

1902.

NEW ZEALAND.

DESPATCHES

FROM THE SECRETARY OF STATE TO HIS EXCELLENCY THE GOVERNOR:
DESPATCH RELATIVE TO INVESTMENT OF SINKING FUNDS.

Laid on the Table by Command of His Excellency the Governor pursuant to an Address from the House of Representatives on the Motion of Mr. W. Fraser.

(New Zealand, No. 107.)

MY LORD,—

Downing Street, 27th September, 1901.

I have the honour to transmit to you for the consideration of your Ministers, with reference to Sir James Prendergast's despatch No. 63, of the 26th August, 1882, a copy of a letter which has been received from the Lords Commissioners of His Majesty's Treasury referring to the proposed extension of the area of investment of the sinking fund for redemption of the New Zealand 4-per-cent. Imperial-guaranteed debentures, and asking what steps your Government propose to take to secure the more efficient operation of the fund.

I have, &c.,

J. CHAMBERLAIN.

Governor the Right Hon. the Earl of Ranfurly, G.C.M.G., &c.

SIR,—

Treasury Chambers, 20th September, 1901.

I am directed by the Lords Commissioners of His Majesty's Treasury to acquaint you, for the information of the Secretary of State for the Colonies, that they have received a letter from the Crown Agents for the Colonies, under date of the 7th instant, recommending an extension of the area of investment of the sinking fund for redemption of the New Zealand 4-per-cent. Imperial-guaranteed debentures authorised by the Act 33 and 34 Vict., c. 40.

My Lords would have no objection to offer to the proposed additions to the list of investment securities, which correspond with those authorised in the case of the Mauritius Guaranteed Loan by Treasury letter of the 4th July, 1893; but in connection with this application they have been led to examine into the rate of accumulation of the sinking fund, and they find that, accumulating as at present at a rate of interest of about 3 per cent. per annum, the amount of the fund at the date of redemption (1st June, 1907) would probably fall short of the amount of the loan (£1,000,000) by some £45,000 or £50,000.

The circumstances of this loan are peculiar, because the bonds actually issued to the public amount to only £200,000, the remaining £800,000 of the guaranteed loan being held in reserve by the Government of New Zealand. Still, the provisions of the Act require that the sinking fund should be managed in the same way as if the whole loan had been issued, and it is in fact open to the Government of the colony to issue the balance at any time.

In these circumstances I am to request that before any alteration is made you will move Mr. Secretary Chamberlain to cause the state of the case to be brought to the notice of the Government of New Zealand, with a view to ascertain from that Government what steps they propose to take to secure the more efficient operation of the sinking fund, with reference to the undertaking given in the enclosures to the Colonial Office letter to this Department of the 31st October, 1882.

I am, &c.,

The Under-Secretary of State, Colonial Office.

G. E. SPRING RICE.

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