

5-per-cent. Consol. Debentures (Annual Drawings).

The total amount of these debentures which have been converted during the year 1894 is £297,100; £4,600 have been sent in since my letter of the 9th August, leaving £725,800 still in the hands of the public.

The amount of 3½-per-cent. stock inscribed in respect to these debentures is £321,573, showing an average of about £108¼ stock for every £100 in debentures, an increase of £24,473 in the nominal amount of the public debt, but an annual saving to the revenue of £3,600 in the payment of interest.

I have recently inserted an advertisement in a few of the leading financial and other papers reminding holders of New Zealand Government debentures that they can still bring in their debentures for conversion, and I have further circulated a prospectus amongst the banks and others, giving the terms on which the debentures still outstanding can be converted. I enclose some copies of this prospectus, by which you will see that, as regards the 5-per-cent. consol. debentures, the offer is made of £106 3½-per-cent. stock for every £100 in debentures on terms similar to those of last year, when the amount of stock offered was £108 10s.

I am not sanguine that there will be much response to this offer, as every successive conversion of these debentures materially diminishes the number of those holders who prefer holding stock rather than debentures.

With regard to the management of the annual fund required to pay off any outstanding unconverted debentures which may be drawn, the proposal adopted by you which did away with remitting the full nominal amount from the colony has been duly carried into effect.

The Crown Agents have notified to me that the sum of £242,456 will be available for this year's drawing, and of this amount I estimate that not more than £50,000 will be required to pay off the drawn unconverted debentures, and this amount will be provided for by the sale of 3½-per-cent. stock.

5-per-cents of the Loan of 1863, redeemable 1914.

As stated in my letter of the 9th August last, £78,700 of these debentures were converted into £90,885 3½-per-cent. stock up to that date, and no further amount has since come in. This leaves £300,100 of these debentures still outstanding.

In September last I moved the Trustees of the sinking fund to release a further portion of the fund, with the result that the sum of £27,000 was made available for that purpose, and paid into the credit of the Public Account on the 24th and 28th September, in two sums of £4,425 12s. 1d. and £22,574 7s. 11d. respectively.

The amount of the sinking fund now in the hands of the Trustees consists of £106,989 6s. 11d. New Zealand 4-per-cent. stock, and £1,500 10s. cash now being invested in the same stock.

You will see by the enclosed prospectus that £114 of 3½-per-cent. stock, inscribable on or after the 3rd June next (when the stock will be inscribed *ex dividend*), is now being offered for every £100 of these debentures, with all undue coupons subsequent to that of the 15th July next attached, or, as an alternative, £114 10s of stock, with immediate inscription, for every £100 in debentures with all undue coupons (including that of the 15th July) attached.

Provincial Loans.

With the exception of one £100 debenture of the 6-per-cent. Canterbury Loan, redeemable in 1915–16, no further conversion of the debentures of these loans has been effected.

The total amount converted in 1894 is as follows, namely:—

	£	s.	d.		£	s.	d.	
Otago 6-per-cent. ...	9,100	0	0	into	10,000	10	0	3½-per-cent. stock
Auckland 6-per-cent. ...	1,000	0	0	into	1,070	0	0	3½-per-cent. stock
Canterbury 6-per-cent. ...	1,000	0	0	into	1,250	0	0	3½-per-cent. stock
	£11,100	0	0		£12,320	10	0	

In the prospectus (copy herewith) I have notified that debentures still outstanding of these loans can be converted on terms to be ascertained on application.

No further conversions of the District Railway Debentures have been effected, so that the total amount which have been converted into 3½-per-cent. stocks remains at £12,000.

I have, &c.,

W. B. PERCEVAL.

Enclosure in No. 9.

NEW ZEALAND PUBLIC DEBT.

In continuation of the conversion of the under-mentioned debentures of the New Zealand Government loans, notice of which was given by the Bank of England in prospectus dated 14th February, 1894, holders thereof are informed that such debentures can be converted into New Zealand Government 3½-per-cent. consolidated stock (inscribable at the Bank of England) on the terms following, that is to say,—

5-per-cent. Consols (Annual Drawings and Quarterly Coupons).

For every £100 in Consols debentures, £106 of 3½-per-cent. consolidated stock.

The coupon due 15th April next must be detached from the debentures, and will be paid at the due date. All coupons subsequent to that due April 15th must remain attached to the debenture when deposited for conversion. The interest on the 3½-per-cent. stock will date from the 1st January, 1895, the first half-year's dividend being payable on the 1st July, 1895.

Debentures for conversion on the above-mentioned terms must be deposited at the Bank of England not later than 15th March next.

The annual drawing for the redemption at par of the Consols debentures will take place in March, and debentures deposited for conversion on or before the 15th March will not be affected by the drawing.

All debentures drawn for redemption not brought in for conversion under the above terms will be paid off at par (£100) on and after 15th April, 1895.