

desirable that a final settlement should be arrived at in respect of them without any further delay. It is accordingly a matter of great gratification that the ability and firmness with which you have conducted the negotiation on the part of the Colonial Government has resulted in terminating the contentions which had so long existed on the subject.

The Hon. William Fitzherbert, London.

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

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No. 5.

The Hon. W. FITZHERBERT to the Hon. E. W. STAFFORD.

21, Cockspur Street, Trafalgar Square,  
London, 30th April, 1868.

SIR,—

I have the honor to transmit to you a proof of a printed statement, which I propose to have circulated, relative to the consolidation and conversion of the Loans of New Zealand. Also, a proof of a Prospectus showing the terms fixed for the conversion of the existing loans of the Colony,—and the terms for the subscription to the proposed loan for £1,114,000, with the blanks filled in in ink.

I may state that I have just returned from a conference with the Crown Agents and the Brokers, at which these blanks have been definitely settled; and that, with reference to the price fixed for the Colonial Sixes, it is identical with that fixed for the Canada Bonds in 1860,—which corresponded in character and currency to our Sixes; and that the conversion of the Canada Bonds was an operation more nearly resembling the proposed one than any other of which I am aware. These prospectuses will be advertised in the *Times* of Saturday, and in the other leading journals of this country.

You will gather from the enclosures the general character of the proposals which I have, after mature deliberation, finally decided upon. It would be unprofitable now to speculate upon a result which must be so speedily brought to the test of experience; but I can assure the Government that, whether it prove a success or a failure, I have omitted no opportunity of seeking all available information to guide me to a correct decision in this difficult affair.

I frankly admit that I do not anticipate a sudden conversion. The interests of the Colony have been sufficiently guarded to tempt some bondholders to hold out and try the effect of an appeal. I shall not yield; and if the Government of New Zealand does not yield, the bondholders will come in in due course, for the terms have been adjusted in a fair and equitable spirit, and as such they will find it to their interest to come in.

You will perceive that I have omitted from the present proposal all reference to the Four per Cents. carrying the Imperial guarantee, and to the seven, eight, and ten per cent. Provincial Bonds. I have considered that these Bonds must necessarily be dealt with separately if at all.

Should, however, the whole of the proposals be accepted, an annual saving to the Colony of nearly £40,000 will be effected. The estimated saving however will be reduced (for say the first year) by the amount of charges. On the other hand, a very considerable sum in the shape of accumulated sinking funds will be liberated for the use of the Colony; and this must be added to the estimated annual saving as above stated, in order to exhibit fairly the total profit to the Colony of the transaction, should it be carried to completion.

I will only further observe at present that I believe I have acted in the best interests of the Colony by confiding this business to the Crown Agents. There can I think be no doubt that an operation, accredited by the name of the Crown Agents for the Colonies, associated as it is with that of the eminent Brokers, Messrs. Mullens, Marshall, Daniell and Co., and with that of J. and A. Scrimgeour, appears before the public under very favourable auspices.

The Hon. E. W. Stafford, Colonial Secretary,  
Wellington, New Zealand.

I have, &c.,  
WILLIAM FITZHERBERT.

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Enclosure 1 in No. 5.

CONSOLIDATION of the PUBLIC DEBTS of NEW ZEALAND.

THE Governor of New Zealand has been authorized by the General Assembly of that Colony by an Act passed 10th October, 1867 (33 Vict. c. 90) to raise a Loan not exceeding in amount Seven Millions sterling, to be applied towards the conversion, redemption, and payment of former loans raised under Acts of the General Assembly and of loans raised by Provincial Governments of the several Provinces of New Zealand.

The Governor is empowered by the Act to appoint an agent for the purpose of raising and managing such Loan, and such agent is empowered to borrow such money in Great Britain, or elsewhere, by bonds, debentures, or otherwise, for such period of time, and subject to such terms and conditions as such agent may think expedient. The agent is also empowered to prescribe the mode and condition of repayment of such Loan, and the time of such repayment, and the rate of interest, and the time and place where such principal and interest shall be made payable.

The Governor has, by warrant under his hand, dated the 8th November, 1867, appointed the Honorable William Fitzherbert, a member of Her Majesty's Executive Council of New Zealand, to be the agent under and for the purposes of this Act, with all the powers which may be exercised by such agent.

The money so borrowed and the interest are charged by the Act upon the consolidated revenue of the Colony. The Act provides that the annual charge imposed upon the consolidated revenue shall not exceed, for interest and sinking fund, if any, the sum of £6 for every £100 expressed to be borrowed.