

# PAPERS

RELATIVE TO THE

HON. W. FITZHERBERT'S MISSION TO ENGLAND.

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PRESENTED TO BOTH HOUSES OF THE GENERAL ASSEMBLY, BY COMMAND OF  
HIS EXCELLENCY.

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WELLINGTON.

—  
1869.



## PAPERS RELATIVE TO THE HON. W. FITZHERBERT'S MISSION TO ENGLAND.

Oxford and Cambridge Club, Pall Mall,  
London, 6th February, 1869.

SIR,—

I have the honor to submit to you my report of proceedings taken in accordance with your instructions of the 7th November, 1867. The objects of my mission to England were,—

1. The Consolidation of the various Loans of New Zealand, pursuant to "The Consolidated Loan Act, 1867."
2. The settlement of all claims between the Imperial Government and the Colonial Government.
3. An alteration in the Investment of the Sinking Fund of the Guaranteed Loan of 1856.
4. The establishment of a Mint in New Zealand.
5. The question of the Defence of Harbours, the survey of the coast, &c.

As regards the subjects referred to as Nos. 4 and 5, the correspondence, of which I annex copies, will put you in possession of the steps taken by me, and of their results, such as they are. Enclosures Nos. 1 to 7.

The annexed correspondence respecting the investment of the sinking funds of the Guaranteed Loan of 1856, will show that the Imperial Government has consented that the investments may be made in the securities of the Colonies named in the margin, and that this arrangement shall be applicable to the Imperial securities now in that sinking fund. These amount to £124,611 Three per Cent. Consols. Under this arrangement the accumulations will increase more rapidly for the future, namely, in the proportion of 5 to 3. Enclosures Nos. 8 to 10.  
Canada, New South Wales, Victoria, South Australia.

With reference to the disputed claims between the Imperial and Colonial Governments, I thought it best to address myself to this subject before placing the new loan upon the Money Market. I found, on my arrival in England, that it was alleged that we had not fully disclosed the condition of our finances, in stating seven millions to be the extent of the liabilities of the Colony, inasmuch as the Imperial Government had a claim against us of nearly three-quarters of a million. It was in vain to urge that the accounts were disputed by the Colony, which preferred a counter-claim of larger dimensions. It became therefore a material object to effect a settlement of these claims before the Colony appeared on the market as a borrower.

Without troubling you with the details of a negotiation which occupied a great many protracted interviews, it will probably be sufficient to state that although the result may appear to some plain and simple enough to be regarded in the light of a foregone conclusion, yet it would be altogether a mistake to suppose that the acquiescence of the Imperial authorities was obtained for the mere asking. On the contrary, a resistance which at one time appeared likely to render the whole negotiation a failure, had to be patiently met and overcome. But no management on my part would have proved successful, had not the way been prepared for me by means of the minute detailed counter-statement originally prepared under your own directions, and also by the favourable impression created on the mind of the Home Government, first by the able and exhaustive report of the Hon. Major Richardson, and next by personal interviews and explanations afforded by Mr. Weld previously to my arrival.

Had I failed to occupy advantageously the position which had thus been prepared for me, the blame would have been mine. I am glad, therefore, to have the opportunity of stating officially that the chief credit of the result is due to those gentlemen who thus first arrested the attention of the Home Government, and to the friendly disposition of that Government towards New Zealand. The method, however, by which the result was obtained, may perhaps be regarded with less interest now than an exact estimate of the value of the result itself. It is doubtless much easier to under-rate what may possibly be termed a negative result, than to estimate it at its true value; but I can assure you that before I committed the Colony I satisfied myself with the most absolute certainty that there was no prospect of the Colony recovering from the Imperial Government any part of the outlay incurred in the war; whilst as an opportunity of extinguishing subjects of irritation which had existed for several years, and as a matter of unadjusted accounts, which, so long as they remained open, operated injuriously on the credit of the Colony, the balance of advantage in the proposed settlement was clearly in favour of the Colony.

I annex to my Report copy of correspondence relating to the conclusion of this negotiation, from which it will appear that the final result was that the claims on both sides were mutually withdrawn. Enclosures Nos. 11 and 12.

But the main object of my mission to England was the conduct of the financial arrangements necessary for consolidating the various existing debts of New Zealand, by converting into a new stock the old General and Provincial Bonds, and for the raising an additional loan.

Before, however, I was in a position to enter upon the practical consideration of the points involved in the conduct of these important operations, I was met with unexpected difficulties. The attention of the Lords Commissioners of Her Majesty's Treasury appeared to have been specially directed (by whom I never learnt) to the provisions of the Public Debts Act; and in consequence of the objections thus

taken in the Treasury Department, the Secretary of State for the Colonies hesitated to declare Her Majesty's assent to that Act.

The urgency of a prompt and favourable decision had been pressed upon the attention of the Secretary of State from the first moment of my arrival in this country; and when at length the objections of the Treasury assumed a more definite shape, the probable result was considerably intimated to me, in order that I might exercise my discretion whether, under the circumstances, I would at once return to the Colony.

It will be recollected that, with the concurrence of my colleagues, I had, before leaving the Colony, authorized the advance of certain funds, to the extent of several hundred thousand pounds, for the use of the Provinces and also that of the General Government, in anticipation of the proceeds of the loan, and that I had given a written undertaking, as Colonial Treasurer, to replace these funds in London by the end of March last.

A little consideration showed me that I could not turn my back on these difficulties, and allow the Colony to become a defaulter to its creditors for want of any representations which I might still be able to make, and thus I had no alternative but to face the difficulty as firmly as I could. I need not say that this was a period of anxious solicitude, and I cannot sufficiently express the gratitude which I consider the Colony owes to the then Secretary of State for yielding to the earnest appeal finally made to him, and thus rescuing it from imminent danger.

These obstacles being removed, I had, before determining the best mode of converting the old stock and of placing the new loan upon the market, to decide upon the particular agency which I should employ for the purpose.

The alternatives which presented themselves were, to intrust the business either to one or more Banks, or to some eminent financial house of business, or to the Crown Agents for the Colonies. There were advantages peculiar to each of these agencies, and I did not decide until after careful consideration and inquiry. In resolving to adopt the last alternative, I was in some measure influenced by the fact that the Crown Agents had for twelve months previously bestowed much time and attention, and employed the services of eminent professional men, in maturing a scheme for consolidation. The result has abundantly justified my decision. I cannot speak too highly of the zeal, industry, fidelity, and skill with which the Crown Agents have transacted the business thus intrusted to them. Whilst I cannot omit this opportunity of officially acknowledging the valuable advice and co-operation which I have received as Agent for the Colony from many influential persons in this country, yet the fact remains that the success which has marked the entire operation is chiefly attributable to the agency employed.

Enclosure No. 13. I annex a copy of the final Report which the Crown Agents have made to me, together with its several enclosures. These are so voluminous and abundant, that but little additional explanation is requisite from me.

The most advantageous form for the new loan appeared to be that of debentures bearing 5 per cent. interest, with an accumulated sinking fund of 1 per cent., applicable to the liquidation of the debt by a plan of annual drawings. Securities with interest at 5 per cent. bear a more favourable proportionate value than those of higher rates. The annual application of the sinking fund towards paying off debentures obviates many difficulties which exist under other arrangements with regard to the safe, profitable, and close investment of funds, and by thus removing the doubts of investors affords a preferable guarantee to the public creditor. The feature of lottery introduced into the new stock added just sufficient piquancy to render it fashionable with speculative investors. Nor should it be forgotten, in appreciating the favour with which the new stock was evidently regarded, that whilst the quarterly payment of interest imposed no additional burthen on the Colony, it formed just sufficient inducement to the permanent investor who looked to income, and on whom the proposals otherwise pressed somewhat, to incline him towards acceding to the terms offered.

The terms of conversion and exchange offered to the old debenture holders were settled after careful calculation of their respective value, having regard to the rates of interest chargeable upon them, and the periods for which they had to run. A differential value of  $4\frac{1}{2}$  per cent. was fixed as marking the estimated distinction in value between General and Provincial 6 per cent. bonds. Had more than this been exacted, Provincial bondholders would not have come in. But at the time it was not easy to determine this point of relative value; for the quotations at the moment, had they been implicitly relied on, might have induced the belief that Provincial stocks were of equal value.

Before advertisements could be issued inviting subscriptions to the new loan of £1,114,000, it was necessary to determine whether the conversion scheme should be published before or simultaneously with the advertisement for the loan. Many reasons were urged in favour of the former course, but I hesitated to run the risk of postponing the issue of the new loan, and therefore determined on putting forward the proposals as a whole, with the exception of that part which would deal with debentures bearing high rates of interest, which obviously would best be treated separately. The result has, I think, proved that the decision to publish the proposals as a whole was a wise one.

It next became necessary to fix the rate at which subscriptions to the new loan should be invited. This was an extremely delicate and difficult point; if too high a figure were fixed, and subscriptions to the requisite extent had not consequently been sent in, a fatal mistake would have been committed. If, on the other hand, a rate below that which the market would bear were published, a proportionate loss would have been inflicted on the Colony. And here I cannot omit mentioning that it is entirely due to the sagacity and confidence which the Crown Agents and the brokers displayed at the final interview which I held with them on this subject, in the presence of my legal adviser (Mr. Sewell), that the rate was ultimately fixed at 97.

I am bound to admit that I should have sanctioned a much lower rate had it been proposed, and that up to the last moment I entertained doubts whether too great a risk of failure had not been incurred. This anxiety on my part will doubtly be understood when it is remembered that I had entered into engagements to provide nearly half a million, at a comparatively short date, independently of the liabilities for the redemption of Southland Certificates and the other requirements for the General Government and the Provinces, which I knew would mature in the course of a few months. A less clear perception on the part of the Crown Agents and the brokers would easily have entailed a loss

upon the Colony of upwards of £30,000. The annexed tabular statement of the quotations of the new stock will prove that the maximum possible limit had been fixed on. Enclosure No. 14.

It is unnecessary for me to repeat the statements made in the Report of the Crown Agents showing the amount of annual saving effected to the Colony, and the amount of sinking fund liberated. When it is considered that the saving of income to the Colony is to a considerable extent a measure of the loss of income to individual bondholders, some of the difficulties which attended the accomplishment of the task may be more exactly comprehended.

I would only observe that although the principal debt of the Colony has been increased by £251,450, yet that this increase is purely nominal, inasmuch as the annual burthen is lessened by £28,517, and that, although reduced to that extent, it includes not only interest but a provision for the ultimate extinction of the capital debt.

I have created bonds to the value of £4,191,000; and I cannot omit reference to the valuable services rendered by the gentlemen named in the margin, who, at considerable personal inconvenience, consented to attend in London from time to time, for the purpose of attesting the delivery of the new bonds by me to the Crown Agents for issue, and examining the cancelled bonds. Their several certificates have been from time to time forwarded to you, and the Crown Agents have, in pursuance of my instructions, forwarded to you, per steamship "Great Britain," *via* Melbourne, eleven cases containing the cancelled bonds themselves. F. A. Weld, Esq., W. S. Graham, Esq., H. Sewell, Esq.

The question arose as to the terms to be offered for conversion of the bonds issued under the loans guaranteed by the Imperial Government. Preliminary inquiries were instituted, as will appear by the enclosed correspondence; but the New Zealand new 5 per cent. stock never attained such a position in the market as to induce me to proceed to fix a definite rate for exchange. Enclosures Nos. 15 and 16.

I shall transmit a summarized statement of my accounts, which will, I hope, present them in a form readily intelligible: while for the full details I may refer you to the general account of the Crown Agents, which will be explained by separate accounts which have been prepared in accordance with my request. The vouchers will accompany the accounts.

When you receive these various accounts, I particularly invite your attention to the books A., B., and C., which are transcripts made by my direction of those kept by the Crown Agents, and show every separate transaction connected with the conversion as it occurred, *viz.*:—

A. Statement of old bonds received for conversion, showing the several Governments to which they respectively belong.

B. Statement showing the separate transactions comprised in the conversion scheme.

C. Statement of accrued interest and fractional parts paid on bonds converted.

Before dismissing the subject of accounts, I take the opportunity of referring to the rate of percentage of charges on the entire operations, which cannot, I submit, be deemed otherwise than extremely moderate. If compared with the rate at which other loans, unencumbered with any scheme of conversion and consolidation, have been put on the market by banks and other agencies, it will be found that a charge of 1 per cent. has been a usual one. And if further compared with the rate of percentage of charges on the conversion of Canada Bonds, which scheme embraced proposals to convert bonds to the extent of about £11,000,000, and is the only operation of a character similar to the present one, it will be found, as I understand, that the rate reached something like 2½ per cent.; whereas, for conducting the entire operations on which I am now reporting, the percentage of charges of all kinds, including printing, my own expenses as special agent, brokerage, commission, guarantee, &c., only amounts to 15s. per centum. Connected with this subject, I have further to draw your attention to the very favourable terms which I made on behalf of the Colony with regard to the charge for the payment of dividends. The minimum charge made by first-class banks for the payment of interest is ½ per cent. But this charge only applies to cases where the dividends are payable half-yearly. In the present case, however, not only is the charge one-half the usual one, but it includes double the amount of trouble, inasmuch as the dividends are payable four times instead of twice every year.

The time which has been occupied in fulfilling my mission has proved to be much longer than I had myself anticipated; but many persons better acquainted than myself with the nature of the transactions which I had to conduct, assured me from the first, that twelve months would be required for their completion, and the calculation thus made has proved correct. I had, as you have been already informed, fully prepared to leave by the Panama Mail of the 2nd instant, but to my great disappointment that service suddenly collapsed. I shall therefore necessarily have to furnish a supplementary report, when I shall have an opportunity of offering such further observations as may become necessary.

I have now alluded to the various points which appeared to me specially to require explanation. I need not observe that a sense of high responsibility has been present with me throughout the conduct of these operations. That I should have been able to manage negotiations so delicate, and operations so difficult, as those intrusted to me, in a way which has elicited approval here, both as to manner and matter from those in whose presence they have been conducted, will always be a subject of deep gratification to me. I can only express a hope that the good opinion awarded to me here will receive the indorsement of the Colony.

I have the honor to be,

Sir,

Your most obedient servant,

WILLIAM FITZHERBERT.

To the Hon. E. W. Stafford, Colonial Secretary,  
Wellington, New Zealand.

### Enclosure No. 1.

MEMORANDUM for the SECRETARY of STATE for the COLONIES.

#### *Export of Gold.*

HAVING regard to the amount of Gold produced in New Zealand, which since its first discovery in these Islands has raised and exported £14,540,573 in value of the precious metal, and to the fact that this

export has now reached the amount of £2,700,000 per annum, and that according to the reports of eminent geologists the gold fields of New Zealand have not yet reached their full development, it is submitted—

1. That arrangements should be adopted by which returns of importations of gold from New Zealand, published in England on the authority of the Commissioners of Her Majesty's Customs, should show the quantity of gold produced in New Zealand, but sent to Australia for shipment to England, and now classed on its arrival in London, by the Custom House authorities, as Australian produce.

Copy of a Memorandum of Ministers in New Zealand, referring to this subject, dated 7th November, 1867, is appended.

2. That a branch of the Royal Mint should be established in New Zealand, with the same privileges as those secured to the Colony of New South Wales, by making the coinage a legal tender, upon the Colony complying with the usual requirements.

21 Cockspur Street, S.W., 25th November, 1868.

WILLIAM FITZHERBERT.

### Enclosure No. 2.

Sir F. ROGERS to the Hon. W. FITZHERBERT.

SIR,—

Downing Street, 18th December, 1868.

I am directed by the Secretary of State to acknowledge your Memorandum of the 26th ultimo.

With reference to the first part of the Memorandum, relating to the exportation of gold, I am desired to enclose, for your information, a copy of a report from the Commissioners of Customs, which was forwarded to this department by the Lords Commissioners of the Treasury, in July last.

This report was communicated to Governor Sir George Grey.

With regard to your suggestion that a branch of the Royal Mint should be established in New Zealand, I am desired to inform you that the Secretary of State has requested the Lords of the Treasury to place you in direct communication with the proper officer of their department.

I have, &c.,

FREDERIC ROGERS.

The Hon. W. Fitzherbert.

(No. 375.)

To the LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY.

YOUR Lordships having referred to us the annexed letter from Sir Frederic Rogers, dated 8th instant, transmitting, by desire of the Duke of Buckingham and Chandos, copy of a Despatch from the Governor of New Zealand, enclosing a Memorandum by his Responsible Advisers drawing attention to the discrepancy between the Returns of the Importation of Gold into this country from New Zealand which are published in England by the Board, and those published by the Colonial Government.

We report, that the discrepancy between the account of gold imported into this country from New Zealand as published under the authority of this Board, and the account of gold exported from New Zealand to this country as published by the Colonial Government of that Colony, is explained by the fact that much of the gold obtained in New Zealand does not come directly from that Colony to this country, but is shipped from New Zealand to Australia and brought from thence to this country; and as all foreign imports into this country can only be recorded in the books of this department as being imported from the port and country abroad at which they have been shipped for the United Kingdom, gold, the produce of New Zealand, coming to this country through Australia, can only be classified and treated as gold from Australia, as stated in the annexed Despatch from the Governor of New Zealand.

We are unable to suggest the adoption of any course whereby the discrepancy in the returns referred to may be obviated.

Custom House, 16th July, 1867.

J. GOULBURN,  
R. W. GREY.

### Enclosure No. 3.

MEMORANDUM for the SECRETARY of STATE for the COLONIES.

#### *Defence.*

THERE are certain lands held by the Ordnance Department as sites for barracks and other defence purposes, as enumerated in the annexed schedule.

These were granted gratuitously, and it is submitted that, if the troops are to be withdrawn and the Colony left to its own resources, these sites should revert to the Colony; and that, as the Imperial Government has had the free use of them for so long a period, they should be reconveyed to the Colony, without any demand being made for the buildings which have been erected thereon—the Colony undertaking to provide accommodation for any Imperial Troops or stores which might at any future time be required.

The Colony is naturally anxious to know what assistance it may expect to receive towards the protection of the principal seaport towns from external enemies.

Victoria, which has spent within the last ten years scarcely £900,000 for her own protection, and maintains only 3,000 Volunteers, is to receive an armour-plated ship costing £125,000, of which £25,000 only, with cost of armament, is to be contributed by the Colony. A wooden line-of-battle ship complete, with necessary stores (but not including guns), is further to be given to her as a block-ship, and as a training ship for a local naval force.

In their correspondence the Imperial authorities admit that the efforts of the Colony of Victoria for their own protection entitle them to the liberal consideration of the Mother Country. It is submitted that on similar grounds New Zealand has still greater claims than Victoria, or indeed than any other Colony.

Within the last eight years she has spent nearly £3,000,000 on internal defence, and she is now maintaining a regular force of 400 men at about £54,000 a year, and incurs a further expense of £24,000 a year for her Militia and Volunteers, the latter numbering over 4,000 men. It is presumed, therefore, that she might reasonably ask that an armour-clad gun-boat mounting from two to four heavy guns, which could be obtained for about £60,000, should be given her, on condition that the maintenance, manning, and command of the ship should be undertaken by the Colonial Government.

Putting aside however, for the present, any such application, as possibly involving a greater annual expense than the burdened revenues of the Colony could support, she ventures to ask that a certain number of guns may be granted her for the defence of her principal seaport towns.

Whilst it is not perhaps to be hoped that the Imperial Government would supply the Colony gratuitously with modern rifled guns, which, with stores and ammunition are, it is believed, worth from £2,000 to £4,000 a piece, according to size, yet it does ask to be supplied gratuitously with a limited number of large smooth-bore old-pattern guns, of which it is understood that there are a great number lying in store in England, which will never be used by the Mother Country, and which would be serviceable against ordinary wooden ships, and which might be handed over to the Colony, with a limited supply of ammunition.

The Colony should thus, in the event of a sudden declaration of war with any naval Power, be somewhat prepared to put itself in a state of defence; whereas, in the absence of any preparation in the time of peace, the Colony would be at the mercy of its enemies for months after the war had commenced.

As bearing on this subject, reference is invited to a Schedule of Field Artillery which was purchased by the Colony and paid for to the Imperial Government, and then lent to the Imperial troops during the war, as showing the spirit in which the Colony acted with regard to the use of such ordinance as its limited means enabled it to place at disposal.

There is a further question, which, although not directly bearing on defence of the harbours, yet relates to it in some measure, and is therefore now brought under notice.

The survey of the Coast of New Zealand is incomplete; and although much has been done by the Colony, by the erection of Lighthouses, yet the incomplete state of the survey of the coasts is a constant source of danger to shipping frequenting the New Zealand seas.

The petition of the Colony is, that the survey of the Coasts of New Zealand may be completed under the direction of the Admiralty, on the same or similar terms on which it is understood that a survey is now being conducted on the coasts of Victoria and New South Wales.

21 Cockspur Street, 25th November, 1868.

WILLIAM FITZHERBERT.

#### Enclosure No. 4.

The Hon. W. FITZHERBERT to His Grace the Duke of BUCKINGHAM.

MY LORD DUKE,—

21 Cockspur Street, S.W., 27th November, 1868.

I have transmitted certain Memoranda for the consideration of your Grace, relating to subjects which I was instructed to bring under the notice of the Home Government, and which have formed more or less the subject of conversation at the interviews with which I have been favoured. As my stay in this country is drawing to a close, I venture to press for a decision on the points thus submitted to your attention.

Outside, however, the limited request of the Colony of New Zealand for assistance towards the protection of its harbours, as preferred in the Memorandum on defence, there is a much larger view of the subject of external defence; and as it is one of great importance, no less to the Mother Country than the Australian Colonies, I should, as I conceive, but inadequately discharge my duty if I failed to bring it under your consideration. I refer to the naval defence of the Australasian Colonies.

It is probable that in the case of war with any maritime Power, one of the first points of attack would be the gold traffic between England and her gold-producing Colonies. That would in fact offer the greatest war-prizes. It is, I believe, known as a fact that a few years ago the Russian fleet at Petropolowski was prepared to make a descent upon the Australian Colonies. I need not dwell upon the consequences to English commerce of the sudden stoppage of the great trade now carried on between the two countries, and of that regular influx of gold which sustains in no insignificant degree the buoyancy of the English money market; nor need I dwell upon the vast injury to British shipping which must result from the breaking up of the Australasian trade. I will not attempt to measure the amount of such a disaster to the Colonies. The Mother Country is, I venture to assume, deeply interested herself in averting such a calamity. The question is, what steps would ordinary prudence suggest?

Feebly isolated efforts made by individual Colonies to protect their own harbours and coasts are obviously inadequate to meet the requirements of the case. Without presuming to question the wisdom of the proposal of Victoria, to maintain a ship of war for the defence of Port Phillip, it still does appear to me to be, I will not say a profitless, but at all events an insufficient measure, unless designed to form a part of some comprehensive system of naval defence. Every seaport must of course be defended in the best way which the special circumstances and formation of the harbour indicate. But the naval defence of the Australasian Colonies, each and all, can only be secured upon the open sea by a fleet under Imperial command, capable of guarding not merely the safety of the Colonial Coast, but the free passage round Cape Horn. What is wanted is a special naval station in the South Pacific, under an Imperial officer with an independent command.

## PAPERS RELATIVE TO

The attention of former Governments of New Zealand has been turned to the subject, and approximate estimates of cost have been made. A naval officer of high rank roughly estimated the cost of maintaining an efficient squadron in those seas at £500,000 a year. It was suggested that such an amount of outlay would be prudently incurred in the nature of an insurance on the capital protected; and that the cost might be equitably borne in equal proportions between the Mother Country and the Australasian Colonies under a federal arrangement,—the Mother Country providing ships and munitions of war.

The following figures will show the large dimensions which the interests sought to be protected have now attained. The value of the total Australasian trade may be stated at about sixty millions a year, one-half of which is with Great Britain direct, and employs about 300,000 tons of British shipping.

But even these figures will not be a fair measure of the value of the commerce, unless it be borne in mind that the trade is a rapidly increasing one.

The working out of such a measure would involve details into which it would be premature to enter; all that I can at present venture to do is very earnestly to draw the attention of the Home Government to the question, as one of unusual interest and importance.

I have, &c.,  
WILLIAM FITZHERBERT.

His Grace the Duke of Buckingham and Chandos.

## Enclosure No. 5.

Sir F. ROGERS to the Hon. W. FITZHERBERT.

SIR,—Downing Street, 16th January, 1869.

Earl Granville has had under his consideration your letter of the 27th November, addressed to his predecessor, suggesting that the naval defence of the Australasian Colonies should be undertaken by a fleet under Imperial command, the cost to be borne in equal proportions between the Mother Country and the Colonies under a federal arrangement.

His Lordship considers that the suggestion is one which it would be unavailing to discuss, unless there were sufficient reason to suppose that it would be practically taken up in the Colonies concerned.

It is very desirable that the Colonies should bear a part of the cost of their naval defence. With this view the Act 28 Victoria, cap. 14, was passed, and the Colony of Victoria is likely to avail itself of the powers conferred by that Act on Colonial Governments and the Admiralty. But inasmuch as it appears that the present squadron on the Australian Station is maintained at a cost of £70,000 a year only, Lord Granville does not think it probable that the very great increase to the naval force contemplated by you would be sanctioned by Parliament in time of peace, even if a contribution of £250,000 a year were made by the Colonies.

His Lordship, however, will send copies of this correspondence to the Governors of the Australian Colonies and New Zealand for their information.

I have, &c.,  
F. ROGERS.

The Hon. W. Fitzherbert.

## Enclosure No. 6.

UNDER SECRETARY of STATE, Colonial Office, to the Hon. W. FITZHERBERT.

SIR,—Downing Street, 9th February, 1869.

With reference to that part of your Memorandum on the Defence of New Zealand, dated the 25th November last, which relates to the Survey of the Coast, I am directed by Earl Granville to transmit to you, for your information, a copy of a letter from the Admiralty, to whom the subject was referred. You will observe, that while prepared to assist by their advice and by the services of experienced officers to amend the surveys of the Coasts of the Colony, their Lordships are of opinion, for the reasons stated, that the whole cost of the undertaking should be borne by the Colonial Government. I am to add, that a copy of their Lordships' letter will be forwarded to Sir George Bowen.

I am, &c.,  
J. R. SANDFORD.

The Hon. W. Fitzherbert.

Mr. ROMAINE to the UNDER SECRETARY of STATE, Colonial Office.

SIR,—Admiralty, 29th January, 1869.

I have laid before my Lords Commissioners of the Admiralty your letter of the 12th December last, transmitting, by desire of the Secretary of State for the Colonies, an extract of a letter from Mr. Fitzherbert, the Colonial Treasurer of New Zealand, expressing the wish of the Colonists that the survey of the Coast should be completed under the directions of the Admiralty on the same terms as those on which a survey is being now conducted on the Coasts of Victoria and New South Wales.

Their Lordships have had under their consideration the subject of surveys and re-surveys, referred to in the above Despatch, and are desirous of affording the New Zealand Government every assistance, by counsel and advice, as well as by the services of experienced Naval Surveying Officers, to enable that Government to complete, and, if need be, to amend the surveys of its Coasts, the accuracy and completeness of which is of so much importance to the interests and welfare of the Colony.

Looking to the fact that the whole of the Coasts of New Zealand have been already surveyed entirely at the Imperial cost, and that much of that which remains to be done appears in the form of re-surveys of localities the physical conditions of which are liable to incessant change, and looking at the great advance in population and wealth made by the Colony during past years, my Lords believe that it would be unreasonable to expect that these proposed surveys should in future be carried on, even partly, by aid from Imperial funds.



While my Lords feel that there is perhaps an advantage in the surveys of the Empire being carried on by officers of the Navy, and that it is just that the charts should be engraved at the charge of the Admiralty, in order to ensure accuracy, uniformity, and confidence in the public mind, they are of opinion that all the expenses of such surveys as those contemplated in New Zealand should, including pay, &c., of officers, and indeed every item of expenditure, be borne by the New Zealand Government.

My Lords observe that allusion has been made to the terms under which a survey has been conducted on the Coasts of Victoria and New South Wales; but, under any circumstances, no parallel can fairly be drawn, as these Coasts have never previously been surveyed by Government, whilst those of New Zealand have, as before pointed out, enjoyed the exceptional advantage of having been surveyed wholly at the expense of the Imperial Government.

The Under Secretary of State, Colonial Office.

I have, &c.,

W. G. ROMAINE.

### Enclosure No. 7.

Sir F. ROGERS to the Hon. W. FITZHERBERT.

SIR,—

Downing Street, 19th February, 1869.

With reference to that part of your Memorandum of 25th November, on the Defence of New Zealand, in which you submitted an application on behalf of the Colony for a supply of smooth-bore guns, I am directed by Earl Granville to enclose for any observations you may wish to offer, a copy of a letter from the War Office, conveying Mr. Cardwell's desire to be furnished with further information on the matter.

I am, &c.,

The Hon. W. Fitzherbert.

FREDERIC ROGERS.

Sir H. K. STORKS to the UNDER SECRETARY of STATE for the COLONIES.

SIR,—

War Office, 11th February, 1869.

In reference to your letter dated 11th December, 1868, transmitting a copy of a communication from Mr. Fitzherbert respecting a grant of smooth-bore guns, which the Colonial authorities of New Zealand desire to obtain from the Imperial Government for certain proposed defences in the Colony, I am instructed to acquaint you, for the information of Earl Granville, that, in the absence of more precise particulars of what is required, Mr. Secretary Cardwell is unable to deal with the question; and in order that the subject may be fully considered, I am to request that further and precise details may be furnished as to the number and description of guns, carriages, and ammunition, &c., required, and the nature of the defences for which the armament is intended.

I have, &c.,

The Under Secretary of State, Colonial Office.

H. K. STORKS.

### Enclosure No. 8.

MEMORANDUM for the SECRETARY of STATE for the COLONIES.

*Sinking Fund.*

Mr. FITZHERBERT, in pursuance of instructions received from the Government of New Zealand, to request the Imperial Government to direct the investment of the Sinking Fund of the Guaranteed Loan of 1856 in New Zealand Securities, makes the following application, viz. :—

That the Sinking Fund of the first half-million guaranteed by the Imperial Government may be treated by the Trustees in the same manner as that of the second half-million; *i.e.*, that all investments of the Sinking Fund may be made in Indian or Colonial Government Securities, at the discretion of the Trustees.

Mr. Fitzherbert submits that there is nothing either in the Imperial Act of 1857, or the Colonial Act of 1856, to hinder this request from being complied with; and that, by making the Fund more remunerative, the following advantages would be secured, viz. :—

1. The debt might be extinguished at an earlier date.
2. A saving to the Colony would be effected at the rate of £5,000 per annum.

21 Cockspur Street, S. W., 25th November, 1868.

WILLIAM FITZHERBERT.

### Enclosure No. 9.

Sir F. ROGERS to the Hon. W. FITZHERBERT.

SIR,—

Downing Street, 8th January, 1869.

With reference to your Memorandum of 25th November, I am directed by Earl Granville to transmit to you, for your information, a copy of a letter from the Lords Commissioners of the Treasury, on the subject of your application respecting the investment of the Sinking Fund of the New Zealand Guaranteed Loan, 1856.

I have, &c.,

FREDERIC ROGERS.

Mr. HAMILTON to the UNDER SECRETARY of STATE, Colonial Office.

SIR,—

Treasury Chambers, 22nd December, 1868.

The Lords Commissioners of Her Majesty's Treasury have had before them your letter of the 5th instant, enclosing copy of a Memorandum from Mr. Fitzherbert, the representative of the Colony of New Zealand in this country, making an application for leave to make all investments of the sinking fund of the first half-million of the loan raised under "The Zealand Loan Act, 1856," and Imperial Act, c. LI., 1867, in Indian or Colonial Government securities, at the discretion of the trustees. I am to state, for the information of the Secretary of State, that my Lords will not object to the investment of the sinking fund of the Guaranteed Loan in Indian or Colonial securities, with

the exception of those of the Colony of New Zealand itself, and they will be prepared to consider any application which may be made to them with this view from the trustees of the sinking fund.

The Under Secretary of State for the Colonies.

I have, &c.,  
GEO. A. HAMILTON.

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Enclosure No. 10.

The Hon. W. FITZHERBERT to Messrs. JULYAN and SERGEAUNT, Trustees for the Sinking Fund of the New Zealand Loan, 1856.

GENTLEMEN,—

21, Cockspur Street, S.W., 13th January, 1869.

I have the honor to enclose copies of Memorandum and correspondence relative to the investment of the sinking fund of the first half-million of New Zealand debentures guaranteed by the Home Government, and raised under "The New Zealand Loan Act, 1856," and Imperial Act c. LI., 1857."

I would suggest that investments of these funds might be advantageously and safely made in the Government securities of India, and debentures of the under-mentioned Colonial Governments—Victoria, New South Wales, South Australia, Canada, or Ceylon. It would be a particular satisfaction to me to be able to know, before I left for the Colony, that these funds had been so invested.

Messrs. Julyan and Sergeant, Trustees  
for the Sinking Fund of the New Zealand Loan, 1858.

I have, &c.,  
WILLIAM FITZHERBERT.

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Sir FREDERIC ROGERS to the Hon. W. FITZHERBERT.

SIR,—

Downing Street, 19th February, 1869.

With reference to the letter from this department of the 8th ultimo, I am directed by Earl Granville to acquaint you that the Lords Commissioners of the Treasury have signified their consent to a discretionary power being given to the Crown Agents for the investment of the sinking fund of the New Zealand Loan, 1856, in Colonial securities; but their Lordships consider that the investments should be confined to the debentures of Canada, New South Wales, Victoria, and South Australia. Their Lordships' decision applies to the sum already accumulated, as well as to the sums hereafter received.

A communication to this effect has been made to the Crown Agents.

The Hon. W. Fitzherbert.

I have, &c.,  
FREDERIC ROGERS.

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Enclosure No. 11.

Sir F. ROGERS to the Hon. W. FITZHERBERT.

SIR,—

Downing Street, 28th March, 1868.

I am directed by the Duke of Buckingham and Chandos to inform you that Her Majesty's Government have had under their consideration the claims advanced on behalf of the British Treasury against the Government of New Zealand, and the counter claims put forward by Major Richardson in respect to the cost of military operations in that Colony.

It appears to them that a careful scrutiny of these claims would result in establishing a considerable balance as due to the British Treasury. But they are aware that this scrutiny could not be effected without protracted correspondence between this country and New Zealand; and at a time when the Colony has adopted the entire responsibility for its own military protection, and is endeavouring to contract a loan of unusual magnitude, they are unwilling to defer a settlement which may assist you materially in negotiating that loan.

Having reference, therefore, to Mr. Stafford's Memorandum of the 7th November last, by which the Duke of Buckingham and Chandos was informed that you were proceeding to England with a view "to the settlement of all claims between the Imperial Government and the Colonial Government," His Grace desires me to ask whether you are prepared, on behalf of the Government of New Zealand, to abandon all claims on the Home Government in respect to any expenditure arising out of military operations or connected with military defence, and particularly all claims included in or resulting from either of the statements of account put forward by Mr. Commissary-General Jones and Major Richardson, on condition of a similar abandonment on the part of the Imperial Government.

If this should be the case, Her Majesty's Government are prepared to agree to a settlement on these terms. But it must be understood that if a prompt settlement cannot be thus effected, Her Majesty's Government retain the right to pursue the investigation which has been commenced, and to claim the balance which on that investigation shall be found to be justly due.

The Hon. W. Fitzherbert.

I am, &c.,  
FREDERIC ROGERS.

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Enclosure No. 12.

The Hon. W. FITZHERBERT to Sir F. ROGERS.

SIR,—

Oxford and Cambridge Club, Pall Mall,  
London, 30th March, 1868.

I have the honor to acknowledge the receipt of your letter of 28th March, 1868, in which I am informed that the Duke of Buckingham and Chandos desires to ask whether I am prepared, on behalf of the Government of New Zealand, to abandon all claims on the Home Government in respect of all expenditure arising out of military operations or in connection with military defence, whether included in counter claims already preferred or proposed to be made, on condition of a similar abandonment on the part of the Imperial Government.

Upon a careful review of the whole circumstances of the case, having regard to the various points at issue which have been urged on either side at the interviews which I have had with His Grace, and recognizing the advantage which a prompt and conclusive settlement of outstanding claims is calculated to confer on the Colony just now, when it is about to enter upon extensive financial operations, I consider that I shall be consulting the best interests of the Colony by acceding to the terms proposed in your letter.

I therefore request you to be good enough to convey to His Grace my definite acceptance, on behalf of the Colony, of the proposals of Her Majesty's Government, as expressed in your letter.

Sir F. Rogers.

I have, &c.,

WILLIAM FITZHERBERT.

### Enclosure No. 13.

MESSRS. JULYAN and SARGEANT to the Hon. W. FITZHERBERT.

SIR,—

Spring Gardens, 16th January, 1869.

The project for the conversion and consolidation of the various Loans of New Zealand having now been closed, it becomes our duty to make a final report to you on the subject before you take your departure for the Colony. Although we have from time to time informed you of the progress made, and have been in daily personal communication with you on the many points which it has been necessary to discuss and determine in carrying out an important undertaking of this magnitude, yet we think it may be advisable briefly to review our proceedings from the commencement, and to place on record the various measures which, with your approval, have been carried out under the authority of "The Public Debts Act," and "The Consolidated Loan Act, 1867."

Under the first of these Acts we created, as you are aware, debentures having but one year to run, representing £500,000, upon the security of which we negotiated for you a loan of £450,000 on very favourable terms, which enabled you to extinguish other pressing liabilities bearing a higher rate of interest, without waiting for the issue of the New Consolidated 5 per cents. authorized by the same Act, which it was necessary to delay until the conversion scheme was placed before the public. This transaction was highly advantageous to your Government in a pecuniary point of view, and gave ample time for maturing our plans for the much more important operation which was to follow. These bonds, as you are aware, were subsequently redeemed and cancelled.

The Consolidation project was then pressed forward; and as we had been studying the subject in all its bearings, in conjunction with the most experienced advisers, during the previous twelve months, we were enabled to submit our plans to you very shortly after you had determined to place the matter in our hands. The principles upon which those plans were based were very similar to those set forth in the schedule originally submitted to the Government of New Zealand in our letter of the 30th March, 1867 (of which a copy is enclosed), the only material differences being those which the altered state of the markets, and the terms granted to the holders of Provincial debentures by "The Public Debts Act, 1867," rendered necessary. The leading features of our plan were embodied in a confidential memorandum which we submitted to you at the time (a copy of which is annexed), and which with some slight modifications (noted therein) you subsequently approved.

Beyond these general principles, the points most difficult of solution were those touching the rates at which the proposed new 5 per cents. should be exchanged for the old debentures, bearing various rates of interest from 5 to 10 per cent., and having various periods to run, ranging from one to forty-six years. Preliminary to any decision on these points, it became necessary to establish an absolute measure of value for the new stock—not a retail price at which a few hundreds might have been disposed of, but a wholesale rate upon which dealers might count upon working off the large amount of such new stock as the conversion would evidently throw into the market.

It was, as you will recollect, after mature consideration, determined by yourself that the offer to exchange new debentures for old, and the offer to sell new debentures for cash, should be simultaneous. This being so, it became absolutely necessary (as the exchangeable quantities of new for old depended on the market value of the former) to invite tenders at a given price, and on the determination of that point chiefly depended the success or failure of the whole measure. It was manifestly important that the price should be fixed as high as possible without incurring unnecessary risk of its rejection by the market. At the same time it was obviously advisable to act quickly, in order not to give time for speculators unfairly to alarm the public by exaggerating the unfavourable effects likely to be produced by the creation of more 5 per cents. under the conversion project. It was for these reasons, and after having given the subject the most careful consideration, that we advised you to fix the selling rate at 97, and on that rate we based all our calculations for the exchanges of old for new stock, making due allowances for the difference of interest, for the longer or shorter periods for which the bonds of the former were current, and for various other considerations which were fully discussed with you at the time. It was not, we believe, without some misgivings, that you consented to so high a limit as 97. Subsequent results, however, may be said to have fully confirmed the soundness of the advice we then offered; but it is no less clear that, in fixing that limit, we very nearly approached the extreme verge of possibility.

The minimum published was within three quarters of 1 per cent. of the highest retail price previously obtained for the 5 per cents. created under "The Loan Act, 1863;" whereas for a wholesale operation, like the one in question, the rate is not usually expected to come within 2 or 2½ per cent. of the previous retail quotations. We need scarcely add that there is a vast difference between an occasional sale of £500 or £1,000 of stock, which may be seen quoted in the daily prices current, and the disposal by one operation of debentures representing £1,114,000. The best proof of the comparative excellence of the price at which the latter were sold is to be found in the fact that some persons who then bought on speculation have been unable, up to the present moment, to re-sell at a profit, and we know of one original purchaser who is still the unwilling holder of £200,000 of those debentures. Indeed, it may be said that so high a price for unguaranteed Colonial 5 per cents. is unprecedented in the London market. Those of New South Wales, which have always enjoyed the

greatest confidence, can scarcely be said to have commanded equal prices. A sale of £758,000, which preceded yours by less than four months, was disposed of at £94 3s., and a further negotiation for the same Colony of £1,000,000, just five months later than yours, nominally realized £98 1s.; but taking into account that a 2 per cent. sinking fund, instead of 1, is to be applied to annual drawings at par (making the annual charge 7 per cent.), and that the payments for the stock are spread over a period ending in April, 1869, the actual cost of the money to New South Wales will be greater than that paid by New Zealand.

With regard to the conversion of the old debentures (General and Provincial) into new, the rates at which the exchanges were to be effected formed a question of a very intricate kind. The differences in the rates of interest, in the periods of currency, and in the supposed market value of the various debentures, rendered it impossible to apply any general rule to the solution of the difficulty. In each case we endeavoured, from all the information we could command, to arrive at the market value of the old stock, and then offer an equivalent in the new at 97, taking care in so doing that the result should be in favour of the Government.

The 6 per cents. were more easily dealt with than others, inasmuch as those of Auckland had been admitted to the Stock Exchange and obtained a quotation or nominal selling price. That price afforded a measure, to some extent, of the market value of the 6 per cents. of the other Provinces, which were held in no less estimation here than those of Auckland, and the result was the establishment of an uniform difference in value of  $4\frac{1}{2}$  per cent. between the General and Provincial 6 per cents.

It is unnecessary, even if it were possible, that we should here explain the multifarious considerations which presented themselves, with regard to the bonds bearing higher rates of interest. These matters were all freely discussed with you at the time, and the final conclusions arrived at will be found in our advertisements of the 1st May, 23rd July, and 23rd November (of which copies are enclosed). In placing these terms before the public, it was never supposed that they were such as to induce all holders of the old stock to come into the scheme. Some would have rejected any conditions which should fail to secure to them an increase of income on their investments; while many others are found who prefer a security which is not subject to disturbance by a possible early return of the capital.

The debentures belonging to *bona fide* investors of these classes, who, in the aggregate, hold a considerable portion of the old loans (more especially of the General Government) it is hopeless to expect to consolidate, except by a very slow process. Nothing short of an absolute necessity to sell will induce such people to disturb their arrangements; but if, when driven into the market, they should find the new bonds more saleable than the old, then they would be glad to convert, in order to find a purchaser. In the course of time all might thus be got in, but such a mode of proceeding would necessitate the keeping open of the scheme for an indefinite period, which the Government of New Zealand might not think it expedient to do.

Notwithstanding these counteracting influences, the consolidation scheme as a whole has proved a very decided success. Had it been more so, there might have been room left for supposing that the terms offered to the public were extravagant, but such a conclusion is now out of the question.

It will be seen from the enclosed schedule that the total of the old debt (on which it was possible to operate) was £4,536,350, and that the total amount actually withdrawn amounted to £2,735,550, for which there has been issued in exchange new stock representing £2,987,000.

The total annual charge to which the Colony was before liable in respect of the old stock extinguished was £207,737, and the present annual charge in respect of the new stock substituted for it is £179,220, being an increase in the nominal debt of £251,450, and a decrease in the annual charge of £28,517. In addition to this saving, the operation will render immediately available for other purposes so much of the accumulated sinking funds as properly belong to the converted debt. The amount so disposable out of funds accumulated under "The Loan Act, 1863," supposing the investments to realize what they cost, is £40,532; and the sum to be derived in like manner from the sinking funds formed under various other Acts is estimated by us, upon the very imperfect information we possess, at about £105,061, making altogether a present saving of £145,593. If this amount were applied to the purchase and extinction of some more of the old debentures (which is a fair way of measuring its value as part of the operation), a further reduction would be effected of about £153,000 in the outstanding debt, and £9,180 in the annual charge to be provided by the Colony.

The immediate results of the conversion, so far as it has yet been carried, may therefore be said to be, the substitution of a charge upon your revenues of £179,220 a year for thirty-six and a half years, in lieu of the former one of £207,737 a year for twenty-eight years—the latter period being that which would have been required to extinguish the debt at the old rates of contribution to the sinking funds, provided it should be found possible throughout the whole of the time to secure interest at the rate of 5 per cent. per annum for the money, and provided, further, that the securities in which investments had been made should eventually realize what they had cost. These are two conditions upon which very grave doubts may be entertained; while, on the other hand, the mode by which provision has been made for the extinction of the new debt, relieves your Government from all contingent liabilities of this kind.

The mere money value of the difference between the old and new charges (irrespective of £145,593 in sinking fund) is, as already stated, £28,517 a year for twenty-eight years. This annuity, capitalized at compound interest at 5 per cent., would, at the end of that period, amount to £1,745,500, and that sum would be sufficient to pay off the whole of the then outstanding debt, and leave a surplus of £537,600. Instead of following this course, however, your Government will probably find it more

advantageous at once to relieve its exchequer to the extent of £28,500 a year, which is by no means an inconsiderable item; and when, in addition to this relief, it is borne in mind that other considerable advantages, present and prospective, will result from the consolidation of the public debts of the Colony, it will be evident that a very important work has been accomplished. The actual saving in money already realized, great as that is, will in fact be of only secondary importance when compared to the benefits which may reasonably be expected to follow from the comparatively improved financial position which the Colony will occupy whenever it may become necessary for her again to resort to

Sub-Enclosures  
C., D., and E.

Sub-Enclosure F.

Sub-Enclosure F2.

Sub-Enclosure F3.

Sub-Enclosure G.

Sub-Enclosure H.

this market for money—supposing, of course, that her resources continue to increase in a ratio at least equal to that of her debt.

It only remains for us to add that, in carrying out these measures, we have been guided by the strictest sense of economy compatible with a thorough execution of the work. Among the accounts which will be delivered to you will be found one embracing all charges incidental to the various transactions which have taken place under your directions. From this account you will perceive how small has been the percentage of expenses on the various operations; and that no charge whatever is made in respect of debentures and certificates representing £1,289,263, which were withdrawn and cancelled, but for which no new bonds were issued in exchange. Nor has any charge been made for creating a million of temporary debentures, and negotiating a loan of £450,000 thereon, and afterwards withdrawing and cancelling the bonds. In short, with the exception of  $\frac{1}{2}$  per cent. on £380,000 of the new loan, contracted under the Public Debts Act (out of which we had to pay the brokerage), nothing whatever has been charged for the services of this department.

Yours is only the second instance of the consolidation of the debts of a Colony in London, and the labour and responsibility attached to such an operation were very imperfectly understood by us at the outset, otherwise we certainly should not have felt justified in undertaking to carry it out on the terms stated in our letter to you of the 24th April last. Those terms were—as fully explained therein—very different from such as are commonly required by financial establishments working for a profit; still a bargain is a bargain, and we willingly abide by it, though we could not undertake another transaction of the kind on like conditions.

The time occupied in carrying out the conversion scheme may at first sight appear to have been unnecessarily long, but it was thought better not to run the risk of failure by any undue haste. It was absolutely necessary to give the most extended publicity to your proposals, and to allow ample time for holders to consider whether it was to their advantage to accept them or not. This process had to be repeated three times; and after the bonds of the first series had been thrown on the market (which they were from being chiefly held by speculators), prices became depressed, and there was for a time less desire to exchange the old stock for the new than had first been manifested. Under these circumstances, it was thought desirable to give time for the market to revive before proceeding with the second attempt; and in consenting to the delays which this state of things called for, we think you acted wisely, and that the object you had in view was thereby favourably influenced.

We cannot conclude this report without expressing to you the very great satisfaction we have derived from the patient and courteous manner in which you have invariably discussed with us the numberless and important points growing out of the foregoing transactions, and we believe that the success of our united efforts has been largely promoted by this hearty and enlightened co-operation on your part.

We have, &c.,

P. G. JULYAN,  
W. C. SARGEANT.

The Hon. W. Fitzherbert.

#### Sub-Enclosure A.

MR. PENROSE G. JULYAN to the Hon. E. W. STAFFORD.

Offices of the Crown Agents for the Colonies,  
12, Spring Gardens, London, 30th March, 1867.

SIR,—

In compliance with the request contained in the last paragraph of your letter of the 6th December last, I have now the honor to submit for the consideration of your Government a scheme for the consolidation of the public debts of the Colony.

2. In dealing with this important subject, it will be necessary to bear in mind that no scheme, however good in theory, can be successful unless it holds out the promise of advantages sufficient to induce the holders of the existing securities to come freely into it.

3. On the other hand, unless the change be attended with some considerable advantage to the Colony, present or prospective, it would cease to be desirable.

4. In the present state of affairs, the independent action of the Provincial Governments in this market, where their respective securities are offered to the public as “New Zealand Debentures,” has a constant tendency to depreciate the value of those issued by the General Government, while at the same time direct competition is thus produced between the Provinces themselves, and prices generally are prejudicially and unnecessarily influenced.

5. In a still greater degree the Provincial securities are depreciated by being excluded from the official list of the London Stock Exchange, and as a consequence it frequently happens that sales, to any considerable extent, cannot be effected, except at very great sacrifice; and temporary advances on Provincial debentures cannot be obtained, in times of pressure, at any price whatever.

6. These are the principal objections to the various Provincial loans as they now stand.

7. The securities of the General Government are differently circumstanced, still they would also be benefitted by consolidation; and although it would be quite possible, and to some extent profitable, to confine the proposed operation to the Provincial loans, still, having regard to the probable necessity hereafter of contracting further debts of this kind, it would appear highly desirable that all New Zealand loans should be consolidated into one general stock, and it is believed that the results would tell strongly in favour of future negotiations, by enabling the Government to borrow on better terms.

8. After much consideration, the Crown Agents have come to the conclusion that the objects in view will best be attained by the conversion of the various securities now in existence into debentures bearing interest at one uniform rate of 5 per cent., with a cumulative sinking fund of 1 per cent., to be applied by annual drawings to the gradual extinction of the debt.

9. The enclosed statement will show in what manner and at what rates it is thought this conversion could at the present moment be successfully carried out; and although the markets may in all probability have somewhat advanced before the scheme could possibly be brought before the public, yet it is believed that the relative prices of the General and Provincial stocks, upon which the rates of

conversion are based, will remain pretty much the same, or at all events that they will not have become less favourable to the General Government.

10. The creation of a 6 per cent. stock instead of a 5, might at first sight appear to be more advantageous, and would probably have been preferred by the Crown Agents if the question had exclusively referred to the Provincial loans, which from their comparatively unmarketable state might have been easily dealt with at the higher rate; but, upon mature reflection, it was felt that there would be little chance of dealing successfully with the loans of the General Government at that rate on acceptable terms, and as the scheme would have lost much of its value if those loans were excluded, the idea of treating it on a 6 per cent. basis was abandoned.

11. To induce present holders, with any useful degree of unanimity, to come into a scheme of the kind, the lottery principle of redemption is by far the most likely to succeed. That principle must, however, be applied to securities which are held at a price considerably below par; but with the 6 per cents.—now at 100 in the market, with a strong probability of their soon being higher—the forced redemption might be a positive loss to the holder, and the knowledge that such a contingency may speedily occur would tend to depress prices and most effectually neutralize all efforts to bring the debentures in for conversion, unless the rate of exchange were fixed so high as to render the transaction undesirable to the Government.

12. On the other hand, with a 5 per cent. security, and the chance of an early drawing, the tendency would be entirely in the other direction, and it would be quite within the bounds of probability that the market price of such a security might at no distant day be raised by these influences to par, or something very near it, so that, in addition to the immediate advantages arising out of the conversion of the debentures held by the public, there would be the further important prospective benefits accruing from the sale of the unissued portions of the already authorized loans, as well as from those which may follow.

13. The objections largely entertained by investors, especially trustees, to the reduction of their capital, which the purchase of premium-bearing debentures must eventually result in, will always make it more to the advantage of the borrowers to fix upon such a rate of interest as will keep the issuing price somewhat below par. For this reason the New Zealand 5 per cents. already on the market, although their redemption is so distant, command at this moment a price relatively higher than the sixes, by at least 2 per cent.

14. With regard to the plan of consolidation now proposed, the details are so fully given in the enclosed statement, that it will not be necessary for me to add anything here beyond a general summary of the results.

15. Taking the total present authorized debt at £4,675,000, the annual payments in respect thereof would amount to £349,500. After paying interest out of this sum, sufficient would remain to form a sinking fund that would pay off the principal at the end of 29 years, provided safe investments could be found to yield 5 per cent. throughout that period, and that the capital could then be realized without loss,—a result which is somewhat problematical.

16. In lieu of this it is now proposed to substitute a consolidated debt of £5,070,500, being an increase of £395,500, and an annual payment in respect thereof amounting to £304,230, being a decrease of £45,270 a year.

17. This reduced annual payment would, after providing for interest, leave a sum sufficient, on the cumulative principle, to extinguish the debt by annual drawings in  $36\frac{1}{2}$  years, without any risk with regard to investments.

18. Instead, therefore, of a debt of £4,675,000, and an annual payment of £349,500 *with risk*, for 29 years, you would have a debt of £5,070,500, and an annual payment of £304,230, *without risk*, for  $36\frac{1}{2}$  years.

19. But the saving of £45,270 a year invested in the same manner as the existing sinking funds are supposed to be, would of itself amount at the end of 29 years to £2,821,300, which would be sufficient, with its accretions, to continue the payment of the annual liabilities for the remaining  $7\frac{1}{2}$  years, and leave a balance of £1,378,000.

20. Or, the £2,821,300 accumulated at the end of the 29 years, would enable you at that time to extinguish the outstanding portion of the debt, and still leave a balance in hand of upwards of £900,000.

21. Although it is not probable that your Government would thus accumulate a large sum in this manner, which might be much more profitably remitted in the shape of taxation, still, in comparing the relative advantages of the present and proposed modes of treating the public debt of the Colony, it is necessary to take the value of this saving into account: and in reality the above balance of £1,378,000 correctly represents the difference of value in favour of the proposed consolidation scheme, notwithstanding that the saving may be so dealt with as to prevent the actual realization of the money.

22. The adoption of the proposed plan would also place at the immediate disposal of the Government the greater part of the amount already accumulated in the several sinking funds, which in round numbers may be stated at £100,000.

23. The successful carrying out of the operation would be materially promoted if, before making it public, the small amount of the securities (already issued) which might be found in the hands of dealers were bought up on the part of the Government.

24. The sum required to do this would not probably be more than £20,000 or £30,000, and under the worst conceivable circumstances the loss could not exceed the difference between the buying and selling price, but the transaction would be much more likely to result in a small gain.

25. If it should be determined by your Government to carry out the proposed measure, the necessary legislative enactment should be so framed, that while it enforced the principle on which the conversion is to be based, it should at the same time not too rigidly limit the operation to the precise figures specified, as very possibly the market may have in the interval undergone such changes as to render some slight modifications absolutely necessary, without impairing the general advantages anticipated.

I have, &c;

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

PENROSE G. JULYAN.

SCHEME for the CONVERSION of the DEBENTURE DEBTS of the GENERAL and PROVINCIAL GOVERNMENTS of NEW ZEALAND into a CONSOLIDATED 5 PER CENT. STOCK, to be extinguished by Annual Drawings.

AUTHORITY.	PRESENT AUTHORIZED DEBT.				PROPOSED CONSOLIDATED DEBT.				Date of Exinction	
	Rate per Cent.		Annual Charge.		Total Amount to be Converted.	Rate of Conversion	Total Amount which Converted.	Annual Charge.		
	Interest.	Sinking Fund.	Interest.	Sinking Fund.				Interest, Five per Cent.		Sinking Fund, One per Cent.
			£	£	£	£	£	£	£	
<b>GENERAL GOVERNMENT.</b>										
Loan Act, 1860	6	2	9,000	8,000	12,000	180,000	120	180,000	10,800	
...	5	1	50,000	10,000	60,000	1,000,000	100	1,000,000	60,000	
Loan Act, 1863	6	2	51,000	17,000	68,000	850,000	120	1,020,000	61,200	
...	6	2	39,000	13,000	52,000	650,000	120	780,000	46,800	
Still unissued	...	...	...	...	...	...	...	...	...	
<b>Total</b>	...	...	149,000	43,000	192,000	2,650,000	...	2,980,000	178,800	
<b>PROVINCIAL GOVERNMENTS.</b>										
Auckland Loan Act, 1863	6	2	30,000	10,000	40,000	500,000	100	500,000	30,000	
Wellington Loan Acts, 6 and 9 of Session I. and II.	8	...	4,000	...	4,000	50,000	120	60,000	3,600	
Wellington Loan Acts, No. 11. of Session I.	8	4	2,000	1,000	3,000	32,500	130	32,500	1,950	
Canterbury Railway Loan Ordinance, 1860	6	2	18,000	6,000	24,000	300,000	106	318,000	19,080	
Canterbury Loan Ordinance, 1862	6	1	30,000	5,000	35,000	500,000	100	500,000	30,000	
Otago, Three Loan Ordinances, 1861-2	8	3	12,000	4,500	16,500	150,000	120	180,000	10,800	
Otago Loan Ordinances, 1862	6	1	30,000	5,000	35,000	500,000	100	500,000	30,000	
<b>Total</b>	...	...	126,000	31,500	157,500	2,025,000	...	2,090,500	125,430	
<b>GENERAL TOTAL</b>	...	1 12 0 average	275,000	74,500	349,500	4,675,000	...	5,070,500	304,230	

Increase in Amount of Debt, £395,500. Decrease in Amount of Annual Charge, £45,270.

*General Government.*—The difference, or saving, between the present and the proposed charges would be £13,200 a year for twenty-nine years, which, if invested annually at compound interest at 5 per cent., would, at the end of that period, amount to £822,643.

*Provincial Governments.*—The difference between the present and the proposed charges on the Provincial debt would be £32,070 a year, which, invested in like manner, would, in twenty-nine years, amount to £1,998,668.

*General and Provincial.*—The total difference between the present and the proposed charge is £45,270 a year for twenty-nine years. This annuity, capitalized at compound interest at 5 per cent., would, at the end of that period, amount to £2,821,300; and this sum, with its accretions, applied to the remaining payments of £304,230 a year for seven and a half years, would extinguish the whole of the debt at the end of thirty-six and a half years, and leave a surplus of £1,378,000; or the £2,821,300 accumulated at the end of twenty-nine years might, at that time, be applied to paying off the then outstanding portion of the debt, and still leave a surplus of £900,000.

The present sinking fund contribution of £74,500 a year, with compound interest at 5 per cent., is calculated to extinguish the already authorized debt of £4,675,000 in little more than twenty-nine years.

The proposed cumulative sinking fund of 1 per cent., applied by annual drawings, will extinguish the proposed debt of £5,070,500 in somewhat less than thirty-six and a half years.

All calculations are based upon the total amounts already authorized to be raised by Acts of the Legislature (as shown in Table 36 of Statistics for 1865), upon the presumption that those amounts will either be raised before the consolidation can take place, or in the new 5 per cents. shortly afterwards. In the latter case the advantage to the borrower would be still greater than the within figures indicate.

The loans guaranteed by the Imperial Government have been excluded for reasons too obvious to need explanation.

The 8 per cents. (Treasury Bills) have not been taken into account, as they will either be redeemed before the new scheme can come into operation, or will afterwards be displaced by the issue of the consolidated securities.

In one or two of the smaller Provincial issues it will be found that the aggregate of the several annual payments, according to the proposed scheme, is, by reason of the longer periods over which those payments are extended, somewhat in excess of the total amounts which would be payable under existing arrangements. It must be borne in mind, however, that the differences between the old and new rates of annual charge (over the shorter periods) would, if capitalized, represent considerable portions of such excess, and should it be found necessary to deal separately with each Province in this respect, there would probably be no difficulty in finding an easy and satisfactory solution, as the benefits derivable from an opposite state of things, in the majority of the Provincial loans, far outweigh the comparatively small amounts referred to.

By a "cumulative" sinking fund it is to be understood that the total annual charge would remain at £304,230 throughout the whole period, and that after paying therefrom the interest on the outstanding portion of the debt, the growing balance would be applied to the annual drawings.

Several of the smaller Provincial loans have been excluded from this statement because the current market prices on which the conversion is based cannot be ascertained in this country. This defect can perhaps be remedied in the Colony, but whether or not there is no reason why they may not be embraced in one general scheme, and their coming into it will heighten the general advantages, while their very obscurity will be the strongest possible incentive to consolidation on the part of all concerned.

In addition to the saving of £45,270 a year on the annual charge, there will be the present accumulations in the several sinking funds, amounting, it is believed, to about £100,000; but as it is probable that some few of the holders may not immediately come into the conversion scheme, it will be necessary, in order to keep faith with them, to retain out of that amount a sum proportioned to the non-consolidated securities, and to continue the present sinking funds, in that proportion, at the existing rates. The balance, after defraying therefrom the expenses attending the operation, might very properly return to the general exchequer, or be divided *pro rata* among the Provinces.

P. G. JULYAN,  
Crown Agent for the Colonies.

London, 30th March, 1867.



## Sub-Enclosure B.

## NEW ZEALAND GOVERNMENT DEBT.

SUGGESTIONS by the Crown Agents for the Colonies for the Conversion of the various Securities now in circulation into one common Stock, which may hereafter be added to, or reduced, without multiplying or altering the denominations.

1. The various unguaranteed debentures of the General and Provincial Governments to be consolidated, or exchanged for securities bearing interest at one uniform rate of 5 per cent. per annum.
2. All future loans to be contracted on securities of a similar character.
3. The new 5 per cents., or consolidated securities, to be issued either in the form of registered stock or debentures, at the option of the exchanger or buyer as the case may be.
4. The stock certificates to be accompanied by coupons payable to holder, in the same manner as debenture coupons.
5. The registered stock and debentures to be at all times exchangeable, the one for the other, on payment of a small transfer fee and stamp duty on the debentures created in lieu of stock.
6. The registered stock to be transferable from hand to hand by an ordinary deed of transfer.
7. The interest to be made payable quarterly, instead of half-yearly, as on the present securities.
8. The principal to be paid off by means of a cumulative sinking fund, into which shall be paid quarterly a sum equal to 5s. per cent. on the total of the consolidated debt.
9. This fund to be applied to periodical drawings (lottery) in the usual way. The bonds or stock certificates so drawn to be paid off at par.
10. The total debt will thus be paid off in about thirty-seven years.
11. It would appear advisable that the whole of the 5 and 6 per cents. (together amounting to £4,510,000) now in circulation, should be dealt with in one operation. It is presumed that nearly all the former would be exchanged without hesitation, as the holders would, without having their interest reduced, thus participate in the contingent advantage of an early drawing at par.
12. It is roughly estimated that the results of conversion of the whole of the 5 and 6 per cents. on terms based on the present market prices of each—would be, 1st, the increase of the nominal debt by about  $7\frac{3}{4}$  per cent.; 2nd, a decrease in the annual charge of about 12 per cent., or nearly £40,000 per annum; and finally, the rendering available for general purposes of about £158,000 now accumulated in the sinking funds of the various General and Provincial Loans.
13. The remaining 7, 8, and 10 per cents. of the Provincial Governments, amounting in the aggregate to £499,000, might be afterwards dealt with on similar principles, and probably with greater relative advantages.
14. The consolidation ought if possible to be far advanced, if not entirely completed, before any fresh issue of securities takes place, as any such issue must tend to lower the price of the present 5 per cents, and proportionately to deprive the Government of the advantage to be derived from the relatively higher price of the *fives* as compared with the *sixes* which now exists.
15. It will also be advantageous to convert the old securities, as far as possible, into new, before the 5 per cents. are again quoted *ex dividend*, as they will then have the appearance of having fallen about  $2\frac{1}{2}$  per cent. in price.
16. If the various existing loans could all be made to disappear from the official lists, and one uniform stock be substituted, it is more than probable that the sum still to be raised under "The Public Debts Act, 1867," would not cost the Government more than 5 per cent.
17. The market is now favourable for the operation, though not so much so as it was a month or six weeks ago; and it should be borne in mind that any political disquietude, or the revival of public confidence and trade, which political quiet would not fail soon to produce, must prove prejudicial. In fact, any change whatever must be a change for the worse, unless it be possible to conceive that money will still become more abundant and cheaper than it is at present.

London, 25th March, 1868.

P. G. JULYAN.

MEMO.—The proposal to create registered stock was subsequently abandoned, in consequence of doubts having been raised by counsel as to whether clause 3 of "The Consolidated Loan Act" would justify the creation of such stock; and, although considerable advantage with regard to price might have been derived therefrom, it was thought better not to run the risk of having the authority for the issue called in question by persons who might, to serve their own interests, do much to create doubts in the public mind calculated to produce a prejudicial effect in the negotiation of the new loan. Article 14 was not acted upon because Mr. Fitzherbert, after weighing the probable advantages and disadvantages attending the proposition, came to the conclusion that it was due to the lenders to place openly before them, in a complete form, the whole of the operations contemplated under the "Consolidated Loan Act, 1867." It was, moreover, considered that in the event of delaying for any considerable period the issue of the new securities, political complications might arise in Europe calculated most seriously to depreciate the value of such securities, if not to render them entirely unsaleable.

P. G. J.

## Sub-Enclosure C.

*Conversion of the Public Debts of New Zealand under the authority of the Consolidated Loan Act, No. 90 of 1867.*

In order to remedy the frequent complaints which have been made by holders of the Provincial Government debentures, in consequence of the difficulty of negotiating these securities in the London market at their full value, as compared with those of the General Government of New Zealand, and in order further to increase the market value, and to remove the inconvenience arising from the want of uniformity in the securities of the General Government now in circulation, it has been determined, if possible, to convert the whole of the public loans of the Colony, General and Provincial, into one loan, to be called "The New Zealand Consolidated Loan."



In furtherance of these objects, it is proposed by the Government of New Zealand, under the powers granted by the Act above cited, to issue in exchange for the various securities now in circulation, new debentures of uniform character, charged on the consolidated revenue of New Zealand.

These new debentures will bear interest at the rate of 5 per cent. per annum, payable quarterly, and the principal will be repaid *at par* by a 1 per cent. cumulative sinking fund, applied by annual drawings to the extinction of the debt. By this process the whole amount will be paid off in about thirty-six years.

The Crown Agents for the Colonies, acting on behalf of the Government of New Zealand, are now prepared to receive applications from the holders of the various debentures herein referred to on the following terms, viz. :—

For every £100 General Government 5 per cents. payable in 1914, holders may receive £99 10s. new 5 per cents., as above described.

For every £100 General Government 6 per cents. payable in 1891, the holders may receive £113 10s. in the new 5 per cents.

For every £100 6 per cents. of the Provincial Governments of Auckland, Canterbury, Otago, and Hawke's Bay, payable from 1879 to 1914, the holders may receive £109 in the new 5 per cents.

Interest on the new 5 per cents. will commence from the 15th April, 1868, and all interest accrued prior to that date on such of the old debentures as may be converted will be paid to the respective holders in addition to the foregoing rates of exchange.

The bonds will be made to represent sums of £1,000, £500, £200, and £100 respectively, and fractions of the latter amount which may be unavoidable in the conversion, will be adjusted either by the issue of one bond more or less, and by the payment of the difference in money.

The annual drawings will take place in the month of March, commencing in 1869, and will be conducted in the presence of the Crown Agents for the Colonies, of any debenture-holders who may be pleased to attend, and of a Notary Public. The debentures drawn will be paid off at par on the 15th April following, together with the interest due thereon.

The days on which such drawings will take place, and the numbers and values of the debentures drawn, will be duly notified by advertisement in the *London Gazette* and *The Times*.

Applications for conversion on the foregoing terms will be received by the undersigned at any time not later than the 15th June next, after which they reserve to themselves the right of offering less favourable rates, or of altogether closing the operation.

Scrip certificates will at first be issued in exchange for the bonds withdrawn, and these will afterwards be replaced by debentures of the new issue.

Forms of application and further particulars with regard to the public debt and resources of the Colony, prepared by the Hon. William Fitzherbert, a Member of Her Majesty's Executive Council of New Zealand, may be had on application to the Crown Agents, or to the brokers, Messrs. Mullens, Marshall, Daniell, and Co., 3, Lombard Street, and Messrs. J. and A. Scrimgeour, 18, Old Broad Street, London, where copies of the Acts authorizing the conversion and consolidation of the New Zealand Loans may also be seen.

PENROSE G. JULYAN, } Crown Agents for  
W. C. SARGEANT, } the Colonies.

Offices of the Crown Agents for the Colonies,  
Spring Gardens, London, 1st May, 1868.

#### Sub-Enclosure D.

*Conversion of the Public Debts of New Zealand under the authority of the Consolidated Loan Act, No. 90 of 1867.*

In furtherance of the objects contemplated in the above Act, the Crown Agents for the Colonies, acting on behalf of the Government of New Zealand, are prepared to receive applications from the holders of the various debentures hereinafter enumerated on the following terms :—

For every £100 Otago 10 per cent. issued under Loan Ordinance, 1856, and payable on the 31st December, 1868, holders may receive £101 new 5 per cents., together with the difference of interest in advance.

For every £100 Otago 8 per cent. issued under Loan Ordinance, 1861-2, and payable in 1873, holders may receive £112 new 5 per cents.

For every £100 Otago 8 per cent. issued under Loan Ordinance, 1861-2, and payable in June, 1874, holders may receive £113 new 5 per cents.

For every £100 Otago 8 per cent. issued under Loan Ordinance, 1862, and payable in November, 1874, holders may receive £113 10s. new 5 per cents.

For every £100 Otago 8 per cent. issued under Loan Ordinance, 1862, and payable in 1875, holders may receive £115 new 5 per cents.

For every £100 Canterbury 8 per cent. issued under Loan Ordinance, 1856, and payable in 1872, holders may receive £109 10s. new 5 per cents.

For every £100 Wellington 8 per cent. issued under Loan Ordinance, 1854-5, and payable about the 15th March next, by notice published in New Zealand, holders may receive £101 new 5 per cents., and the difference of interest in advance.

For every £100 Wellington 8 per cent. issued under Loan Ordinance, 1862, and payable in 1877, holders may receive £118 new 5 per cents.

For every £100 Wellington 8 per cent. issued under Loan Ordinance, 1866, payable in 1886, holders may receive £128 10s. new 5 per cents.

For every £100 Nelson 8 per cent. issued under Loan Ordinance, 1858, and payable in 1868-9, holders may receive £101 new 5 per cents., with the difference of interest in advance.

For every £100 Nelson 10 per cent. issued under Loan Ordinance, 1858, and payable in 1870, holders may receive £100 new 5 per cents., with the difference of interest in advance.

For every £100 Nelson 8 per cent. issued under Loan Ordinance, 1864, and payable in 1876, holders may receive £116 10s. new 5 per cents.

For every £100 Nelson 8 per cent. issued under Loan Ordinance, 1864, and payable in 1881, holders may receive £124 new 5 per cents.

For every £100 Taranaki 7 per cent. issued under Loan Ordinance, 1863, and payable in 1873, holders may receive £106 10s. new 5 per cents.

The new 5 per cents. will be issued in bonds of £1,000, £500, £200, and £100 respectively, interest payable quarterly, and the principal will be repaid at par by a 1 per cent. cumulative sinking fund, applied by annual drawings to the extinction of the debt, by which process the whole amount will be repaid in about thirty-six years.

Interest on the new 5 per cents. will commence from the 15th July instant, and the accrued interest to that date on such of the old debentures as may be converted will be paid to the respective holders in addition to the foregoing rates of exchange. Fractions of £100 which may be unavoidable in the conversion will be adjusted by the issue of one bond more or less, and by the receipt or payment of the difference in money.

The annual drawings will take place in the month of March, commencing in 1869, and will be conducted in the presence of the Crown Agents of the Colonies, of any debenture-holders who may be pleased to attend, and of a Notary Public. The debentures drawn will be paid off at par on the 15th April following, together with the interest due thereon.

The days on which such drawings will take place, and the numbers and values of the debentures drawn, will be notified by advertisement in the *London Gazette* and the *Times*.

Applications for conversion on the foregoing terms will be received by the Crown Agents at any time not later than Thursday, the 27th August proximo.

Scip certificates will at first be issued in exchange for the bonds withdrawn, pending the issue of the new debentures.

Forms of application and further particulars, with regard to the public debt and resources of the Colony, prepared by the Hon. William Fitzherbert, a Member of Her Majesty's Executive Council of New Zealand, may be had on application to the Crown Agents, or to the brokers, Messrs. Mullens, Marshall, Daniel and Co., 3, Lombard Street, and Messrs. J. and A. Scrimgeour, 18, Old Broad Street, London, where copies of the Acts authorizing the conversion and consolidation of the New Zealand Loans may also be seen.

PENROSE G. JULYAN, } Crown Agents for  
W. C. SARGEANT, } the Colonies.

Office of the Crown Agents for the Colonies,  
Spring Gardens, London, 23rd July, 1868.

### Sub-Enclosure E.

*Continued Conversion of the Old Debentures of the General and Provincial Governments of New Zealand into new 5 per Cent. Consols, under the Loan Act of 1867.*

THE Crown Agents for the Colonies, acting on behalf of the Government of New Zealand, hereby give notice that on and after the 25th instant they will be prepared to exchange new 5 per cents., created under authority of the Act above referred to, for debentures bearing various rates of interest, which have from time to time been issued under the following Acts and Ordinances.

The interest on the new securities will be paid quarterly, and the principal will be repaid at par by a 1 per cent. cumulative sinking fund, applied by annual drawings to the extinction of the debt. By this process the whole amount will be paid off in about thirty-six years.

The terms on which the old debentures may be exchanged for new are as follows, viz. :—

For every 100 General Government old 5 per cents. payable in 1914, holders may receive 99½ new 5 per cent. Consols.

For every 100 General Government 6 per cents. payable in 1891, holders may receive 113½ new 5 per cents.

For every 100 6 per cents. of the Provincial Governments of Auckland, Canterbury, and Otago, holders may receive 109 new 5 per cents.

For every 100 Otago 10 per cents., issued under Loan Ordinance, 1856, and payable on 31st December, 1868, holders may receive 103 new 5 per cents.

For every 100 Otago 8 per cents., issued under Loan Ordinance, 1861-2, and payable in December, 1875, holders may receive 115 new 5 per cents.

For every 100 Otago 8 per cents., issued under Loan Ordinance, 1861-2, and payable in July, 1874, holders may receive 113 new 5 per cents.

For every 100 Otago 8 per cents. issued under Loan Ordinance, 1862, and payable in November, 1874, holders may receive 113½ new 5 per cents.

For every 100 Otago 8 per cents., issued under Loan Ordinance, 1862, and payable in October, 1875, holders may receive 115 new 5 per cents.

For every 100 Canterbury 8 per cents., issued under Loan Ordinance, 1856, and payable in 1873, holders may receive 110½ new 5 per cents.

For every 100 Wellington 8 per cents., issued under Loan Ordinance, 1854-5, and payable on the 1st July, 1869, holders may receive 101¼ new 5 per cents., and the difference of interest in advance.

For every 100 Wellington 8 per cents., issued under Loan Ordinance, 1862, and payable in 1877, holders may receive 118 new 5 per cents.

For every 100 Wellington 8 per cents., issued under Loan Ordinance, 1866, and payable in 1886, holders may receive £128 10s. new 5 per cents.

For every 100 Nelson 8 per cents., issued under Loan Ordinance, 1858, and payable 1st July, 1869, holders may receive 101¼ new 5 per cents., with the difference of interest in advance.

For every 100 Nelson 10 per cents., issued under Loan Ordinance, 1858, and payable in 1870, holders may receive 100 new 5 per cents., with the difference of interest in advance.

For every 100 Nelson 8 per cents., issued under Loan Ordinance, 1864, and payable in 1876, holders may receive 116½ new 5 per cents.

For every 100 Nelson 8 per cents., issued under Loan Ordinance, 1864, and payable in 1881, holders may receive 124 new 5 per cents.

Interest on the new 5 per cents. will commence from the 15th January, 1869, and all interest accrued prior to that date on such of the old debentures as may be converted will be paid to the respective holders at existing rates.

The bonds will be made to represent sums of £1,000, £500, £200, and £100 respectively; and fractions of the latter amount which may be unavoidable in the conversion will be adjusted either by the issue of one bond more or less, and by the payment of the difference in money, at the time of conversion.

The annual drawings will take place in the month of March, commencing in 1869, and will be conducted in the presence of the Crown Agents of the Colonies, of any debenture-holders who may be pleased to attend, and of a notary public. The debentures drawn will be paid off at par, on the 15th April following, together with the interest due thereon.

The days on which such drawings are to take place, and the numbers and values of the debentures drawn, will be duly notified by advertisement in the *London Gazette* and the *Times*.

Applications for conversion on the foregoing terms will be received until the 31st December next, and the undersigned are authorized by the Hon. W. Fitzherbert, Financial Agent of the Colony, to state that the offer to exchange bonds will be finally closed by him on that day.

Scrip certificates will at first be issued in exchange for the bonds withdrawn, and these will afterwards be replaced by debentures of the new issue.

The old securities of the General and Provincial Governments of the various denominations still in circulation amount to £1,876,200.

The new 5 per cent. Consols already issued amount to £3,980,200.

Forms of application and further particulars with regard to the public debt and resources of the Colony, may be had on application to the Crown Agents; or to the brokers, Messrs. Mullens, Marshall, Daniell, and Co., 3 Lombard Street; and Messrs. J. and A. Scrimgeour, 18 Old Broad Street, London, where copies of the Acts authorizing the conversion and consolidation of the New Zealand loans may also be seen.

PENROSE G. JULYAN, } Crown Agents for  
W. C. SARGEANT, } the Colonies.

Offices of the Crown Agents for the Colonies, Spring Gardens, London.

Sub-Enclosure F.

OLD DEBTS OF NEW ZEALAND, GENERAL AND PROVINCIAL, showing the State of the SINKING FUNDS.

GOVERNMENT.	Acts or Ordinances.	Total Amount originally Issued.	Annual Rate.		Total Amount.		Assimilation in Sinking Funds applicable to		To
			Interest.	Sinking Fund.	Converted.	Outstanding.	Bonds Outstanding.	Converted.	
		£	£	£	£	£	£	£	
General	Loan Act, 1860	150,000	6	2	54,500	95,500	16,223	9,257	30 June, 1868
Ditto	Loan Act, 1863	1,000,000	5	1	431,800	568,200	28,955	17,545	15 Jan., 1869
		1,500,000	6	2	911,400	588,600	22,782	22,987	15 Dec. 1868
Auckland	Loan Act, 1863	500,000	6	2	461,250	38,750	2,851	33,941	30 June, 1868
Taranaki	Ordinance, 1863	38,750	7	...	3,150	35,600	...	...	...
Wellington	Loan Ordinance, 1854-5, Nos. 6 and 9, Sess. 1 and 2.	49,900	8	...	32,350	17,550	...	...	...
Ditto	Ordinance, 1862, Sess. 9, No. 11.	25,000	8	4	15,400	9,600	2,731	4,384	30 June, 1868
Ditto	Ordinance, 1866, No. 3, Sess. 14.	50,000	8	2	36,500	13,500	...	...	
Nelson	Ordinance, 1858	28,300	8	2	12,300	16,000	991	729	30 June, 1868
Ditto	Ordinance, 1864	10,000	8	2	2,600	7,400	...	...	
Canterbury	Ordinance, 1856, Sess. 7, No. 3	30,000	8	4	19,100	10,900	4,414	7,734	30 June, 1868
Ditto	Railway Loan Act, 1860.	250,000	6	2	162,100	87,900	5,086	9,378	
Ditto	Ordinance, 1862	233,400	6	1	209,700	23,700	1,378	12,188	30 June, 1868
Otago	Loan Ordinance, 1856	10,300	10	...	7,100	3,200	...	...	
Ditto	Ordinance, 1861-2	43,000	8	3	7,900	35,100	...	...	
Ditto	Ditto	7,000	8	3	1,000	6,000	...	...	
Ditto	Public Buildings Loan Ordinance, 1862.	50,000	8	3	9,550	40,450	...	...	
Ditto	Loan Ordinance, 1862	500,000	6	1	354,500	145,500	11,266	27,450	30 June, 1868
Ditto	Harbour Works Ordinance, 1862.	50,000	8	3	3,350	46,650	...	...	
Loans supposed to be in circulation, but from which nothing has been withdrawn:—		4,525,650	...	...	2,735,550	1,790,100	96,677	145,593	
Nelson,—									
Expiring 1 July, 1869		700							
Ditto 1 January, 1876		10,000							
Total		4,536,350							

P. G. JULYAN,  
Crown Agent for the Colonies.

## PAPERS RELATIVE TO

STATEMENT showing the RESULTS of the CONVERSION of portions of the OLD LOANS of NEW ZEALAND into NEW 5 PER CENTS., under "The Consolidated Loan Act, 1867."

GOVERNMENT.	Particulars of Old Debt Converted.						New Consolidated Debt Issued.				
	Total Amount with-drawn by Con- version.	Rate per Cent.		Annual Charge.			Rate per Cent. of Con- version.	Total Amount of Stock Issued.	Annual Charge.		
		Interest	Sinking Fund.	Interest.	Sinking Fund.	Total.			Interest, 5 per Cent.	Sinking Fund, 1 per Cent.	Total.
	£	£	£	£	£	£	£ s.	£ s.	£	£	£
General ... ..	431,800	5	1	21,590	4,318	25,908	99 10	429,641 0	21,482	4,296	25,778
Ditto ... ..	965,900	6	2	57,954	19,318	77,272	113 10	1,096,296 10	54,814	10,962	65,776
Auckland ... ..	461,250	6	2	27,675	9,225	36,900	109 0	502,762 10	25,138	5,027	30,165
Taranaki ... ..	3,150	7	...	220	...	220	106 10	3,354 15	167	33	200
Wellington... ..	32,350	8	...	2,588	...	2,588	101 0	32,673 10	1,633	326	1,959
Ditto ... ..	15,400	8	4	1,232	616	1,848	118 0	18,172 0	908	181	1,089
Ditto ... ..	36,500	8	2	2,920	730	3,650	128 10	46,902 10	2,345	469	2,814
Nelson ... ..	12,300	8	2	984	246	1,230	101 0	12,423 0	621	124	745
Ditto ... ..	2,600	8	2	208	52	260	124 0	3,224 0	161	32	193
Canterbury... ..	209,700	6	1	12,582	2,097	14,679	109 0	228,573 0	11,428	2,285	13,713
Ditto ... ..	162,100	6	2	9,726	3,242	12,968	109 0	176,689 0	8,834	1,766	10,600
Ditto ... ..	19,100	8	4	1,528	764	2,292	110 10	21,105 10	1,055	211	1,266
Otago ... ..	354,500	6	1	21,270	3,545	24,815	109 0	386,405 0	19,320	3,864	23,184
Ditto ... ..	7,900	8	3	632	237	869	113 0	8,927 0	446	89	535
Ditto ... ..	3,350	8	3	268	100	368	113 10	3,802 5	190	38	228
Ditto ... ..	10,550	8	3	844	316	1,160	115 0	12,132 10	606	121	727
Ditto ... ..	7,100	10	...	710	...	710	101 0	7,171 0	358	71	429
Total ... ..	2,735,550	...	...	162,931	44,806	207,737	...	2,990,255 0	149,506	29,895	179,401
Deduct fractional parts of Bonds necessarily paid in money ... ..								3,255 0	156	25	181
								2,987,000 0	149,350	29,870	179,220

Increase in Nominal Debt ... ..	£251,450
Decrease in Annual Charge ... ..	28,517

MEMO.—The new 5 per cents. are to be paid off at par by a 1 per cent. cumulative sinking fund applied by annual drawings to the liquidation of the debt.

By a cumulative sinking fund it is to be understood that the total annual charge will remain at £179,220—paid quarterly—throughout the whole period, and that after paying therefrom the interest on the bonds in circulation, the growing balance will be applied to the annual drawings.

In this manner the whole of the debt (£2,987,000) will be extinguished in thirty-six and a half years.

The old debt of £2,735,550 would, by allowing the old sinking fund charge of £44,806 per annum to accumulate at compound interest at 5 per cent., have been extinguished in twenty-eight years.

The total annual charge prior to conversion was ... ..	£207,737
The total annual charge after conversion is ... ..	179,220
Saving or decrease in annual charge ... ..	£28,517

An annuity of £28,517 capitalized at compound interest at 5 per cent., would at the end of twenty-eight years, amount to £1,745,500, and this sum would be sufficient to pay off the whole of the then outstanding new 5 per cents., and leave a surplus of £537,600.

P. G. JULYAN,

Office of the Crown Agents for the Colonies,  
London, 15th January, 1869.

Crown Agent for the Colonies.

Sub-Enclosure F2.

STATEMENT showing the NUMBERS and VALUES of the BONDS representing the £4,191,000 given in Statement in following page.

DATE.	Consecutive Nos.		Denomination of Bonds.					Total Number of Bonds.	Values.	Detail.	Total.
	From	To	£1,000.	£500.	£200.	£100.					
June 15, 1868	1	800	800	...	...	...	800	£1,000	£800,000	3,780,000	
Ditto	1	2,500	...	2,500	...	...	2,500	500	1,250,000		
Ditto	1	4,000	...	...	4,000	...	4,000	200	800,000		
Ditto	1	9,300	...	...	...	9,300	100	930,000			
September 15, 1868	801	860	60	...	...	...	60	1,000	60,000	201,100	
Ditto	2,501	2,635	...	135	...	...	135	500	67,500		
Ditto	4,001	4,110	...	...	110	...	110	200	22,000		
Ditto	9,301	9,816	...	...	...	516	100	51,600			
January 15, 1869	861	920	60	...	...	...	60	1,000	60,000	209,900	
Ditto	2,636	2,820	...	185	...	...	185	500	92,500		
Ditto	4,411	4,300	...	...	190	...	190	200	38,000		
Ditto	9,817	10,010	...	...	...	194	100	19,400			
			920	2,820	4,300	10,010	18,050			£4,191,000	

In all 18,050 Bonds, signed by—

WILLIAM FITZHERBERT, Agent for the Loan,  
 PENROSE GOODCHILD JULYAN, } Crown Agents for the Colonies,  
 WILLIAM CHARLES SARGEANT, }  
 GEORGE WILLIAM BROWN, Registrar,  
 with 144 Coupons attached to each Bond, and representing the sum of £4,191,000.

Offices of the Crown Agents for the Colonies,  
 Spring Gardens, London, 15th January, 1869.

P. G. JULYAN,  
 Crown Agent.

NEW ZEALAND LOANS.—STATEMENT showing the Total Amount of OLD DEBENTURES (General and Provincial) received by the CROWN AGENTS for the COLONIES for Conversion, the Rates at which the Conversion has been carried out, and the Total Amount of New Stock issued in exchange; comprising three separate operations terminating on the 31st DECEMBER, 1868, under "The Consolidated Loan Act, 1867." To which is added a STATEMENT of NEW DEBENTURES SOLD and TO BE SOLD under "The Public Debts Act, 1867."

Series, or when Due.	Acts or Ordinances under which the Old Debentures were Issued.	Amount of Old Debentures received from the Public.					Rate per Cent. of Con- version.	New 5 per Cent. Stock issued in Exchange for the Old Debentures withdrawn and New Loans of £1,114,000 and £90,000.			Proportion of Accrued Sinking Fund applicable to Old Debentures Converted.
		First Conversion, closed June, 1868.	Second Conversion, closed 29 Aug., 1868.	Third Conversion, closed 31 Dec., 1868.	Rate of Interest per Cent.	Total Converted.		£	s.	£	
General Government	Loan Act, 1860	54,300	200	54,500	6	54,500	113 10	61,887 10	9,257	To June 30, 1868.	
Ditto	Loan Act, 1863	410,600	19,100	431,800	5	431,800	99 10	429,641 0	17,545	Jan. 15, 1869.	
Ditto	Ditto	247,900	9,800	273,600	6	273,600	113 10	310,586 0	22,987	Dec. 15, 1868.	
Ditto	Ditto	222,800	4,100	238,700	6	238,700	113 10	270,924 10	33,941	June 30, 1868.	
Ditto	Ditto	390,600	2,000	399,100	6	399,100	113 10	452,978 10	1,525,987 10	June 30, 1868.	
Auckland	Loan Act, 1863	457,500	3,750	461,250	6	461,250	109 0	502,762 10	502,762 10	June 30, 1868.	
Taranaki	Ordinance, 1863	2,900	250	3,150	7	3,150	106 10	3,354 15	8,354 15	June 30, 1868.	
Wellington	Loan Ordinance, 1854-5, Nos. 6 and 9, Sess. 1 and 2	32,350	...	32,350	8	32,350	101 0	32,673 10	4,384	June 30, 1868.	
Ditto	Ordinance, 1862, Sess. 9, No. 11	15,400	...	15,400	8	15,400	118 0	18,172 0	729	June 30, 1868.	
Ditto	Ordinance, 1866, No. 3, Sess. 14	36,500	...	36,500	8	36,500	128 10	46,902 10	7,734	June 30, 1868.	
Nelson	Ordinance, 1858	12,800	...	12,800	8	12,800	101 0	12,423 0	9,378	June 30, 1868.	
Ditto	Ordinance, 1864	2,600	...	2,600	8	2,600	124 0	3,224 0	12,188	June 30, 1868.	
Canterbury	Ordinance, 1856, Sess. 7, No. 3	19,100	...	19,100	8	19,100	110 10	21,105 10	426,367 10	June 30, 1868.	
Ditto	Christchurch Railway Loan Act, 1860	156,400	5,700	162,100	6	162,100	109 0	176,689 0	27,450	June 30, 1868.	
Ditto	Ordinance, 1862	163,800	37,900	209,700	6	209,700	109 0	228,573 0	418,487 15	June 30, 1868.	
Otago	Loan Ordinance, 1856	7,100	...	7,100	10	7,100	101 0	7,171 0	2,990,255 0	June 30, 1868.	
Ditto	Ordinance, 1861-2	7,900	...	7,900	8	7,900	113 0	8,927 0	145,593	June 30, 1868.	
Ditto	Ordinance, 1861-2	1,000	...	1,000	8	1,000	115 0	1,150 0	11,935 0	June 30, 1868.	
Ditto	Loan Ordinance, 1862	341,900	6,300	354,500	6	354,500	109 0	386,405 0	523 0	June 30, 1868.	
Ditto	Public Buildings Loan Ordinance, 1862	6,850	2,700	9,550	8	9,550	115 0	10,982 10	832 15	June 30, 1868.	
Ditto	Harbour Works Ordinance, 1862	2,200	1,150	3,350	8	3,350	113 10	3,802 5	13,290 15	June 30, 1868.	
		2,445,200	111,250	2,735,550	...	2,735,550	...	...	2,990,255 0	June 30, 1868.	
Add Cash Received from Convertors for fractional parts of a Bond above £50 to make a whole Bond, as per Advertisement, 1st Conversion	"	"	"	"	"	"	"	11,935 0	11,935 0	June 30, 1868.	
"	"	"	"	"	"	"	"	523 0	523 0	June 30, 1868.	
"	"	"	"	"	"	"	"	832 15	832 15	June 30, 1868.	
Deduct Cash Paid to Convertors in respect of fractions of Old Debentures representing less than £50, as per Advertisement, 1st Conversion	"	"	"	"	"	"	"	14,298 0	3,008,545 15	June 30, 1868.	
"	"	"	"	"	"	"	"	1,011 10	3,008,545 15	June 30, 1868.	
"	"	"	"	"	"	"	"	1,236 5	16,545 15	June 30, 1868.	
								2,987,000 0	2,987,000 0	June 30, 1868.	
								1,114,000 0	1,114,000 0	June 30, 1868.	
								90,000 0	90,000 0	June 30, 1868.	
								4,191,000 0	4,191,000 0	June 30, 1868.	

Amount of New Bonds Issued to Convertors  
Amount of Bonds Sold under "The Public Debts Act, 1867" ...  
Ditto to be Sold under "The Consolidated Loan Act, 1867" ...



PAPERS RELATIVE TO

Sub-Enclosure G.

CALCULATION showing the VALUE of an ANNUITY of £28,517 for Twenty-eight years, paid half-yearly, and invested at Compound Interest at 5 per Cent.

Half-year.	£	s.	d.	Half-year.	£	s.	d.	Half-year.	£	s.	d.
	14,258	0	0		364,215	10	0		923,675	1	6
1	356	9	0	20	9,105	7	6	39	23,091	17	6
	14,258	0	0		14,258	0	0		14,258	0	0
2	28,872	9	0	21	387,578	17	6	40	961,024	19	0
	721	16	0		9,689	9	0		24,025	12	0
	14,258	0	0		14,258	0	0		14,258	0	0
3	43,852	5	0	22	411,526	6	6	41	999,308	11	0
	1,096	6	0		10,288	3	0		24,982	14	0
	14,258	0	0		14,258	0	0		14,258	0	0
4	59,206	0	0	23	436,072	9	6	42	1,038,549	5	0
	1,480	3	0		10,901	16	0		25,963	14	6
	14,258	0	0		14,258	0	0		14,258	0	0
5	74,944	14	0	24	461,232	5	6	43	1,078,770	19	6
	1,873	12	0		11,530	16	0		26,969	5	0
	14,258	0	0		14,258	0	0		14,258	0	0
6	91,076	6	0	25	487,021	1	6	44	1,119,998	4	6
	2,276	18	0		12,175	10	6		27,999	19	0
	14,258	0	0		14,258	0	0		14,258	0	0
7	107,611	4	0	26	513,454	12	0	45	1,162,256	3	6
	2,690	5	6		12,836	7	0		29,056	8	0
	14,258	0	0		14,258	0	0		14,258	0	0
8	124,559	9	6	27	540,548	19	0	46	1,205,570	11	6
	3,113	19	6		13,513	14	0		30,139	5	0
	14,258	0	0		14,258	0	0		14,258	0	0
9	141,931	9	0	28	568,320	13	0	47	1,249,997	16	6
	3,548	5	6		14,208	0	0		31,249	3	6
	14,258	0	0		14,258	0	0		14,258	0	0
10	159,737	14	6	29	596,786	13	0	48	1,295,475	0	0
	3,993	8	6		14,919	13	0		32,386	17	6
	14,258	0	0		14,258	0	0		14,258	0	0
11	177,989	3	0	30	625,964	6	0	49	1,342,119	17	6
	4,449	14	6		15,649	2	0		33,557	19	6
	14,258	0	0		14,258	0	0		14,258	0	0
12	196,696	17	6	31	655,871	8	0	50	1,389,935	17	0
	4,917	8	0		16,396	15	6		34,748	7	6
	14,258	0	0		14,258	0	0		14,258	0	0
13	215,872	5	6	32	686,526	3	6	51	1,438,942	4	6
	5,396	16	0		17,163	3	0		35,973	11	0
	14,258	0	0		14,258	0	0		14,258	0	0
14	235,527	1	6	33	717,947	6	6	52	1,489,173	15	6
	5,888	3	6		17,948	13	6		37,229	6	6
	14,258	0	0		14,258	0	0		14,258	0	0
15	255,673	5	0	34	750,154	0	0	53	1,540,661	2	0
	6,391	16	6		18,753	17	0		38,516	10	6
	14,258	0	0		14,258	0	0		14,258	0	0
16	276,323	1	6	35	783,165	17	0	54	1,593,435	12	6
	6,908	1	6		19,579	2	6		39,835	17	6
	14,258	0	0		14,258	0	0		14,258	0	0
17	297,489	3	0	36	817,002	19	6	55	1,647,529	10	0
	7,437	4	6		20,425	1	0		41,188	4	6
	14,258	0	0		14,258	0	0		14,258	0	0
18	319,184	7	6	37	851,686	0	6	56	1,702,975	14	6
	7,979	12	0		21,292	3	0		42,574	7	6
	14,258	0	0		14,258	0	0		...		
19	341,421	19	6	38	887,236	3	6				
	8,535	10	6		22,180	18	0				
	14,258	0	0		14,258	0	0				
	364,215	10	0		923,675	1	6		£1,745,550	2	0



## Sub-Enclosure H.

STATEMENT showing the Period required to pay off a Debt of £2,987,000 by the application of £29,870 a year (paid quarterly) and its accretions to Annual Drawings, on the principles upon which the Consolidated 5 per Cents. were issued.

Date.		Quarterly Contribution placed at Interest at 3 per Cent.		Interest, Contribution, and 5 per cent. on Debentures paid off.	Debentures paid off by Annual Drawings.	Debt.
		£		£	£	£
1868	July 15	7,467	9 months' interest...	168		2,987,000
	Oct. 15	7,467	6 " " ...	112		
1869	Jan. 15	7,467	3 " " ...	56		
	April 15	7,469			336	
		29,870	Contribution ...	29,870	29,870	30,206
						30,206
						2,956,794
	July 15	7,845	9 months' interest...	176		
	Oct. 15	7,845	6 " " ...	118		
1870	Jan. 15	7,845	3 " " ...	58		
	April 15	7,845			352	
		31,380	Contribution ...	29,870		
			5 per cent. on debentures paid off	1,510	31,380	31,732
						31,732
						61,938
						2,925,062
	July 15	8,241	9 months' interest...	185		
	Oct. 15	8,241	6 " " ...	123		
1871	Jan. 15	8,241	3 " " ...	62		
	April 15	8,243			370	
		32,966	Contribution ...	29,870		
			5 per cent. on debentures paid	3,096	32,966	33,336
						33,336
						95,274
						2,891,726
	July 15	8,658	9 months' interest...	195		
	Oct. 15	8,658	6 " " ...	130		
1872	Jan. 15	8,658	3 " " ...	65		
	April 15	8,659			390	
		34,633	Contribution ...	29,870		
			5 per cent. on debentures paid	4,763	34,633	35,023
						35,023
						130,297
						2,856,703
	July 15	9,096	9 months' interest...	204		
	Oct. 15	9,096	6 " " ...	136		
1873	Jan. 15	9,096	3 " " ...	68		
	April 15	9,096			408	
		36,384	Contribution ...	29,870		
			5 per cent. on debentures paid	6,514	36,384	36,792
						36,792
						167,089
						2,819,911
	July 15	9,556	9 months' interest...	214		
	Oct. 15	9,556	6 " " ...	143		
1874	Jan. 15	9,556	3 " " ...	71		
	April 15	9,556			428	
		38,224	Contribution ...	29,870		
			5 per cent. on debentures paid	8,354	38,224	38,652
						38,652
						205,741
						2,781,259
	July 15	10,039	9 months' interest...	225		
	Oct. 15	10,039	6 " " ...	150		
1875	Jan. 15	10,039	3 " " ...	75		
	April 15	10,040			450	
		40,157	Contribution ...	29,870		
			5 per cent. on debentures paid	10,287	40,157	40,607
						40,607
						246,348
						2,740,652
	July 15	10,546	9 months' interest...	237		
	Oct. 15	10,546	6 " " ...	158		
1876	Jan. 15	10,549	3 " " ...	79		
	April 15	10,546			474	
		42,187	Contribution ...	29,870		
			5 per cent. on debentures paid	12,317	42,187	42,661
						42,661
						289,009
						2,697,991
	July 15	11,080	9 months' interest...	249		
	Oct. 15	11,080	6 " " ...	166		
1877	Jan. 15	11,080	3 " " ...	83		
	April 15	11,080			498	
		44,320	Contribution ...	29,870		
			5 per cent. on debentures paid	14,450	44,320	44,818
						44,818
			Carried forward ...			333,827
						2,653,173

PAPERS RELATIVE TO

Date.		Quarterly Contribution placed at Interest at 3 per Cent.		Interest, Contribution, and 5 per cent. on Debentures paid off.	Debentures paid off by Annual Drawings.	Debt.
		£		£	£	£
			Brought forward ... ..		333,827	2,653,173
1877	July 15	11,640	9 months' interest ... ..	261		
	Oct. 15	11,640	6 " " ... ..	174		
1878	Jan. 15	11,640	3 " " ... ..	87		
	April 15	11,641			522	
		46,561	Contribution ... ..	29,870		
			5 per cent. on debentures paid ...	16,691	46,561	47,083
						380,910
						2,606,090
	July 15	12,228	9 months' interest ... ..	274		
	Oct. 15	12,228	6 " " ... ..	183		
1879	Jan. 15	12,228	3 " " ... ..	91		
	April 15	12,231			548	
		48,915	Contribution ... ..	29,870		
			5 per cent. on debentures paid ...	19,045	48,915	49,463
						430,373
						2,556,627
	July 15	12,847	9 months' interest ... ..	288		
	Oct. 15	12,847	6 " " ... ..	192		
1880	Jan. 15	12,847	3 " " ... ..	96		
	April 15	12,847			576	
		51,388	Contribution ... ..	29,870		
			5 per cent. on debentures paid ...	21,518	51,388	51,964
						482,337
						2,504,663
	July 15	13,496	9 months' interest ... ..	303		
	Oct. 15	13,496	6 " " ... ..	202		
1881	Jan. 15	13,496	3 " " ... ..	101		
	April 15	13,498			606	
		53,986	Contribution ... ..	29,870		
			5 per cent. on debentures paid ...	24,116	53,986	54,592
						536,929
						2,450,071
	July 15	14,179	9 months' interest ... ..	318		
	Oct. 15	14,179	6 " " ... ..	212		
1882	Jan. 15	14,179	3 " " ... ..	106		
	April 15	14,179			636	
		56,716	Contribution ... ..	29,870		
			5 per cent. on debentures paid ...	26,846	56,716	57,352
						594,281
						2,392,719
	July 15	14,896	9 months' interest ... ..	334		
	Oct. 15	14,896	6 " " ... ..	223		
1883	Jan. 15	14,896	3 " " ... ..	111		
	April 15	14,896			668	
		59,584	Contribution ... ..	29,870		
			5 per cent. on debentures paid ...	29,714	59,584	60,252
						654,533
						2,332,467
	July 15	15,649	9 months' interest ... ..	351		
	Oct. 15	15,649	6 " " ... ..	234		
1884	Jan. 15	15,649	3 " " ... ..	117		
	April 15	15,649			702	
		62,596	Contribution ... ..	29,870		
			5 per cent. on debentures paid ...	32,726	62,596	63,298
						717,831
						2,269,169
	July 15	16,440	9 months' interest ... ..	369		
	Oct. 15	16,440	6 " " ... ..	246		
1885	Jan. 15	16,440	3 " " ... ..	123		
	April 15	16,441			738	
		65,761	Contribution ... ..	29,870		
			5 per cent. on debentures paid ...	35,891	65,761	66,499
						784,330
						2,202,670
	July 15	17,271	9 months' interest ... ..	388		
	Oct. 15	17,271	6 " " ... ..	259		
1886	Jan. 15	17,271	3 " " ... ..	129		
	April 15	17,273			776	
		69,086	Contribution ... ..	29,870		
			5 per cent. on debentures paid ...	39,216	69,086	69,862
						854,192
						2,132,878
	July 15	18,144	9 months' interest ... ..	408		
	Oct. 15	18,144	6 " " ... ..	272		
1887	Jan. 15	18,144	3 " " ... ..	136		
	April 15	18,147			816	
		72,579	Contribution ... ..	29,870		
			5 per cent. on debentures paid ...	42,709	72,579	73,395
						927,587
			Carried forward ... ..			2,059,413

Date.		Quarterly Contribution placed at Interest at 3 per Cent.			Interest, Contribution, and 5 per cent. on Debentures paid off.	Debentures paid off by Annual Drawings.	Debt.
		£		£	£	£	£
			Brought forward ... ..	...	...	927,587	2,059,413
1887	July 15 ...	19,062	9 months' interest... ..	427			
	Oct. 15 ...	19,062	6 " " ... ..	285			
1888	Jan. 15 ...	19,062	3 " " ... ..	142			
	April 15 ...	19,063			854		
		76,249	Contribution ... ..	29,870			
			5 per cent. on debentures paid ...	46,379	76,249	77,103	77,103
						1,004,690	1,982,310
	July 15 ...	20,026	9 months' interest... ..	450			
	Oct. 15 ...	20,026	6 " " ... ..	300			
1889	Jan. 15 ...	20,026	3 " " ... ..	150			
	April 15 ...	20,026			900		
		80,104	Contribution ... ..	29,870			
			5 per cent. on debentures paid ...	50,234	80,104	81,004	81,004
						1,085,694	1,901,306
	July 15 ...	21,038	9 months' interest... ..	472			
	Oct. 15 ...	21,038	6 " " ... ..	315			
1890	Jan. 15 ...	21,038	3 " " ... ..	157			
	April 15 ...	21,040			944		
		84,154	Contribution ... ..	29,870			
			5 per cent. on debentures paid ...	54,284	84,154	85,098	85,098
						1,170,792	1,816,208
	July 15 ...	22,102	9 months' interest... ..	496			
	Oct. 15 ...	22,103	6 " " ... ..	331			
1891	Jan. 15 ...	22,102	3 " " ... ..	165			
	April 15 ...	22,102			992		
		88,409	Contribution ... ..	29,870			
			5 per cent. on debentures paid ...	58,539	88,409	89,401	89,401
						1,260,193	1,726,807
	July 15 ...	23,219	9 months' interest... ..	522			
	Oct. 15 ...	23,219	6 " " ... ..	348			
1892	Jan. 15 ...	23,219	3 " " ... ..	174			
	April 15 ...	23,222			1,044		
		92,879	Contribution ... ..	29,870			
			5 per cent. on debentures paid ...	63,009	92,879	93,923	93,923
						1,354,116	1,632,884
	July 15 ...	24,268	9 months' interest... ..	546			
	Oct. 15 ...	24,268	6 " " ... ..	364			
1893	Jan. 15 ...	24,268	3 " " ... ..	182			
	April 15 ...	24,271			1,092		
		97,075	Contribution ... ..	29,870			
			5 per cent. on debentures paid ...	67,205	97,075	98,167	98,167
						1,452,283	1,534,717
	July 15 ...	25,621	9 months' interest... ..	576			
	Oct. 15 ...	25,621	6 " " ... ..	384			
1894	Jan. 15 ...	25,621	3 " " ... ..	192			
	April 15 ...	25,621			1,152		
		102,484	Contribution ... ..	29,870			
			5 per cent. on debentures paid ...	72,614	102,484	103,636	103,636
						1,555,919	1,431,081
	July 15 ...	26,916	9 months' interest... ..	605			
	Oct. 15 ...	26,916	6 " " ... ..	403			
1895	Jan. 15 ...	26,916	3 " " ... ..	201			
	April 15 ...	26,917			1,290		
		107,665	Contribution ... ..	29,870			
			5 per cent. on debentures paid ...	77,795	107,665	108,874	108,874
						1,664,793	1,322,207
	July 15 ...	28,277	9 months' interest... ..	636			
	Oct. 15 ...	28,277	6 " " ... ..	424			
1896	Jan. 15 ...	28,277	3 " " ... ..	212			
	April 15 ...	28,278			1,272		
		113,109	Contribution ... ..	29,870			
			5 per cent. on debentures paid ...	83,239	113,109	114,381	114,381
						1,779,174	1,207,826
28 years	...	...	...	...	...	...	...
	July 15 ...	29,707	9 months' interest... ..	667			
	Oct. 15 ...	29,707	6 " " ... ..	445			
1897	Jan. 15 ...	29,707	3 " " ... ..	222			
	April 15 ...	29,707			1,334		
		118,828	Contribution ... ..	29,870			
			5 per cent. on debentures paid ...	88,958	118,828	120,162	120,162
			Carried forward ... ..	...	...	1,899,336	1,087,664

## PAPERS RELATIVE TO

Date.	Quarterly Contribution placed at Interest at 3 per Cent.			Interest, Contribution, and 5 per cent. on Debentures paid off.	Debentures paid off by Annual Drawings.	Debt.
	£		£	£	£	£
		Brought forward ... ..	...	...	1,899,336	1,087,664
1897 July 15 ...	31,209	9 months' interest... ..	702			
Oct. 15 ...	31,209	6 " " ... ..	468			
1898 Jan. 15 ...	31,209	3 " " ... ..	234			
April 15 ...	31,209			1,404		
	124,836	Contribution ... ..	29,870			
		5 per cent. on debentures paid ...	94,966	124,836	126,240	126,240
					2,025,576	961,424
1899 July 15 ...	32,787	9 months' interest... ..	736			
Oct. 15 ...	32,787	6 " " ... ..	491			
Jan. 15 ...	32,787	3 " " ... ..	245			
April 15 ...	32,787			1,472		
	131,148	Contribution ... ..	29,870			
		5 per cent. on debentures paid ...	94,966	131,148	132,620	132,620
					2,158,196	828,804
1900 July 15 ...	34,444	9 months' interest... ..	774			
Oct. 15 ...	34,444	6 " " ... ..	516			
Jan. 15 ...	34,444	3 " " ... ..	268			
April 15 ...	34,447			1,558		
	137,779	Contribution ... ..	29,870			
		5 per cent. on debentures paid ...	107,909	137,779	139,337	139,337
					2,297,533	689,467
1901 July 15 ...	36,186	9 months' interest... ..	813			
Oct. 15 ...	36,186	6 " " ... ..	542			
Jan. 15 ...	36,186	3 " " ... ..	271			
April 15 ...	36,188			1,626		
	144,746	Contribution ... ..	29,870			
		5 per cent. on debentures paid ...	114,876	144,746	146,372	146,372
					2,443,905	543,095
1902 July 15 ...	38,016	9 months' interest... ..	855			
Oct. 15 ...	38,016	6 " " ... ..	570			
Jan. 15 ...	38,016	3 " " ... ..	285			
April 15 ...	38,017			1,710		
	152,065	Contribution ... ..	29,870			
		5 per cent. on debentures paid ...	122,195	152,065	153,775	153,775
					2,597,680	389,320
1903 July 15 ...	39,926	9 months' interest... ..	897			
Oct. 15 ...	39,926	6 " " ... ..	598			
Jan. 15 ...	39,926	3 " " ... ..	299			
April 15 ...	39,926			1,794		
	159,704	Contribution ... ..	29,870			
		5 per cent. on debentures paid ...	129,834	159,704	161,498	161,498
					2,759,178	227,822
1904 July 15 ...	41,957	9 months' interest... ..	943			
Oct. 15 ...	41,957	6 " " ... ..	629			
Jan. 15 ...	41,957	3 " " ... ..	314			
April 15 ...	41,957			1,886		
	167,828	Contribution ... ..	29,870			
		5 per cent. on debentures paid ...	137,958	167,828	169,714	169,714
					2,928,892	58,108
July 15 ...	44,078	3 months' interest... ..	330			
Oct. 15 ...	44,079			330		
	88,157	6 months' contribution ... ..	14,935			
		5 per cent. for 6 mths. on debentures	73,222	88,157	88,487	88,487
					3,017,379	30,379
					30,379	
Say 36½ years ...					2,987,000	

MEMORANDUM.—The £29,870 per annum is received in four equal quarterly instalments in arrear and placed at interest on deposit until the drawings take place on the 15th of April in each year.

Sum accumulated in twenty-eight years, as per paper marked G. ... .. £1,745,500

Debt outstanding at the end of twenty-eight years, as shown within ... .. 1,207,826

Surplus ... .. £537,674

## Sub-Enclosure I.

STATEMENT of the GENERAL and PROVINCIAL DEBENTURES and CERTIFICATES WITHDRAWN or REDEEMED and CANCELLED by the Crown Agents for the Colonies, in respect of which no New Bonds have been issued.

*General Government Short-dated Debentures, Withdrawn.*

Created for temporary purposes under the authority of "The Public Debts Act, 1867."

	£	£
Nos. 1 to 150—150 Bonds of £1,000 each ... ..	150,000	
Nos. 1 to 400—400 Bonds of £500 each ... ..	200,000	
Nos. 1 to 500—500 Bonds of £200 each ... ..	100,000	
Nos. 1 to 500—500 Bonds of £100 each ... ..	50,000	
		500,000

*Taranaki Government Debentures, Withdrawn.*

Authorized by "Loan Ordinance 1862," and "Loan Amendment Ordinance, 1862." Redeemable after the expiration of six years, and within eight years from date.

Nos. 1 to 50—50 Bonds of £500 each ... ..		25,000
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*Hawke's Bay Government Debentures, Withdrawn.*

Issued under the authority of an Act of the Provincial Council of Hawke's Bay, No. 1, of Session No. 6, and of an Act amending the said Act No. 1, of Session No. 7. Redeemable 1st July, 1879.

Nos. 1 to 300—300 Bonds of £100 each ... ..		30,000
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*Nelson Government Debentures, Redeemed.*

Issued under the authority of an Act of the Provincial Legislature dated 1st July, 1858. Expiring 1st July, 1868.

Nos. 12 to 31—20 Bonds of £100 each ... ..	2,000	
Nos. 121 to 150—30 Bonds of £100 each ... ..	3,000	
		5,000

*Canterbury Government Debentures, Withdrawn.*

Issued in pursuance of "Canterbury Loan Ordinance, 1862," expiring fifty years from date.

Nos. 611 to 2,500—1,890 Bonds of £100 each ... ..	189,000	
Nos. 4,425 to 5,000—776 Bonds of £100 each ... ..	77,600	
		266,600

*Southland Government Debentures, Withdrawn.*

Issued under the authority of "The Debenture Loan Ordinance, 1863." Redeemable 1st July, 1893.

Nos. 1 to 1,400—1,400 Bonds of £100 each ... ..	140,000	
Nos. 2,501 to 2,900—400 Bonds of £100 each ... ..	40,000	
		180,000

£1,006,600

*Southland Government Certificates, Redeemed.*

Issued pursuant to "The Southland Provincial Debts Act, 1865," and "The Southland Provincial Debt Amendment Act, 1866."

	£	s.	d.
Nos. 1 to 11—11 Certificates of £5,000 each ... ..	55,000	0	0
Nos. 13 to 16—4 Certificates of £5,000 each ... ..	20,000	0	0
No. 17—1 Certificate of £2,416 9s. 9d. ... ..	2,416	9	9
No. 21—1 Certificate of £202,967 13s. 9d. ... ..	202,967	13	9
No. 23—1 Certificate of £271 16s. 11d. ... ..	271	16	11
No. 24—1 Certificate of £2,007 11s. 5d. ... ..	2,007	11	5

£282,663 11 10

## RECAPITULATION.

	£	s.	d.
General Government Debentures, withdrawn ... ..	500,000	0	0
Taranaki Debentures, withdrawn ... ..	25,000	0	0
Hawke's Bay Debentures, withdrawn ... ..	30,000	0	0
Nelson Debentures, redeemed ... ..	5,000	0	0
Canterbury Debentures, withdrawn ... ..	266,600	0	0
Southland Debentures, withdrawn ... ..	180,000	0	0
	£1,006,600	0	0
Southland Government Certificates, redeemed ... ..	282,663	11	10
	£1,289,263	11	10

P. G. JULYAN.

## Enclosure No. 14.

*Stock Exchange quotations of New Zealand Consolidated 5 per Cents.*

1868.									
May	19.	£10 paid	...	...	...	...	$\frac{1}{2}$	to	1 prem.
	26.	"	...	...	...	...	$\frac{1}{2}$	"	1 "
June	2.	"	...	...	...	...	$\frac{3}{4}$	"	$1\frac{1}{4}$ "
	9.	£35 paid	...	...	...	...	$1\frac{1}{4}$	"	$1\frac{3}{4}$ "
	23.	£60 paid	...	...	...	...	$1\frac{1}{2}$	"	2 "
July	1.	"	...	...	...	...	1	"	2 "
	8.	£85 paid	...	...	...	...	1	"	2 "
	14.	"	...	...	...	...	1	"	2 "
	21.	Fully paid up	...	...	...	...	$97\frac{1}{2}$	"	$98\frac{1}{2}$ "
	28.	"	...	...	...	...	$97\frac{1}{2}$	"	$98\frac{1}{2}$ "
Aug.	4.	"	...	...	...	...	$97\frac{1}{2}$	"	$98\frac{1}{2}$ "
	11.	"	...	...	...	...	$97\frac{1}{2}$	"	$98\frac{1}{2}$ "
	18.	"	...	...	...	...	$97\frac{1}{2}$	"	$98\frac{1}{2}$ "
	25.	"	...	...	...	...	$97\frac{1}{2}$	"	$98\frac{1}{2}$ "
Sept.	1.	"	...	...	...	...	$97\frac{1}{2}$	"	$98\frac{1}{2}$ "
	9.	"	...	...	...	...	$97\frac{1}{2}$	"	$98\frac{1}{2}$ "
	15.	"	...	...	...	...	$97\frac{1}{2}$	"	$98\frac{1}{2}$ "
	22.	"	...	...	...	...	$97\frac{1}{2}$	"	$98\frac{1}{2}$ "
	29.	"	...	...	...	...	$97\frac{1}{2}$	"	$98\frac{1}{2}$ "
Oct.	6.	"	...	...	...	...	98	"	99
	13.	"	...	...	...	...	$97\frac{1}{2}$	"	$98\frac{1}{2}$ "
	20.	"	...	...	...	...	$96\frac{1}{2}$	"	$97\frac{1}{2}$ ex interest.
	27.	"	...	...	...	...	97	"	98
Nov.	3.	"	...	...	...	...	$96\frac{1}{2}$	"	$97\frac{1}{2}$ "
	10.	"	...	...	...	...	$96\frac{1}{2}$	"	$97\frac{1}{2}$ "
	17.	"	...	...	...	...	$96\frac{1}{2}$	"	$97\frac{1}{2}$ "
	24.	"	...	...	...	...	$96\frac{1}{2}$	"	$97\frac{1}{2}$ "
Dec.	2.	"	...	...	...	...	96	"	97
	8.	"	...	...	...	...	96	"	97
	16.	"	...	...	...	...	$95\frac{1}{2}$	"	$96\frac{1}{2}$ "
	22.	"	...	...	...	...	95	"	96
	29.	"	...	...	...	...	$94\frac{1}{2}$	"	$95\frac{1}{2}$ "
Jan.	6.	"	...	...	...	...	94	"	95
	12.	"	...	...	...	...	94	"	95
	19.	"	...	...	...	...	$92\frac{1}{2}$	"	$93\frac{1}{2}$ "
	26.	"	...	...	...	...	$92\frac{1}{2}$	"	$93\frac{1}{2}$ "
Feb.	2.	"	...	...	...	...	$93\frac{1}{2}$	"	$94\frac{1}{2}$ "
	9.	"	...	...	...	...	93	"	94

## Enclosure No. 15.

Messrs. JULYAN and SARGEAUNT to the Hon. W. FITZHERBERT.

Offices of the Crown Agents for the Colonies,  
Spring Gardens, London, S.W., 21st July, 1868.

SIR,—

I transmit herewith for your information, copy of a letter received from the Secretary to the Bank of England, in reply to one sent to the Governor by the Crown Agents, declining to exchange the Imperial guaranteed 4 per cent. New Zealand bonds held by them for the new 5 per cent. consolidated debentures of the General Government of that Colony.

I have, &amp;c.,

The Hon. W. Fitzherbert.

W. C. SARGEAUNT.

Mr. HAMMOND CHUBB to the CROWN AGENTS for the COLONIES.

Bank of England, E.C., 15th July, 1868.

GENTLEMEN,—

I am directed by the Governor to acknowledge the receipt of your letter of yesterday's date inquiring whether the Bank would be prepared to exchange the Imperial guaranteed New Zealand Government 4 per cent. debentures which they at present hold, for New Zealand Government 5 per cents., to be issued under an Act of the New Zealand Legislature for raising a loan towards the conversion, &c., of former loans of that Colony; and in reply I am instructed to inform you that the Bank decline to make the exchange proposed.

I have, &amp;c.,

The Crown Agents, &amp;c.

HAMMOND CHUBB,  
Secretary.

## Enclosure No. 16.

Messrs. JULYAN and SARGEAUNT to the Hon. W. FITZHERBERT.

Offices of the Crown Agents for the Colonies,  
Spring Gardens, London, S.W., 30th July, 1868.

SIR,—

I transmit for your information copy of a letter received by the Crown Agents from the

Union Bank of Australia, on the subject of the proposed conversion of the guaranteed New Zealand Government 4 per cent. debentures, held by that Bank, into new consolidated 5 per cents.

The Hon. W. Fitzherbert.

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

Mr. SAUNDERS to the CROWN AGENTS for the COLONIES.

Union Bank of Australia, 1, Bank Buildings, Lothbury,  
London, E.C., 29th July, 1868.

GENTLEMEN,—

I have deferred my reply to your favour of 14th instant (acknowledged on 15th), until the subject could receive that full consideration from the Board of Directors which its importance required.

I am now instructed to state that as the Imperial 4 per cent. debentures (£200,000) held by this Bank form a portion of its reserve fund under the deed of settlement, they were specially transferred to Trustees by Resolution of the Proprietors in general meeting; it is consequently the opinion of the Trustees and Directors that the Board is not in a position to make any proposal to you in respect of them.

Should the Crown Agents for the Colonies however feel disposed, on behalf of the Government of New Zealand, to make a definite proposition to the Board, I am to assure you that it shall receive the prompt attention of the Directors, who, if they consider it for the interests of the Bank, will be prepared to invite the concurrence of the Bank's proprietary.

The Crown Agents for the Colonies, Spring Gardens.

I am, &c.,  
H. W. D. SAUNDERS, Manager.

