, or any lesser amount which shall be from time to time issued, shall be at the rate of three pounds ten shillings per centum per annum, and shall be payable half-yearly at the Bank of England, on the first day of January and the first day of July in each year, from the days or times to be agreed upon with the purchasers thereof, until the first day of January, one thousand nine hundred and forty: And, further, that on the said first day of January, one thousand nine hundred and forty, the capital shall be repaid at par at the same place:

And, lastly, we do further declare that the revenues of the Colony of New Zealand alone are liable in respect of the stock hereinbefore described and the dividends thereon, and that the Consolidated Fund of the United Kingdom and the Commissioners of Her Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the stock or of the dividends thereon, or for any matter relating thereto.

In witness whereof we have hereunto set our hands and seals this tenth day of March, one thousand eight hundred and ninety-three.

The Schedule hereinbefore referred to.

Date of Deed-Poll.	By whom executed.	Amount created.	Rate of Interest.	Repayable.
1st Dec., 1879	Sir Penrose Goodchild Julian, K.C.M.G., C.B., Sir Julius Vogel, K.C.M.G., and Montagu Frederic Ommanney, Esq.	£6,000,000	£4 per cent.	1st Nov., 1929
1st Jan., 1883	Sir Penrose Goodchild Julian, K.C.M.G., C.B., and Sir Francis Dillon Bell, K.C.M.G.	£1,000,000	£4 per cent.	1st Nov., 1929
30th Oct., 1883	Sir Francis Dillon Bell, K.C.M.G., and Sir Pen- rose Goodchild Julian, K.C.M.G., C.B.	£9,400,000	£4 per cent.	1st Nov., 1929
1st Jan., 1884	The like	£1,000,000	£4 per cent.	1st Nov., 1929
30th Dec., 1884	The like	£764,240	£4 per cent.	1st Nov., 1929
1st Jan., 1885	The like	£1,000,000	£4 per cent.	1st Nov., 1929
1st June, 1885	The like	£1,520,000	£4 per cent.	1st Nov., 1929
20th May, 1886	The like	£10,000,000	£4 per cent.	1st Nov., 1929
6th Oct., 1886	The like	£1,567,800	£4 per cent.	1st Nov., 1929
30th May, 1888	The like	£2,000,000	£4 per cent.	1st Nov., 1929
31st Oct., 1889	The like	£3,000,000	£3 10s. per cent.	1st Jan., 1940
12th Mar., 1891	The like	£1,000,000	£3 10s. per cent.	1st Jan., 1940
26th Jan., 1893	Sir Penrose Goodchild Julian, K.C.M.G., C.B., and Westby Brook Perceval, Esq.	£500,000	£3 10s. per cent.	1st Jan., 1940

Signed, sealed, and delivered by the above-named Sir Penrose
Goodchild Julian in the presence of—

JOHN R. CURRIE,
Colonel, Torquay.

P. G. JULYAN. (L.S.)

Signed, sealed, and delivered by the above-named Westby
Brook Perceval in the presence of—

RICHARD HACKWORTH,
Clerk, New Zealand Government Office, 13, Victoria Street, London, S.W.

WESTBY B. PERCEVAL. (L.S.)

Enclosure 5 in No. 29.

DECLARATION FOR INLAND REVENUE COMMISSIONERS.

It is hereby declared that, by "The New Zealand Consolidated Stock Act, 1877," being Act 41 Vict., No. 33, of the Legislature of the Colony of New Zealand, provision is made in the terms following, that is to say,—

Section 2. Whenever in any Act heretofore passed by the General Assembly, or that may be passed in the present or any future session of the General Assembly, authority is given to the Governor, or to the Governor in Council, to raise by way of loan any sum of money for the public service of the colony, then, unless there be some provision to the contrary in the Act by which such authority is given, such sum may be raised in the manner hereinafter provided.

Section 3. For the purpose of raising such sum or sums of money under the authority of any such Act as aforesaid, it shall be lawful for the Governor in Council to create capital stock, to be called "The New Zealand Consolidated Stock" (hereinafter referred to as "stock"), subject to the provisions of this Act, to be issued in such amounts and manner, at such price and times, on such terms, and subject to such conditions, with such dividends, and redeemable at par at such times and on such conditions as the Governor in Council may before the creation thereof from time to time determine.

Section 4. The Governor in Council shall have and may exercise the following powers and authorities or any of them:—

- (1.) He may from time to time declare all or any of the New Zealand loans, whether existing in the form of stock or not, to be convertible into stock of such denominations, with such conditions, and with such dividends, and redeemable at par at such times and on such conditions as he may before the creation thereof from time to time determine:
- (2.) He may authorise the creation and issue of such an amount of such stock in exchange for the securities held for such loans as may be necessary:
- (3.) He may authorise the creation and sale of any such stock for the purpose of raising money for redeeming any outstanding stock or securities, and of paying any expenses in the creation of stock and otherwise carrying out the provisions of this Act, on such conditions as he may determine:
- (4.) Any conversion so authorised may be effected either by arrangement with the holders of existing securities or by purchase thereof out of moneys raised by a sale of new stock, or partly in one way and partly in the other.

Section 7. The Governor in Council may from time to time enter into any such agreement with the Bank of England, as to the Governor in Council seems fit, providing for all or any of the following things (*inter alia*):—

- (1.) For inscribing in the books of the Bank any stock:
- (2.) For managing the creation, inscription, and issue of stock:
- (3.) For effecting the conversion of loans into stock and managing transfers of stock:
- (5.) For issuing stock certificates to bearer, and as often as occasion shall require reissuing or reinscribing stock and reissuing stock certificates:

(10.) Generally conducting all business connected with stock or loans.

For the purposes of this Act the expression "Bank of England" means the Governor and Company of the Bank of England, and includes their successors.

Section 8. Every agreement made with the Bank of England in pursuance of this Act shall be as valid and effectual as if the terms thereof had been set forth in and enacted by this Act.

Section 9. The Governor in Council shall have the powers and duties, and may do the following things (*inter alia*) for the purpose of this Act:—

- (1.) He may from time to time appoint three or more persons in England to be Agents for the purposes of this Act (which Agents for the time being are in this Act referred to as "the Agents"), and may empower such Agents or any three or more of them to exercise all or any of the powers by this Act exercisable by the Governor in Council.

Section 14.—This Act shall not come into operation nor be of any force or effect whatever until it shall be declared to be so in operation by a Proclamation issued by the Governor in Council and published in the New Zealand Government Gazette:

And it is hereby further declared that, by a Proclamation made and issued by the Governor in Council on the 9th day of February, 1878, and published in a Supplement to the New Zealand Government Gazette of the same date, it was declared that the said Act should be and come into operation on and after the said 9th day of February, 1878.

And it is hereby further declared that by "The New Zealand Consolidated Stock Act 1877 Amendment Act, 1881," being Act 45 Vict., No. 44, of the said Legislature, it was enacted that notwithstanding anything in "The New Zealand Consolidated Stock Act, 1877," contained, the Governor in Council might appoint only two persons to be the Agents for the purposes of such Act, who should have, exercise, and perform all the powers, authorities, or duties by such Act given to, vested in, or imposed upon the Agents appointed under the ninth section of such Act, and that throughout such Act the words "the Agents" should be deemed to refer to and include the two persons authorised by the Act now in recital to be appointed to be the Agents for the purpose of "The New Zealand Consolidated Stock Act, 1877:"

And it is hereby further declared that various amounts of New Zealand Consolidated Stock have from time to time been duly created by the Agents in England duly appointed for the purposes of the said Acts of 1877 and 1881, or one of them, and duly empowered to exercise all the powers by such Acts exercisable by the Governor in Council upon the terms and conditions respectively mentioned in certain deeds-poll under the hands and seals of such Agents for the time being.

And it is hereby further declared that the various amounts of New Zealand Consolidated Stock so created by such Agents as aforesaid, with the dates of such deeds-poll and the names of the Agents by whom the same were executed, together with the rate of interest (all of which is payable half-yearly at the Bank of England) fixed by such deeds-poll, and the dates upon which the amounts of the stock so created are repayable, are set forth in the Schedule hereto:

And it is hereby further declared that by another Act of the said Legislature, intitled "The New Zealand Loan Act 1863," provision was made for borrowing certain sums of money, and in pursuance of the powers under such Act, debentures were issued to the amount of £500,000, bearing interest at the rate of £4 per cent. per annum, and which interest is guaranteed by Her Majesty's Treasury, pursuant to the provisions of the Act of the Imperial Parliament, 29 and 30 Vict., cap. 104, and such debentures are now outstanding:

And it is hereby further declared that, in pursuance of the power and authority vested in him by "The New Zealand Consolidated Stock Act, 1877," and "The New Zealand Consolidated Stock Act 1877 Amendment Act 1881" (all previous appointments of Agents having been revoked) His Excellency the Governor of the Colony of New Zealand did, by an Order in Council bearing date the 1st day of February, 1892, appoint Sir Penrose Goodchild Julian, K.C.M.G., C.B., and Westby Brook Perceval, Esquire, the Agent-General for the Colony of New Zealand in the United Kingdom, from and after the 1st day of April, 1892, to be Agents for the purposes of "The New Zealand Consolidated Stock Act, 1877," and in that capacity to exercise all the powers by such Act exercisable by the Governor in Council:

And it is hereby further declared that His Excellency the Governor of the Colony of New Zealand did, by another Order in Council, also bearing date the 1st day of February, 1892, and issued under the seal of the said colony, empower the said Sir Penrose Goodchild Julian and Westby Brook Perceval to make any declaration required by or under the provisions of the Act of Parliament of the United Kingdom of Great Britain and Ireland known as "The Colonial Stock Act, 1877," and in and about such declaration and the leaving and record thereof with the Commissioners of Inland Revenue, to do all such necessary acts as might or could have been done by or on behalf of the Government of the said colony under the provisions of the last-mentioned Act:

And it is hereby further declared that the said Sir Penrose Goodchild Julian and Westby Brook Perceval, in exercise and in pursuance of the powers and authorities in that behalf conferred upon them as aforesaid, have declared the New Zealand loan raised as last aforesaid to be convertible into stock, and for the purpose of providing New Zealand Consolidated Stock to be issued for the purpose of raising money for redeeming the outstanding securities for the said loan, and for the payment of the expenses of and attending the creation and issue of the said stock, the said Sir Penrose Goodchild Julian and Westby Brook Perceval, in exercise and in pursuance of the powers and authorities in that behalf conferred on them as aforesaid, determined to create a further amount of not exceeding £650,000 of New Zealand Consolidated Stock, to be issued as hereinafter mentioned, and to be in addition to and to rank *pari passu* with the amount of New Zealand Consolidated Stock which has been and shall hereafter be created and inscribed in the books of the Governor and Company of the Bank of England:

And it is hereby further declared that by a deed-poll bearing date the 10th day of March, 1893, under the hands and seals of the said Sir Penrose Goodchild Julian and Westby Brook Perceval, acting as such Agents and so empowered as aforesaid, they declared that they had created a further amount of £650,000 sterling of capital stock, to be called "New Zealand Consolidated Stock," in addition to and to rank *pari passu* with the said New Zealand Consolidated Stock theretofore created and issued under the provisions of the said deeds-poll mentioned in the schedule hereto or any or either of them during the existence thereof, and with such further amount of New Zealand Consolidated Stock as might be issued in pursuance of or as mentioned in the said deeds-poll or any or either of them, and also with any further amount of New Zealand Consolidated Stock which should be thereafter created and issued and be inscribed in the books of the Governor and Company of the Bank of England. And they had determined that so much of the same capital stock as it should be necessary to sell for the purpose of raising money to redeem the securities or debentures now outstanding as aforesaid, and for payment of such expenses as aforesaid, should from time to time be sold and issued to the purchasers thereof or their respective nominees at such price or prices as could be reasonably obtained for the same. And that the interest or dividend to be paid on the said further amount of £650,000 sterling of stock so created by them as last aforesaid, or any lesser amount which should be from time to time issued, should be at the rate of £3 10s. per centum per annum, and should be payable half-yearly at the Bank of England, on the 1st day of January and the first day of July in each year, from the days or times to be agreed upon with the purchasers thereof, until the 1st day of January, 1940: And further that on the said 1st day of January, 1940, the capital should be repaid at par at the same place:

And it is hereby further declared that the revenues of the Colony of New Zealand alone are liable in respect of the stock hereinbefore described and the dividends thereon, and that the Consolidated Fund of the United Kingdom and the Commissioners of Her Majesty's Treasury are not directly or indirectly liable or responsible for the payment of the stock or of the dividends thereon, or for any matter relating thereto.

In witness whereof the said Sir Penrose Goodchild Julian and Westby Brook Perceval have hereunto set their hands this eleventh day of March, one thousand eight hundred and ninety-three.

The Schedule hereinbefore referred to.

Date of Deed-Poll.	By whom executed.	Amount created.	Rate of Interest.	Repayable.
1st Dec., 1879	Sir Penrose Goodchild Julian, K.C.M.G., C.B., Sir Julius Vogel, K.C.M.G., and Montagu Frederic Ommanney, Esq.	£6,000,000	£4 per cent.	1st Nov., 1929
1st Jan., 1883	Sir Penrose Goodchild Julian, K.C.M.G., C.B., and Sir Francis Dillon Bell, K.C.M.G.	£1,000,000	£4 per cent.	1st Nov., 1929
30th Oct., 1883	Sir Francis Dillon Bell, K.C.M.G., and Sir Pen- rose Goodchild Julian, K.C.M.G., C.B.	£9,400,000	£4 per cent.	1st Nov., 1929
1st Jan., 1884	The like	£1,000,000	£4 per cent.	1st Nov., 1929
30th Dec., 1884	The like	£764,240	£4 per cent.	1st Nov., 1929
1st Jan., 1885	The like	£1,000,000	£4 per cent.	1st Nov., 1929
1st June, 1885	The like	£1,520,000	£4 per cent.	1st Nov., 1929
20th May, 1886	The like	£10,000,000	£4 per cent.	1st Nov., 1929
6th Oct., 1886	The like	£1,567,800	£4 per cent.	1st Nov., 1929
30th May, 1888	The like	£2,000,000	£4 per cent.	1st Nov., 1929
31st Oct., 1889	The like	£3,000,000	£3 10s. per cent.	1st Jan., 1940
12th Mar., 1891	The like	£1,000,000	£3 10s. per cent.	1st Jan., 1940
26th Jan., 1893	Sir Penrose Goodchild Julian, K.C.M.G., C.B., and Westby Brook Perceval, Esq.	£500,000	£3 10s. per cent.	1st Jan., 1940

Signed by the above-named Sir Penrose Goodchild Julian
in the presence of—

JOHN R. CURRIE,
Colonel, Torquay.

P. G. JULYAN.

Signed by the above-named Westby Brook Perceval in
the presence of—

RICHARD HACKWORTH,
Clerk, New Zealand Government Office, 13, Victoria Street, London, S.W.

WESTBY B. PERCEVAL.

No. 30.

The AGENT-GENERAL to the PREMIER.

(No. 338.) Westminster Chambers, 13, Victoria Street, London, S.W.,
30th March, 1893.

SIR,— Referring to my letter No. 299, of the 15th instant, I beg to advise the sale of £25,000 4-per-cent. Stock, being part of the released Sinking Fund of the £500,000 Imperial guaranteed debentures of the loan of 1863.

The amount (£26,656 4s.) realised has been paid over to the Bank of England as part payment of the purchase-money of the above-mentioned debentures.

I enclose copy of the contract notes.
The Hon. the Premier, Wellington.

I have, &c.,
W. B. PERCEVAL.

No. 31.

The AGENT-GENERAL to the PREMIER.

(No. 402.) Westminster Chambers, 13, Victoria Street, London, S.W.,
13th April, 1893.

SIR,— Referring to my letter No. 338, of the 30th ultimo, I beg to advise the sales of the following amounts of stock—namely, £35,000 4-per-cent. Stock, part of the released Sinking Fund of the £500,000 Imperial guaranteed debentures of the loan of 1863, and £30,000 3½-per-cent. Stock, part of that into which the above-mentioned debentures have been converted.

The amount (£65,874 18s.) realised has this day been paid over to the Bank of England as part payment of the purchase-money of the debentures in question.

I attach hereto copies of the contract notes.
The Hon. the Premier, Wellington.

I have, &c.,
W. B. PERCEVAL.

No. 32.

The PREMIER to the AGENT-GENERAL.

(No. 24.)

SIR,— Premier's Office, Wellington, 15th June, 1893.

In connection with the conversion of the half-million guaranteed loan of 1863, and to the amount of stock required to be realised to enable payment to be made to the Bank of England, it is, I am sure, unnecessary for me to urge upon you to take advantage of a fair market with the view of having sales effected as speedily as possible. The transaction is of so large dimensions that I cannot help feeling anxiety as to its being brought to a successful issue; at the same time I am quite satisfied that no effort will be lost on your part to take every advantage of a suitable market as opportunity arises. After the £585,000 has been paid to the Bank, the further proceeds of the sale

of stock will be a material aid to the funds to be placed at your disposal, besides providing ways and means for the Public Works Fund during the current year arising from the surplus sinking funds released by the conversion operation. These two results are in themselves matters of the utmost importance.

I have, &c.,

JOHN MCKENZIE
(for the Premier).

The Agent-General for New Zealand, London.

No. 33.

The AGENT-GENERAL to the PREMIER.

(No. 546.)

Westminster Chambers, 13, Victoria Street, London, S.W.,

SIR,—

12th May, 1893.

I beg to transmit herewith copy of correspondence with the Bank of England, with reference to the payment of the amount still due to the Bank on account of the purchase of the £500,000 guaranteed debentures of the loan of 1863.

The Bank appears to be anxious to complete the transaction by the 30th June next; but, as it was aware at the time, it is necessary to sell a sufficient amount of the $3\frac{1}{2}$ -per-cent. and 4-per-cent. Stock held by the Bank as security in order to provide the necessary funds. In the present state of the stock market, depressed as it is by the Australian bank failures, there is complete stagnation as regards sales of colonial stock, so that, except at a great sacrifice, it is not possible to realise; and, considering that the Bank holds ample security for the payment, I do not consider the Government ought to be called upon to press sales.

At the same time, circumstances might occur which will necessitate the use of some portion of the £800,000 guaranteed debentures, in order to avoid the sale of the stock at a sacrifice; but I shall not consent to this unless absolutely necessary, and, at all events, without first communicating with you by telegraph for your instructions.

I have, &c.,

The Hon. the Premier, Wellington.

W. B. PERCEVAL.

Enclosure 1 in No. 33.

SIR,—

13, Victoria Street, 3rd May, 1893.

Referring to the arrangement under which the £500,000 Imperial guaranteed debentures were surrendered to my Government, and to your letter of the 8th February, in which you stated that the Governors would be glad if the last instalment of the purchase-money could be paid not later than the 1st instant, I beg to express my regret that the unforeseen financial circumstances which have lately occurred have prevented me from selling a sufficient amount of the stock which was transferred to the Bank as security, and that I have therefore been unable to meet the wishes of the directors. I trust, however, that the market for the sale of the stock in question will shortly recover itself, and thus enable me, on behalf of my Government, to pay off the balance (£335,194 11s.) which is still due.

I am, &c.,

The Chief Cashier, Bank of England.

W. B. PERCEVAL.

Enclosure 2 in No. 33.

SIR,—

Bank of England, London, E.C., 11th May, 1893.

I beg to acknowledge the receipt of your letter of the 3rd instant, with reference to the arrangement for the payment for the £500,000 New Zealand 4-per-cent. guaranteed debentures recently purchased by your Government of the Bank.

In reply, I am directed to inform you that, under the circumstances, the Governors are willing to postpone the time for the payment of the final instalment of the purchase-money for a further reasonable period; they would, at the same time, be glad to know if, in your opinion, the matter can be concluded by the 30th June next.

I am, &c.,

The Agent-General for New Zealand, 13, Victoria Street.

F. MAY, Chief Cashier.

Enclosure 3 in No. 33.

SIR,—

13, Victoria Street, London, E.C., 12th May, 1893.

I beg to acknowledge the receipt of your letter of the 11th instant, in which, in reference to the arrangement for the payment for the £500,000 4-per-cent. guaranteed debentures, you inquire whether the matter can be concluded by the 30th June next, and in reference thereto I desire to state that, as the payment of the balance still due depends upon the sale of a sufficient amount of the stock remaining in the Bank's hands as security, I am unable, in the present state of the money-market, to give any definite assurance that full payment will be completed at the date named. I need scarcely add that it will be my endeavour to realise the necessary amount of stock as soon as possible.

I venture to point out that a payment of £120,000 was made to the Bank on the 17th March last without the release of an equivalent amount of stock, thus affording a considerable increase to the security held for the balance still payable.

I am, &c.,

The Chief Cashier, Bank of England.

W. B. PERCEVAL.

No. 34.

The PREMIER to the AGENT-GENERAL.

(No. 28.)

SIR,—

Premier's Office, Wellington, 12th July, 1893.

I have the honour to acknowledge the receipt of your letter of the 12th May last, No. 546, transmitting copy of correspondence between the Bank of England and yourself in regard to paying off the balance of the advance made by the Bank for the purpose of paying off the guaranteed debentures of the loan of 1863.

The request of the Bank for repayment by the 1st of May, and then by the 30th ultimo, came as a surprise to me, and, considering the very ample margin of security they held, and knowing, as

they must have known, that the state of the market had lately been very unfavourable to the sale of any Australasian securities, I felt regret that the request should have been made. However, I have since received your cablegram of the 3rd instant informing me that the Bank had been paid off, which disposes of the matter.

I have, &c.,

J. G. WARD
(for the Premier).

The Agent-General for New Zealand, London.

No. 35.

The PREMIER to the AGENT-GENERAL.

(Telegram.) Agent-General, London.

Wellington, 8th July, 1893.

WITH reference to telegram third, telegraph particulars stock sold.

No. 36.

The AGENT-GENERAL to the PREMIER.

(Telegram.) Premier, Wellington.

Received 11th July, 1893.

MESSAGE of 8th received. Whole 4-per-cent. sinking fund sold, also 182,000 $3\frac{1}{2}$ -per-cents.

(London, 10th.)

No. 37.

The PREMIER to the AGENT-GENERAL.

(Telegram.) Agent-General, London.

Wellington, 11th July, 1893.

MESSAGE of 10th received. Quote prices.

No. 38.

The AGENT-GENERAL to the PREMIER.

(Telegram.) Premier, Wellington.

Received 4th July, 1893.

WITH reference to letter 546, May 12: Bank of England paid off.

(London, 3rd.)

No. 39.

The PREMIER to the AGENT-GENERAL,

(Telegram.) The Agent-General, London.

Wellington, 5th July, 1893.

MESSAGE of 3rd received. Congratulations.

No. 40.

The AGENT-GENERAL to the PREMIER.

(Telegram.) Premier, Wellington.

Received 13th July, 1893.

MESSAGE of 11th received. Average net price is, $104\frac{3}{4}$ 4-per-cents. $95\frac{1}{8}$ $3\frac{1}{2}$ -per-cents. Second; total amount $3\frac{1}{2}$ -per-cents. unsold, 427,836.

(London, 12th.)

No. 41.

The AGENT-GENERAL to the PREMIER.

(No. 562.)

Westminster Chambers, 13, Victoria Street, London, S.W.,

SIR,—

25th May, 1893.

I beg to transmit herewith copy of correspondence with the Bank of England (in continuation of that, copy of which went with my letter No. 546, of the 12th instant) relating to the payment of the amount still due to the Bank on account of the purchase of the £500,000 guaranteed debentures of the loan of 1863.

I take the opportunity of forwarding copies of sale-notes of £2,627 2s. 3d. and £10,000 of the $3\frac{1}{2}$ -per-cent. Stock, and £15,000 of the 4-per-cent. Stock held by the Bank as security.

The proceeds of the sale of the £2,627 2s. 3d., $3\frac{1}{2}$ -per-cent. Stock, was paid to the Bank on the 12th instant, and those of the two other lots will be paid on the 31st instant. These payments will reduce the amount due to the Bank to £307,730 8s. 6d.

I have, &c.,

The Hon. the Premier, Wellington.

W. B. PERCEVAL.

Enclosure 1 in No. 41.

SIR,—

Bank of England, London, E.C., 13th May, 1893.

I beg to acknowledge the receipt of your letter of yesterday, in reply to my letter of the 11th instant, in which you say that in the present state of the money-market you are unable to give any definite assurance that full payment of the balance of the loan now outstanding will be completed by the 30th June next.

In assenting to the postponement of the date of repayment, as notified in my letter of the 11th instant, the Governors were influenced by the knowledge of the present difficulty of selling colonial stocks; at the same time they desire me to point out that it is not in accordance with the practice of the Bank to make advances or renewals for an

indefinite period, and they would prefer that you should fix a date for repayment, say the 30th June next, leaving till then the question of a further postponement if found necessary. I shall, therefore, feel obliged if you will let me have a letter in conformity.

I am, &c.,

E. E. Baly,

Deputy Cashier.

The Agent-General for New Zealand, 13, Victoria Street, S.W.

Enclosure 2 in No. 41.

SIR,—

13, Victoria Street, London, S.W., 15th May, 1893.

I beg to acknowledge the receipt of your letter of the 13th instant, in which you state that the Governors would prefer to fix the 30th June next, on or before which the payment of the balance due on account of the purchase of the £500,000 guaranteed debentures shall be made, leaving till then the question of a further postponement if found necessary.

In reply, I beg to inform you that I am willing to conform with the Governors' wishes, as expressed in your letter.

I am, &c.,

W. B. PERCEVAL.

The Chief Cashier, Bank of England, E.C.

No. 42.

The PREMIER to the AGENT-GENERAL.

(No. 31.)

SIR,—

Premier's Office, Wellington, 13th July, 1893.

I have the honour to acknowledge the receipt of your letter of the 25th May, No. 562, enclosing copy of further correspondence with the Bank of England, resulting in your agreeing to fix the 30th ultimo as the date for repayment of the balance of the advance on account of the repurchase of £500,000 guaranteed debentures.

I have to-day received your cablegram informing me of the prices at which the stock was sold to pay off the Bank. I was glad to receive this information, and I need now only add that the prices obtained for the stock may, in the disturbed state of the market, be considered as satisfactory.

I have, &c.,

J. G. WARD

(for the Premier).

The Agent-General for New Zealand, London.

No. 43.

The AGENT-GENERAL to the PREMIER.

(No. 629.)

Westminster Chambers, 13, Victoria Street, London, S.W.,

9th June, 1893.

SIR,—

I beg to transmit herewith copies of sale-notes (in continuation of those sent with my letter No. 562, of the 25th May last) of the following amounts of stock, namely: £1,000 4-per-cent. Stock, proceeds paid to the Public Account on the 31st May; £20,000 4-per-cent. Stock, proceeds payable on 15th June; £5,000 4-per-cent. Stock, proceeds payable on 15th June; £20,000 4-per-cent. Stock, proceeds payable on 15th June; £10,000 3½-per-cent. Stock, proceeds paid to the Public Account on the 31st May; £10,000 3½-per-cent. Stock, proceeds payable on 15th June; £87,372 17s. 9d. 3½-per-cent. Stock, proceeds payable on 15th June.

A portion of the proceeds of these sales were paid to the Bank of England on the 31st ultimo, and the remainder will be paid to the Bank on the 15th instant, in part liquidation of the amount still due on account of the purchase of the £500,000 guaranteed debentures, and their total amount will reduce that liability to £157,798 2s.; and additional sales of stock will, I anticipate, enable me to reduce this outstanding balance still further, if not to pay it off altogether, by the 30th instant.

I have, &c.,

W. B. PERCEVAL.

The Hon. the Premier, Wellington.

No. 44.

The AGENT-GENERAL to the PREMIER.

(No. 663.)

Westminster Chambers, 13, Victoria Street, London, S.W.,

16th June, 1893.

SIR,—

I beg to transmit herewith copies of sale-notes (in continuation of those sent with my letter No. 629, of the 9th instant) of the following amounts of stock, namely:—

Lot No. 1. £2,163 10s. 3½-per-cent. Stock ... Proceeds paid in to the Public Account on 15th instant.

Lot No. 2. £10,000 " " ... Ditto

Lot No. 3. £10,000 4-per-cent. Stock ... "

Lot No. 4. £34,000 " " ... "

Lot No. 5. £11,000 " " ... "

Lot No. 6. £25,191 5s. 5d. " " ... "

The first four lots consisted of stock in the hands of the Bank of England, and lots Nos. 5 and 6 were portions of the released Sinking Fund 4-per-cent. Stock held in the names of Mr. Palliser and myself.

The whole (£196,618 12s. 5d.) of the net proceeds of the sale of the stocks held by the Bank of England, named in this and my letter of the 9th instant, was paid on the 15th instant to the Bank by Commissioners' order, in part liquidation of the amount due on account of the purchase of the £500,000 guaranteed debentures.

The net proceeds (£37,638 4s. 11d.) of the £36,191 5s. 5d. 4-per-cent. stock held by Mr. Palliser and myself were paid into the Public Account yesterday; and of this, £30,000 is being paid this day to the Bank of England by Commissioners' order, in further payment of the amount on account of the purchase of the guaranteed debentures.

The above-mentioned payments reduce the amount due to the Bank of England to £70,601 18s. 1d., and I have reason to believe that this amount will be paid off by means of further sales of stock previous to the 30th instant, the date which, in the correspondence forwarded with my letter No. 562, of the 25th May last, was fixed for the final payment.

The present position may be summed up as follows, namely:—

1. The whole of the released Sinking Fund Stocks ($3\frac{1}{2}$ per cent. and 4 per cent.) have been sold.

2. Of the £610,000 $3\frac{1}{2}$ -per-cent. Stock inscribed for the purpose of redeeming the £500,000 guaranteed debentures, £162,163 10s. has been sold, leaving a balance of £447,836 10s. still in hand.

3. Of the £585,000 purchase-money of the £500,000 guaranteed debentures, £514,398 1s. 11d. has been paid off, leaving a balance of £70,601 18s. 1d. still due, and this will be paid off by means of further sales of the $3\frac{1}{2}$ -per-cent. (£610,000) Stock.

I have, &c.,

The Hon. the Premier, Wellington.

W. B. PERCEVAL.

No. 45.

The AGENT-GENERAL to the PREMIER.

(No. 753.)

Westminster Chambers, 13, Victoria Street, London, S.W.,

SIR,—

7th July, 1893.

I beg to transmit herewith copy of sale-note (in continuation of those sent with my letter No. 663, of the 16th June last) of the following amount of stock—namely, £20,000 $3\frac{1}{2}$ -per-cent. Stock, the proceeds of which (£18,774 19s.) were paid into the Public Account on the 29th instant, and on the same date the Bank of England was paid by means of a Commissioners' order a like amount on account of the purchase-money of the £500,000 guaranteed debentures.

This payment to the Bank left only £51,826 19s. 1d. due on account of the purchase-money in question; and, deeming it desirable to carry into effect the understanding that the whole payment would be completed by the 30th June, the amount still due was paid to the Bank on that date by means of a Commissioners' order on the Public Account.

The interest which had accrued on the unpaid portions of the purchase-money, amounting to £3,042 18s. 7d., will this day be paid to the Bank, and the unsold portion (£427,836 10s.) of the $3\frac{1}{2}$ -per-cent. Stock being thus released, will be transferred to the names of Mr. Palliser and myself, holding the same on behalf of the Government. I shall, of course, proceed with the sale of this stock; but, unless I receive your instructions to the contrary, I shall not press sales so as to unduly depress the market.

The transaction having been thus concluded, so far as the payment to the Bank of England was concerned, I sent you a cablegram to that effect, and was pleased to receive your congratulations in reply, for which I beg you will accept my best thanks.

I have, &c.,

The Hon. the Premier, Wellington.

W. B. PERCEVAL.

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