

1875.

NEW ZEALAND.

## NEGOTIATION OF £4,000,000 LOAN,

(CORRESPONDENCE RELATIVE TO THE).

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

## No. 1.

The LOAN AGENTS to the Hon. the COLONIAL SECRETARY.

SIR,—

London, 19th March, 1875.

We have the honor to acknowledge the receipt, by the hands of the Hon. Julius Vogel, of the Order in Council, dated 10th September, 1874, appointing that gentleman and ourselves joint agents for raising four millions sterling under the Immigration and Public Works Loan Act of 1874.

As the order referred to contained no direction as to the date at which the Government desired us to negotiate, nor any intimation as to whether we were expected to place the loan upon the market by one or more operations, we were necessarily governed upon these points by Mr. Vogel, and from him we learned that the liabilities of the colony were such as to render it advisable that the whole amount authorized by the Act should be disposed of by one operation.

Being aware that a portion of the last issue of New Zealand debentures was still in the hands of speculators, and that the demand for those securities was of a very limited character, it was evident to us that it would be hopeless to expect the open market to at once absorb so large an amount, and we had therefore no alternative but that of resorting to a contractor or syndicate.

To forsake the old channel through which your loans have hitherto been so successfully placed upon the London market, and to resort to either of these expensive, and by no means popular, agencies, for dealing in loans, was a step that nothing could have justified our acceding to but the absolute necessity under which we were placed of immediately raising (or procuring a guarantee price for) at least double the amount that the public were prepared to lend.

Of the two agencies named, we should have preferred the syndicate, as presenting to the public no apparent deviation from previous practice, and as being in all probability less costly; but after breaking off our first negotiations with Messrs. N. M. Rothschild and Sons, because they declined to give more than 88 net for a  $4\frac{1}{2}$  per cent. loan, we found a syndicate unwilling to guarantee an acceptable price for more than one-half the amount required, and we had consequently to revive our negotiations with Messrs. Rothschild, which resulted in their accepting our offer at 91 net.

The enclosed copy of contract entered into with that firm, and copy of advertisement enclosed, will place you in possession of the terms upon which we have disposed of debentures representing four millions sterling, redeemable at par, in not less than five nor more than thirty years from the 1st of February, and bearing interest from the 1st of March, 1875, at the rate of  $4\frac{1}{2}$  per cent. per annum.

The reasons which originally led to the adoption of  $4\frac{1}{2}$  per cent. as the rate of interest most advisable for New Zealand loans, have been fully explained in previous correspondence, and it is only necessary here to add that recent experience has tended to confirm our belief in the wisdom of adopting that rate.

From the documents just referred to, it will be seen that the loan has been negotiated at a rate which, after deducting allowances and commission, will secure to the Government of New Zealand a net sum of about £91 in money for every £100 of debt incurred.

At this rate the borrowers will pay (exclusive of the loss on redemption) about £4 18s. 11d. per cent. per annum for the money obtained, and the lenders will receive (exclusive of gain on repayment) about £4 17s. per cent.; the difference being due to the expense attending the issue.

We have been informed by Messrs. Rothschild that they have allotted the whole £4,000,000, and the enclosed return shows the amount paid to the credit of the New Zealand Public Account at the Bank of New Zealand up to the present date.

As the value of money on short loans in the open market is less than that allowed on instalments paid in anticipation of the dates prescribed by the contract, it is probable that a still further amount will be paid in advance.

Out of the money so received, we have already paid off £280,000 of temporary advances obtained from the Bank of England on the security of guaranteed debentures, and we purpose paying the remainder (amounting to £380,000) at intervals, as it falls due, between this and the 15th May next.

Having freed these securities from all liability, they will be placed on deposit, as before, in the Bank of England, subject to the joint order of any two of the Loan Agents, to be dealt with as the Government of New Zealand may hereafter direct.

Had circumstances permitted us to negotiate the loan in two equal parts, with an interval of nine or twelve months between them, we believe that we could with success have appealed direct to the public, with a very considerable saving to the Colonial Exchequer, and with the probable advantage that only a comparatively small portion of the loan would have fallen into the hands of speculators. Under the present arrangement, we are ignorant as to the character and number of the subscribers, and as to the amount actually taken up by the public; but reports current in well-informed circles incline us to believe that the greater part of the loan is now held on speculation, and will for a long time to come be pressed upon the market whenever remunerative sales can be made.

Until that process is ended, if our surmise be correct, it appears to us, so far as it is possible to judge of the future, that the Government of New Zealand will act wisely in abstaining from all attempts to place upon this market any further loans.

The most immediate effect of the line of action that we have adopted appears in the depreciated value of the new debentures. The net market price of the New Zealand  $4\frac{1}{2}$  per cents on the 1st February was 97, whereas (without any change for the worse having taken place in the money market in the interval) the rate at which the public were invited to subscribe for the new loan was 94, with deferred payments, virtually reducing it to 93.

This depreciation of 4 per cent. below the previously existing price, with certain rebates in the shape of commission, was the highest point at which the contractors would undertake to guarantee the taking up of the loan; and these conditions were considerably more advantageous than we were at one time led to expect.

The terms upon which this transaction has been carried out appear to us, indeed, to be exceptionally favourable, when it is considered how recently the previous loan was negotiated, how large is the present operation, and how prejudicial were the circumstances by which it was surrounded.

Comparing this negotiation with those for identical securities which have preceded it, and excluding from the calculations the incidental expenses—such as printing, advertising, stamping, &c., which are in much the same proportion in all cases—the results are as follow, viz. :—

	£	s.	d.
Price realized on £500,000 $4\frac{1}{2}$ per cents sold in January, 1874, after deducting commission and brokerage	97	4	2
Price realized on £1,500,000 $4\frac{1}{2}$ per cents sold in May, 1874, after deducting commission and brokerage	95	4	2
Price realized on £4,000,000 $4\frac{1}{2}$ per cents sold in March, 1875, after deducting commission and brokerage	91	0	0
On the first of these loans a charge of £2 15s. 10d. per cent. on the whole amount will fall on the Government at maturity, equal to			
	13,958	0	0
On the second, £4 15s. 10d. per cent.	71,875	0	0
On the third, £9 per cent.	360,000	0	0

In disposing of more of the colony's securities than the market was able at once to absorb, it became absolutely necessary to make such a reduction in price as might on the one hand, if possible, tempt the general public largely to invest their money in these debentures, or as might on the other hand induce speculators to purchase them with the prospect of selling hereafter on beneficial terms. It must be remembered, however, that the higher price (£97) was on retailed transactions, relating to small sales of £500 and upwards; whereas the lower price (£94, virtually representing £93) was a wholesale one, put forward with a view of inducing subscriptions to the extent of £4,000,000 sterling.

We regret extremely that Mr. Vogel so far dissents from the opinions expressed in this report as to decline joining in it. We understand, however, that he will express his views in a separate report, and we have thought it right to furnish him with a copy of this, though we regret that the time occupied in trying to reconcile conflicting opinions has rendered it impossible for us to do this until the afternoon of this day.

We have, &c.,

P. G. JULYAN, I. E. FEATHERSTON, W. C. SARGEAUNT,	}	Loan Agents.
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The Hon. the Colonial Secretary, Wellington, N.Z.

P.S.—A copy of a letter addressed to Mr. Vogel, enclosing a copy of this report, is herewith transmitted.

ARTICLES OF AGREEMENT entered into this twenty-sixth day of February, one thousand eight hundred and seventy-five, between the Government of the Colony of New Zealand, by their duly constituted Loan Agents, whose names are hereunto subscribed, of the first part, and Baron Lionel Nathan de Rothschild and Sir Anthony de Rothschild, of New Court, St. Swithin's Lane, London, trading under the firm of Messieurs N. M. Rothschild and Sons, of the second part.  
Whereas by an Act of the General Assembly of the Colony of New Zealand entitled "The Immi-

gration and Public Works Loan Act, 1874," the Governor of the said colony in Council was authorized to raise a loan of not exceeding four million pounds, and to appoint any two or more persons he might think fit to be Agents for raising and managing the said loan: And whereas the said Governor in Council, by an Order made on the tenth September, one thousand eight hundred and seventy-four, hath ordered and directed that the sum of four million pounds shall be borrowed and raised under the said Act, and hath duly appointed the undersigned, the Honorable Julius Vogel, William Charles Sargeant, and Isaac Earl Featherston, and Sir Penrose Goodchild Julyan, to act as such Agents as aforesaid: And whereas the parties of the second part have proposed, on or before the tenth March, one thousand eight hundred and seventy-five, to obtain purchasers of the sum of not less than three million pounds, part of the said loan, and on or before the tenth March, one thousand eight hundred and seventy-six, to obtain purchasers of the balance of the said loan, on the terms and conditions hereinafter mentioned: Now these presents witness that for the considerations herein appearing it is hereby mutually agreed by and between the parties hereto in manner following, that is to say,—

1. The parties of the second part will procure purchasers for the full amount of the said loan of four million pounds at the price of ninety-four pounds for every one hundred pounds, on terms of the payment of four pounds on application and ten pounds on allotment, and the balance by five instalments, payable as follows, that is to say,—An instalment of twenty pounds per cent. on the nominal amount purchased on the seventh April, and instalments each of fifteen pounds per cent. on such amount on the fourth May, the seventh June, the seventh July, and the ninth August, all in the year one thousand eight hundred and seventy-five, with an option to the subscribers to pay up such balance on or before the tenth March, one thousand eight hundred and seventy-five, less a discount of one pound per cent. In respect of any of the one million pounds of the loan not purchased on or before the tenth March, one thousand eight hundred and seventy-five, the balance beyond fourteen pounds per one hundred pounds is to be payable by instalments at equally deferred dates, with an option to pay up such balance with the fourteen pounds per cent., less a discount of one per cent. In the event of any instalment not being punctually paid, interest thereon is to be charged at the rate of five pounds per cent. per annum, and the parties of the first part are to have the option, by their Loan Agents or any two of them, of declaring the allotment and scrip certificate, and all payments made on account, absolutely forfeited. Any instalment may be prepaid at a discount at the rate of five pounds per cent. per annum.

2. The loan is to carry interest at four and a-half per cent. per annum from first of March, one thousand eight hundred and seventy-five, and to be paid off on the first February, one thousand nine hundred and five, at the office of the Crown Agent for the Colonies, with the option to the parties of the first part to redeem the bonds on the first February or first August in any year after one thousand eight hundred and seventy-nine at par.

3. The bonds are to be in sums of one thousand pounds, five hundred pounds, two hundred pounds, and one hundred pounds as may be required, and are to be similar to those issued by the said Government in one thousand eight hundred and seventy-four, and are to have attached coupons for the interest, payable half-yearly on first August and first February, at the offices of the said Crown Agents, the first coupon to be for five months' interest only; but if the whole amount of the loan be not purchased on or before the tenth day of March, one thousand eight hundred and seventy-five, the purchasers of any part of the one million pounds not so purchased shall pay on allotment to the parties of the first part the interest which shall have accrued on the debentures between the tenth of March, one thousand eight hundred and seventy-five, and the date of payment of the fourteen pounds per one hundred pounds.

4. The allotments of the loan are to be made by the parties of the second part, who are to receive the said deposit of four pounds, and the said sum of ten pounds payable on allotment, and the parties of the second part will themselves purchase and take and pay fourteen pounds per one hundred pounds of the nominal amount of the said loan, in respect of any part of the loan not purchased by other parties, or on which fourteen pounds per such one hundred pounds shall not have been paid.

5. The parties of the first part will allow to the parties of the second part a commission of two per cent. on the nominal amount of the loan for the trouble and risk to be taken and incurred by them.

6. The parties of the second part will on or before the tenth day of March, one thousand eight hundred and seventy-five, pay to the Bank of New Zealand at their place of business in London, for and on behalf of the parties of the first part, the sum of three hundred and sixty thousand pounds, being the fourteen per cent. payable as aforesaid in respect of the sum of three million pounds part of the said loan, less two per cent. for such commission as aforesaid.

7. The parties of the second part will also pay to the said Bank of New Zealand as aforesaid, for and on such behalf as aforesaid, on or before the tenth day of March, one thousand eight hundred and seventy-six, the sum of one hundred and twenty thousand pounds, being the fourteen per cent. payable as aforesaid in respect of the sum of one million pounds the balance of the said loan, less two per cent. for such commission as aforesaid.

8. The sums payable under the two last preceding clauses are to be the absolute property of the parties of the first part, and are to be liable to forfeiture as aforesaid if any instalment payable upon any scrip certificates be not paid.

9. On payment of the sums so payable under Clauses Nos. 6 and 7 as aforesaid, by the parties of the second part, the parties of the first part will cause to be handed over to the purchasers of the loan proper scrip certificates for the amounts in respect of which the said percentage shall have been paid, such certificates to be afterwards exchanged by the holders thereof for the bonds when all the said balance shall have been paid. The scrip certificates are to be signed by two at least of the Loan Agents of the parties of the first part, and the Bank of New Zealand are, by the ordinary signature used by them in such cases, to sign receipts for all the said instalments.

10. The parties of the first part will pay or allow to the parties of the second part the sums actually expended by them in advertizing the said loan.

11. The Agents subscribing these presents on behalf of the parties of the first part are not to be individually and personally responsible in any way under these presents.

As witness the hands of three of the said Agents, on behalf of the said parties of the first part, and the hands of the said parties of the second part.

JULIUS VOGEL.  
W. C. SARGEANT.  
I. E. FEATHERSTON.  
N. M. ROTHSCHILD AND SONS.

Witness to the signatures of all parties, the alterations against which I have written my initials having been first made.

JNO. MACKRELL,  
Solicitor, 21, Cannon Street, London.

### Enclosure 2 in No. 1.

NEW ZEALAND  $4\frac{1}{2}$  PER CENT. 5/30 DEBENTURE LOAN OF £4,000,000.

STATEMENT showing AMOUNT RECEIVED on Account of the above LOAN from 10th to 18th MARCH, 1875, both days inclusive.

1875.	DR.		£	s.	d.
March 10.	Amount paid to Bank of New Zealand by Messrs. Rothschild, being 14 per cent. on £4,000,000	... ..	£560,000		
	Less Commission, at 2 per cent.	... ..	80,000		
				480,000	0 0
	Amount paid to Bank of New Zealand by Messrs. Rothschild on scrip for £1,636,200, paid up in full at 80 per cent.	... ..		1,308,960	0 0
" 11.	Sundry subscribers on scrip for £72,000, paid up in full at 80 per cent.	... ..		57,600	0 0
" 12.	Ditto ditto 86,500, at 80 per cent.	... ..		69,200	0 0
" 13.	Ditto ditto 30,400 ditto	... ..		24,320	0 0
" 15.	Ditto ditto 26,600 ditto	... ..		21,280	0 0
" 16.	Ditto ditto 29,500 ditto	... ..		23,600	0 0
" 17.	Ditto ditto 6,600 ditto	... ..		5,280	0 0
" 18.	Ditto ditto 17,400 ditto	... ..		13,920	0 0
				<u>£2,004,160</u>	<u>0 0</u>
1875.	CR.			£	s. d.
March 10.	Messrs. Rothschild, discount at 1 per cent. on payment of 80 per cent. in full, on scrip for £1,636,200, as per contra	... ..		16,362	0 0
" 11.	Sundry subscribers, discount at 5 per cent. on payments made in full this day on £72,000 scrip, as per contra	... ..		661	7 1
" 12.	Ditto ditto £86,500 ditto ditto	... ..		785	10 0
" 13.	Ditto ditto 30,400 ditto ditto	... ..		272	11 9
" 15.	Ditto ditto 26,600 ditto ditto	... ..		232	15 0
" 16.	Ditto ditto 29,500 ditto ditto	... ..		254	15 4
" 17.	Ditto ditto 6,600 ditto ditto	... ..		56	6 10
" 18.	Ditto ditto 17,400 ditto ditto	... ..		146	9 0
				<u>£18,771</u>	<u>15 0</u>
	Balance	... ..		1,985,388	5 0
				<u>£2,004,160</u>	<u>0 0</u>

London, 19th March, 1875.

P. G. JULYAN,  
W. C. SARGEANT, } Loan Agents.

### Enclosure 3 in No. 1.

#### ADVERTISEMENT.

NEW ZEALAND IMMIGRATION and PUBLIC WORKS LOAN, for £4,000,000.—The General Assembly of New Zealand in Parliament assembled has, by "The Immigration and Public Works Loan Act, 1874," authorized a loan of £4,000,000, of which £3,000,000 are for the construction of railways, £500,000 for other public works, and £500,000 for immigration.

Messrs. N. M. Rothschild and Sons have to announce that they are authorized to receive, at their office, subscriptions for this loan.

The loan is secured on the Consolidated Revenues of New Zealand, and will be raised on debentures representing £1,000, £500, £200, and £100 respectively, and bearing interest at the rate of  $4\frac{1}{2}$  per cent. per annum, payable on the 1st February and 1st August in each year, at the offices of the Crown Agents for the Colonies in London, where the first dividend for five months' interest (viz., from the 1st March proximo to the 31st July), at  $4\frac{1}{2}$  per cent. per annum, will be payable on the 1st August next, on a coupon attached to the provisional scrip.

The price of emission is 94 per cent., payable as follows :—

£	s.	d.						
4	0	0	...	...	...	...	...	on application
10	0	0	...	...	...	...	...	on allotment
20	0	0	...	...	...	...	...	on 7th April
15	0	0	...	...	...	...	...	on 4th May
15	0	0	...	...	...	...	...	on 7th June
15	0	0	...	...	...	...	...	on 7th July
15	0	0	...	...	...	...	...	on 9th August.
<hr/>								
£94	0	0						

Subscribers may pay up the remaining instalments under discount at the rate of 5 per cent. per annum, after the allotment is made.

The failure to pay the whole of the instalments subjects all previous payments to forfeiture.

The principal will be repaid at par, not earlier than five years, and not later than thirty years, from the 1st February, 1875, the Government reserving to itself the right of paying it off on the 1st February or 1st August of any intermediate year, upon giving six months' notice by advertisement in the *London Gazette* and the *Times* newspaper of its intention to do so.

The debenture bonds will be signed by two or more of the Loan Agents—viz. : The Hon. Julius Vogel, C.M.G. ; Sir Penrose Goodchild Julian, K.C.M.G., C.B. ; William Charles Sargeant, Esq. ; and Isaac Earl Featherston, Esq.

Applications for these bonds must be made in the annexed form, and accompanied with a deposit of 4 per cent. on the amount applied for. In case the allotment should not require the whole deposit, the surplus will be returned ; and if the deposit be insufficient for the first instalment on the amount allotted, the balance required must be paid forthwith.

In case of no allotment being made, the deposit of the applicant will be returned.

The scrip, which will be signed by two or more of the Loan Agents, will be issued by Messrs. N. M. Rothschild and Sons ; but the subsequent instalments will be payable at the offices of the Bank of New Zealand, in London, where the scrip will be exchanged for the bonds after payment of the last instalment.

Subscription lists will be opened on Monday, the 1st March, and closed on or before Tuesday, the 2nd March.

New Court, 26th February, 1875.

#### FORM OF APPLICATION.

New Zealand Immigration and Public Works Loan, for £4,000,000.

To Messrs. N. M. Rothschild and Sons.

GENTLEMEN,— I request that you will allot to me £———, say ———— pounds nominal capital of the above Stock, on which ———— enclose the required deposit of 4 per cent., of £,——— and ———— agree to accept that amount, or any less sum that may be allotted to ————, and to pay the balance of such allotment according to the conditions of your prospectus of the 26th February, 1875.

Gentlemen, your obedient servant,

Name at length .....

Address .....

London, — March, 1875.

#### Enclosure 4 in No. 1.

The LOAN AGENTS to the Hon. Sir J. VOGEL.

SIR,—

London, 19th March, 1875.

Although you did not afford us the opportunity which we desired of a personal discussion on the reports which we had prepared for transmission to the colony, and of which the drafts were sent to you in Sir Penrose Julian's letter of the 17th instant, with a view of eliciting any suggestions that you might have to offer, yet we have carefully considered the objections you have raised on certain points in conversation with Dr. Featherston ; and with a strong desire to remove, as far as we conscientiously can, from our reports everything distasteful to you, we have determined to substitute, for the two drafts already sent you, that which is herewith enclosed, and to which we trust you will find less objection. Our intentions to adopt this course were, we understand, communicated to you in a letter sent to your house last evening by Dr. Featherston.

We have, &c.,

(for Sir Penrose G. Julian, Dr. Featherston, and self.)

The Hon. Sir J. Vogel.

W. C. SARGEAUNT.

P.S.—I enclose a statement\* showing the amount paid into the Bank of New Zealand on account \*See enclosure No. 2. of the Four Million Loan, up to yesterday inclusive.

#### No. 2.

The Hon. Sir J. VOGEL to the Hon. Dr. POLLEN.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,

18th March, 1875.

SIR,—

I find it desirable to separately report on the sale of the Four Million Loan. The reason for my taking this course is as follows :—

\* See enclosure to Loan Agents letter-post.

2. On the afternoon of the 9th instant, just before the closing of the Californian mail, the draft of a letter to you, prepared by Sir Penrose G. Julyan, was brought to me by Mr. Sargeant and Mr. Featherston, to be approved for transmission by the mail. I pointed out that the calculations, and the inferences drawn, were incorrect, and the draft was taken away. On the afternoon of the 17th, I received two documents—one, the draft of a report which I was asked to sign; and the other, a copy of a letter already signed by the other three Agents. My opinion of these productions may be gathered from the letter\* I addressed to the three Agents, a copy of which I send you. I also forward to you a copy of the copy letter sent to me. You will observe that I have undertaken to reply to that letter.

3. If the letter had been signed by Sir P. G. Julyan and Mr. Sargeant alone, it would have been worthy of little remark, for it would only have appeared to be an eager bid for securing the negotiation of future loans. The addition of the Agent-General's signature gives to the letter another complexion. I confess to feeling great surprise at his having signed the letter; and, of course, the letter borrows such weight, in consequence, as you and others may be disposed to accord to it.

4. I shall probably take another opportunity of placing on record my recollection of what took place between the agents during the negotiation of the loan. I had immense difficulties to contend with, in the natural reluctance felt by those interested in colonial loans to seeing such a house as that of Messrs. N. M. Rothschild and Sons embarking in the business. Sir P. G. Julyan so conducted the negotiations with that house as to lead to their utter break-down. I took them up, and, with Mr. Featherston's assistance, carried them to a result which those persons who have spoken to me on the subject have told me they considered a brilliant success. I was under the impression that Mr. Featherston coincided with me, and I was amazed at seeing his signature to the letter. He has told me that he has not actually signed the letter, but he does not withdraw it; and it is incredible that Sir P. G. Julyan and Mr. Sargeant would have attached his signature without considering they had authority to do so. At present, I only observe upon the letter to say this—that the insinuation that Messrs. Rothschild and Sons only bring out the loans of embarrassed States, or that it is injurious to the credit of a State for them to bring out a loan, is absurd and ridiculous. They only bring out loans in which they believe; and the fact of their bringing out a loan gives it a reputation quite beyond anything in the power of Sir P. G. Julyan and Mr. Sargeant. People subscribe to Messrs. Rothschild and Sons' loans because that house brings them out. I am not aware that they adopt a similar course because of the Crown Agents issuing loans. Those gentlemen are regarded as eminently respectable; but they have nothing like the money power, or the reputation for commercial sagacity, that belongs to Messrs. Rothschild and Sons. I do not believe that a syndicate, without Messrs. Rothschild and Sons, would have taken up more than £2,000,000, or at more than 90; nor that the public, without a syndicate or Messrs. Rothschild and Sons, would have taken up anything like that amount.

There are two circumstances in this matter to which you will no doubt attach much weight. I allude, first, to the fact I have incidentally mentioned, that though Mr. Featherston informed me the letter was not signed, a copy was sent me by Sir P. G. Julyan, in which Mr. Featherston's usual signature was inserted between those of Sir P. G. Julyan and Mr. Sargeant. To say the least, this betrays an alarming laxity in dealing with a signature so important as that of the Agent-General.

The second circumstance is, that though I am one of the Agents, the other three Agents, without inviting me to attend, prepared or approved, in what I may call secret conclave, a report for submission to me; and also decided upon a letter for their separate signature. This was done behind my back; though it is not too much to say that to me is due the successful negotiation of the loan.

5. I proceed to report to you on the sale of the four millions, reserving for possibly a future occasion further remarks on the course adopted by the other Agents.

6. I forward you copy of the contract entered into with Messrs. Rothschild and Sons.

7. The large amount of the loan, and the condition of New Zealand securities in the money market, caused me to think it desirable that such an arrangement should be made. I believe that, when all the circumstances are considered, the result should be regarded as exceedingly satisfactory, and as one which only Messrs. Rothschild and Sons' immense influence could have achieved. Those gentlemen authorise me to say—(I quote their written words)—“The whole loan for four millions was more than fully applied for. We could have given the whole loan away, and not have kept sixpence ourselves. We have made 1,700 allotments, and never had a better list of subscribers. Several banks and insurance companies subscribed largely, and we have every reason to think that they will hold the stock as an investment.”

8. Necessarily, the arrangements with Messrs. Rothschild and Sons were not in accordance with the interests of those who have been accustomed to deal with colonial securities. Consequently, some amount of opposition to the loan has been shown; but that was a contingency with which Messrs. Rothschild and Sons had to deal.

9. The price at which the loan was issued was nominally £94. The instalments spread over a period, in such a manner as to equal 1 per cent., making the price to the public £93. The commission which Messrs. Rothschild and Sons received was 2 per cent., so that the net return to the Government will be £91.

10. You will observe, from the terms of the contract, that for the commission of 2 per cent. Messrs. Rothschild and Sons guaranteed the sale of the whole loan—three millions at once, and one million within twelve months. Immediately after the applications had been received Messrs. Rothschild and Sons notified that the whole loan was disposed of.

11. It will no doubt be interesting to the Government to compare the return obtained for this loan with those of former loans, and also to know the actual rate per cent. per annum at which money has now been borrowed.

12. The £91 per £100 to be received on a 4½ per cent. loan, redeemable at thirty years, is tantamount to borrowing at £5 3s. per cent., including the annual percentage necessary to represent the difference between the price realized and par, which will have to be given when the loan is paid off in full.

13. The first New Zealand loan bearing 4½ per cent. interest was negotiated in January, 1874. It was for £500,000, and was offered at a stated rate of £98. £369,500 was at once sold. The balance, £130,500, had to be disposed of at an additional allowance of ¼ per cent.

14. In comparing this loan, and the others which will be mentioned, with the one negotiated by Messrs. Rothschild and Sons, it will be necessary to remember that the commission to Sir P. G. Julian and Mr. Sargeant was  $\frac{1}{4}$  per cent., and that an additional  $\frac{1}{4}$  per cent. was allowed for brokerage, so that, of the £500,000, £369,500 netted £98, less  $\frac{1}{2}$  per cent.; and £130,500 netted £98, less  $\frac{3}{4}$  per cent.

I take the commissions stated above from what I understand to have been the rates charged. But in one of the documents sent me by Sir P. G. Julian and Mr. Sargeant, I observe that £97 4s. 2d. is stated as the net price, so that larger concessions or allowances must have been made than appear in the documents before me. I state this, not by way of complaint, but to explain a possible inaccuracy on my part.

15. The next amount offered at  $4\frac{1}{2}$  per cent. was £1,500,000, in May last. The nominal price of issue was £98; but, taking into account the dates of the instalments, there was accrued interest equal to £1 11s. 1d. per cent. to be added to the  $\frac{1}{2}$  per cent. for commission and brokerage, so that the price at which the loan was offered amounted to £95 18s. 11d. per cent. On these terms £673,400 was applied for.

The balance, £826,600, was sold to an association or syndicate, at a considerable reduction—namely, 1 per cent. extra for commission, besides the  $\frac{1}{2}$  per cent. for the usual brokerage and the commission before mentioned, and an allowance for interest, by extending the payment of the instalments, equal to £1 19s. 4d. The balance, therefore, realized only £94 10s. 8d.

16. It will be seen, then, that of the January loan of £500,000, £369,000 applied for realized £97 10s.; whilst the balance, £130,500, realized £97 5s.

That of the May loan, of £1,500,000, £673,400 applied for realized £95 18s. 11d.; whilst for the balance, £826,600, only £94 10s. 8d. was obtained.

And that the recent loan of £4,000,000 realized £91.

17. It is instructive to observe the manner in which the previous loans had to be sold at reduced rates, after applications had been invited from the public. The £1,500,000 offered in May last went off with great difficulty, and was to a large extent only sold through the making of an extra concession beyond what had been publicly advertised. The same course, though to a less extent, had to be adopted with the loan in January, 1874. As to these additional concessions, I desire to point out that, although the Agents found it necessary to make them, in order to effect a sale, they must have felt that such a course was exceedingly distasteful, on account of the dissatisfaction any such proceeding is calculated to create in the minds of those who, having responded to the advertisement—which they suppose tells them the real price at which a loan is to be disposed of—find afterwards that much of it has been sold by the Government at a rate lower than that which had been advertised. So much was this felt to be the case with the May loan, that applications have been made by buyers of the first portion of it for a concession in the shape of a reduction of price.

18. In the present instance, no objection can be made on that score. The loan was offered to the public at a stated rate. As far as the Agents were concerned, Messrs. Rothschild and Sons were to receive a stated commission—one that could not be considered excessive, seeing that they were to guarantee the sale of the whole £4,000,000. In the present instance, too, the whole loan was at once disposed of—a result which has not recently been the case with colonial loans.

19. I may, in conclusion, express the hope that it will be some time before it will be necessary for the Government again to have recourse to the money market; and that, by that time, New Zealand securities will have very much increased in value.

The Hon. the Acting Colonial Treasurer, New Zealand.

I have, &c.,  
JULIUS VOGEL.

### Enclosure 1 in No. 2.

The LOAN AGENTS to the Hon. Dr. POLLEN.

SIR,—

London, 19th March, 1875.

Having, in another letter of this day's date, reported the arrangements that have been made with reference to the loan of £4,000,000 sterling authorized by "The Immigration and Public Works Loan Act, 1874," we desire to append some observations respecting the course of action which we have found ourselves constrained to pursue. By the Order in Council of 10th September, 1874, full power was given to the Loan Agents to raise the loan, but we received no instructions from your Government as to the period within which the money should be obtained, or whether in a single and immediate transaction or by instalments. It has therefore been necessary for us to be guided in these respects by the directions verbally conveyed to us by our colleague, the Hon. Julius Vogel, who has lately arrived from the colony. We considered that from his intimate acquaintance with the affairs of the Government, and his high official positions in it as Premier and Treasurer, Mr. Vogel must be fully informed as to the extent of the colony's immediate requirements.

On his assurance that it was essential that the money should be raised with the expedition specified in the contract, we were induced, very much against our inclinations, to acquiesce in an arrangement which, in our opinion, only the most urgent necessity could justify. The system of raising loans through the agency of financial contractors is frequently resorted to by such foreign States as have already anticipated their resources, or have not sufficiently assured credit in the English market to render it prudent for them to embark in large undertakings without a certainty that the capital required will accrue in instalments as the works progress; but this method of prospectively insuring the receipt, upon necessarily onerous terms, of such money as is needed has not hitherto, we believe, been resorted to by Colonial Governments, and we regret that in this instance New Zealand should have had to follow such a course. And we believe that the mere fact that it has abandoned the Government department through which its previous loans have been successfully placed in this country, must doubtless have a prejudicial effect. Such changes invariably produce unfavourable influences on public credit, and, unless for some very imperative reason, should, we think, be carefully avoided.

In the present case we have endeavoured, as far as possible, to neutralize the effect by causing it to be stated in the contractors' advertisements that the interest on the loan will be paid through the customary channel.

A previous loan of considerable magnitude having been so recently negotiated in this country by the Government of New Zealand, and a portion of it still remaining undisposed of in the hands of the original speculative purchasers, it was obvious that any attempt to get so large a sum as £4,000,000 sterling subscribed for by the public would have proved abortive; and as the necessity of placing the whole loan at once on the market with a guarantee as to price was impressed upon us, we had no alternative but that of resorting to a syndicate or contractor. Had circumstances permitted us to negotiate the loan in two equal parts, with an interval of nine or twelve months between them, we believe that we could, with success, have appealed directly to the public, with a very considerable saving to the Colonial Exchequer, and with the probable advantage that only a comparatively small portion of the loan would have fallen into the hands of speculators. Under the present arrangement we are ignorant as to the character and number of the subscribers, and as to the amount actually taken up by the public, the applications having been received, and the allotments made, by the contractors in private; and reports current in well-informed circles, together with the unusual silence of the Press, incline us to believe that the greater part of so much of the loan as has not been retained by the contractors themselves has been taken up for speculation, and will for a long time to come be pressed upon the market whenever remunerative sales can be made. Until that process is ended, if our surmise be correct, it appears to us, so far as it is possible to judge of the future, that the Government of New Zealand will find it necessary to abstain from all attempts to place upon this market any further loans.

The most immediate effect of the line of action that we have been compelled to adopt appears in the depreciated value of the new debentures. The net market price of New Zealand  $4\frac{1}{2}$  per cents. on the 1st February was 97; whereas (without any change for the worse having taken place in the money market in the interval) the rate at which the public were invited to subscribe for the new loan was 94, with deferred payments, virtually reducing it to 93. This depreciation of 4 per cent. below the previously existing price, with certain rebates in the shape of commission, was the highest point at which the contractors would undertake to guarantee the taking up of the loan; and these conditions were considerably more advantageous than we were at one time led to expect.

The terms on which the loan has been contracted appear to us indeed to be exceptionally favourable, when it is considered how recently the previous loan was negotiated, how large is the present operation, and how prejudicial to a new transaction is the discussion now going on in the Press of this country as to the soundness of the financial policy of the colony, coupled with the increasing apprehension among *bonâ fide* investors that its liabilities are outgrowing the legitimate means of meeting them.

In bringing into the market more of the colony's securities than it was able at once to absorb, it became absolutely necessary to make such a reduction in price as might on the one hand, if possible, tempt the general public largely to invest their money in these debentures, or as might, on the other hand, induce speculators to purchase them with the prospect of selling hereafter on beneficial terms. It must be remembered, moreover, that the higher price (97) was on retail transactions, relating to small sales of £500 and upwards, whereas the lower price (94, virtually representing 93) was a wholesale one, put forward with a view of inducing subscriptions to the extent of £4,000,000 sterling.

We have, &c.,

P. G. JULYAN.

I. E. FEATHERSTON.

W. C. SARGEANT.

The Hon. the Acting Colonial Treasurer, New Zealand.

### Enclosure 2 in No. 2.

DRAFT of a REPORT which it is proposed that all the Loan Agents should unite in making to the Government of New Zealand.

SIR,—

London, 19th March, 1875.

We have the honor to report to you, for the information of the Government of New Zealand, that under the powers conferred upon us by an Order in Council, dated 10th September, 1874, and authorized by "The Immigration and Public Works Loan Act, 1874," we have disposed of debenture bonds representing in value £4,000,000 sterling, redeemable at par in not less than five or more than thirty years from the 1st of February, and bearing interest from 1st March, 1875, at the rate of  $4\frac{1}{2}$  per cent. per annum. The reasons which originally led to the adoption of  $4\frac{1}{2}$  per cent. as the rate of interest most desirable for New Zealand loans have been fully explained in former letters, and need not be enlarged upon here further than to state that the advantages of uniformity, coupled with the disinclination manifested by the public of this country to subscribe for 4 per cent. loans recently offered in this market by the Governments of New South Wales and South Australia, have added considerable force to those reasons, and left no doubt on our minds that we should best consult the interests of the colony by continuing the same rate. The amount to be immediately placed on the market was a point upon which, in the absence of instructions, we were necessarily governed by the extent of your wants, and these were represented to us by the Treasurer of the colony to be such as to render it most desirable to dispose of the whole four millions sterling forthwith. Being aware that a portion of the last issue was still in the hands of speculators, and that the demand for New Zealand securities was of a very limited character, it was evident to us that it would be hopeless to expect the open market at once to absorb so large an amount, and we had therefore no alternative but that of resorting to a contractor or to a syndicate.

This being so, and the Treasurer preferring the former, we opened negotiations with Messrs. Rothschild and Sons, and finally entered into a contract with them by which they undertake to find purchasers for the whole amount authorized by the Act. Copy of this contract, and of the advertisement issued by them showing the method in which they have proceeded to comply with its terms, are herewith enclosed.



From these documents it will be seen that the loan has been negotiated at a rate which, after deducting allowances and commission, will secure to the Government of New Zealand a net sum of about £91 in money for every £100 of debt incurred.

At this rate the borrowers will pay, exclusive of the loss on redemption, about £4 18s. 11d. per cent. per annum for the money obtained, and the lenders will receive, exclusive of gain on repayment, about £4 17s. per cent.; the difference being due to the expense attending the issue. We have been informed by Messrs. Rothschild that they have allotted the whole four millions, and the enclosed return shows the amount paid by them to the credit of the New Zealand Public Account at the Bank of New Zealand up to the present date.

See Enclosure  
2 in No. 1.

As the value of money on short loans in the open market is less than that allowed on instalments paid in anticipation of the dates prescribed by the contract, it is probable that a still further amount will be paid in advance. Out of the money so received we have already repaid to the Bank of England £280,000 of temporary advances obtained on the security of guaranteed debentures, and purpose paying the remainder (amounting to £380,000) at intervals between this and the 15th May next.

Having freed these securities from all liability, they will be placed on deposit, as before, in the Bank of England, subject to the joint order of any two of the Loan Agents, to be dealt with as the Government of New Zealand may hereafter direct.

Comparing this negotiation with those for identical securities which have preceded it, and excluding from the calculations the incidental expenses—such as printing, advertising, stamping, &c., which are in much the same proportion in all cases—the results are as follow, viz. :—

	£	s.	d.
Price realized on £500,000 4½ per cents, sold in January, 1874, after deducting commission and brokerage ... ..	97	4	2
Ditto on £1,500,000 4½ per cents, sold in May, 1874, ditto ditto ...	95	4	2
Ditto on £4,000,000 4½ per cents, sold in March, 1875, ditto ditto	91	0	0
On the first of these loans a charge of 55s. 10d. per cent. on the whole amount will fall on the Government at maturity, equal to ... ..	13,958	0	0
On the second, £4 15s. 10d. per cent. ... ..	71,875	0	0
On the third, £9 per cent. ... ..	360,000	0	0

In conclusion, we beg to call the attention of the Government to certain observations which have been made by some of our number in a separate letter by this day's mail.

We have, &c.,

The Hon. the Acting Colonial Treasurer, New Zealand.

### No. 3.

The LOAN AGENTS to the HON. the COLONIAL SECRETARY.

SIR,—

London, 6th April, 1875.

With reference to our letter of the 19th ultimo, a duplicate of which is herewith enclosed, we now transmit a statement, showing the amount received on account of the £4,000,000 Loan to the 5th instant inclusive.

We have, &c.,

P. G. JULYAN.

The Hon. the Colonial Secretary, Wellington, New Zealand.

W. C. SARGEANT.

#### NEW ZEALAND 4½ PER CENT. 5/30 DEBENTURE LOAN OF £4,000,000.

STATEMENT showing AMOUNT RECEIVED on Account of the above LOAN from 19th March, 1875, to 5th April, 1875, inclusive.

1875.	DR.	£	s.	d.
March 19.	Balance of former Statement ... ..	1,985,388	5	0
	Sundry subscribers, being payments in full on account of £51,000 scrip (less 5 per cent. discount, as per contra) ... ..	40,800	0	0
" 20.	Ditto £4,300 ditto ditto	3,440	0	0
" 22.	Ditto 13,900 ditto ditto	11,120	0	0
" 23.	Ditto 7,700 ditto ditto	6,160	0	0
" 24.	Ditto 5,200 ditto ditto	4,160	0	0
" 25.	Ditto 4,900 ditto ditto	3,920	0	0
" 27.	Ditto 5,900 ditto ditto	4,720	0	0
" 30.	Ditto 56,500 ditto ditto	45,200	0	0
" 31.	Ditto 6,000 ditto ditto	4,800	0	0
April 1.	Ditto 24,200 ditto ditto	19,360	0	0
	Ditto, first instalment, due 7th April, paid on account of £4,500 scrip ...	900	0	0
" 2.	Ditto, second instalment, due 4th May, on £500 scrip ... ..	100	0	0
	Ditto, payments in full on £10,100 scrip (less 5 per cent. discount, as per contra) ... ..	8,080	0	0
" 3.	Ditto £4,600 ditto ditto	3,680	0	0
	Ditto, first instalment, due 7th April, paid on account of £1,700 scrip...	340	0	0
" 5.	Ditto ditto on £7,000 scrip...	1,400	0	0
	Ditto, payments in full on £1,200 scrip (less 5 per cent. discount, as per contra) ... ..	960	0	0
		<b>£2,144,528</b>	<b>5</b>	<b>0</b>

1875.		CR.			£	s.	d.
March 19.	Sundry subscribers, discount at 5 per cent. on payments made in full this day, on £51,000 scrip, as per contra		...	...	423	5	7
" 20.	Ditto	£4,300	ditto	ditto	35	4	3
" 22.	Ditto	13,900	ditto	ditto	110	15	9
" 23.	Ditto	7,700	ditto	ditto	60	12	3
" 24.	Ditto	5,200	ditto	ditto	40	6	7
" 25.	Ditto	4,900	ditto	ditto	37	10	0
" 27.	Ditto	5,900	ditto	ditto	43	16	11
" 30.	Ditto	56,500	ditto	ditto	400	17	9
" 31.	Ditto	6,000	ditto	ditto	41	17	6
April 1.	Ditto	24,200	ditto	ditto	166	2	5
" 2.	Ditto	10,100	ditto	ditto	68	8	3
" 3.	Ditto	4,600	ditto	ditto	30	13	3
" 5.	Ditto	1,200	ditto	ditto	7	14	8
Balance					£1,467	5	2
					2,143,060	19	10
					£2,144,528	5	0

London, 6th April, 1875.

P. G. JULYAN,  
W. C. SARGEAUNT, } Loan Agents.

#### No. 4.

The Hon. Sir J. VOGEL to the Hon. the ACTING COLONIAL TREASURER.

7, Westminster Chambers, Victoria Street, Westminster, S. W.,

6th April, 1875.

SIR,—

In continuation of my letter (No. 39.) of 18th March, I have the honor to forward to you copy of further correspondence respecting the recent loan negotiations.

See enclosures in Loan Agents' letter below.

2. I do not send to you a copy of the letter of 19th March, to which I refer in mine of 25th March, because I presume that the original has been forwarded to the colony, and that you will be able to obtain it from the Colonial Secretary's Department; but a copy of the covering letter to me is appended hereto.

3. A copy of the letter of Sir P. G. Julyan, covering the draft report and the copy of a signed document, upon which I commented in mine of 18th March, was not sent to you by the last mail, because I was not then aware how far I was entitled to regard it as other than private; but, as you will see, all difficulty upon that point has now been removed.

The Hon. the Acting Colonial Treasurer, New Zealand.

I have, &c.,  
JULIUS VOGEL.

#### No. 5.

The LOAN AGENTS to the Hon. the COLONIAL SECRETARY.

SIR,—

London, 16th April, 1875.

Adverting to our letter of the 19th ultimo, we have the honor to transmit to you, for the information of the Government of New Zealand, copy of correspondence which has passed between Mr. Vogel and ourselves respecting recent negotiations for the disposal of the Four Million Loan.

We regret the necessity which has rendered it necessary for us to trouble the Government of New Zealand with this correspondence.

The Hon. the Colonial Secretary, New Zealand.

We have, &c.,  
P. G. JULYAN.  
I. E. FEATHERSTON.  
W. C. SARGEAUNT.

#### Enclosure 1 in No. 5.

Sir P. G. JULYAN to the Hon. Sir J. VOGEL.

MY DEAR SIR,—

Spring Gardens, 17th March, 1875.

After conferring together as to what form of report should be made to the Government of New Zealand on our late negotiation of the Four Million Loan, Featherston, Sargeaunt, and myself have agreed as to what we consider will fairly represent the facts, and we have drafted the enclosed report, which we shall be glad to learn you are prepared to unite with us in signing.

We felt that it was due to you that we should abstain from giving expression in this report to views upon which, as you are fully aware, material differences of opinion existed, and we have therefore thought it advisable to place those views on record in a supplementary letter, of which a copy is also enclosed, and in which we shall only be too glad to learn that you can see your way to join.

Be good enough to return the draft, with any observations you may have to make on it, at your early convenience; or if you prefer a personal conference with your co-Agents on the subject, I am sure they will be willing to meet your wishes in the matter at any hour you may name.

The Hon. Sir J. Vogel.

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

## Enclosure 2 in No. 5.

The Hon. Sir J. VOGEL to the LOAN AGENTS.

GENTLEMEN,—

London, 18th March, 1875.

I have the honor to acknowledge the receipt of two documents—one the draft of a report, which it is stated it is proposed the four Loan Agents should sign; the other a copy of a letter to the Acting Colonial Treasurer, already signed by you as three of the Agents.

2. The fact that this letter has already been determined on and signed without any reference to me, makes it unnecessary for me to consider that the matter still remains in abeyance, and therefore to abstain from officially addressing you.

3. I am willing to make great allowance for the natural disappointment of two of the signatories at the great success of the late negotiation through another channel than that hitherto adopted, and after the failure of Sir Penrose Julyan's previous negotiations. Still, I am surprised at the course adopted, of sending such a letter to the Acting Treasurer, when I, the Colonial Treasurer, am here. The letter can best be answered by me; and to send it to me shortly before the mail leaves, prevents the answer going out with the letter.

4. I shall advise the Acting Colonial Treasurer that there is no necessity for him to answer the letter, as I will do so; and I propose sending you a reply in a few days.

5. I cannot sign the draft report submitted to me, because, though on the whole not absolutely incorrect, it is of a nature to create incorrect impressions. Especially I do not consider that it gives such a faithful account of the negotiation of the last one million and a half as to enable that negotiation to be fairly compared with the present one.

6. I shall send out a statement of the actual facts. I shall be glad if you will forward me the accounts immediately, so that I may send them by this mail.

I have, &amp;c.,

JULIUS VOGEL.

Sir P. G. Julyan, K.C.M.G.

I. E. Featherston, Esq.

W. C. Sargeaunt, Esq.

## Enclosure 3 in No. 5.

The Hon. Sir J. VOGEL to the LOAN AGENTS.

GENTLEMEN,—

London, 25th March, 1875.

I have to acknowledge the receipt of your letter dated March 19th, signed "for Sir P. G. Julyan, Dr. Featherston, and self—W. C. Sargeaunt."

2. Your reference to Sir P. G. Julyan's letter of March 17th relieves me from a difficulty in which I was placed, through not knowing whether that letter was meant to be a private one, though enclosing official documents. Not feeling certain on the point, I did not forward to the colony a copy of Sir P. G. Julyan's letter, though I forwarded copies of the documents it enclosed. I will supply the omission by the next mail.

3. I regret to say that the letter to which I am now replying does not appear to me to correctly describe that which has occurred. The circumstances do not warrant my considering that you either "desired a personal discussion," or that "the reports" were sent to me "with a view of eliciting any suggestions" I "might have to offer." The documents which in your letter you term "reports" were,—one a draft report, the other a copy of a letter fully signed. Sir P. G. Julyan, in his covering letter to those documents, stated: "After conferring together as to what form of report should be made to the Government of New Zealand on our late negotiation of the Four Million Loan, Featherston, Sargeaunt, and myself have agreed to what we consider will fairly represent the facts, and we have drafted the enclosed report, which we shall be glad to learn you are prepared to unite with us in signing." He further said, "Be good enough to return the draft, with any observations you may have to make on it, at your early convenience; or if you prefer a personal conference with your co-Agents on the subject, I am sure they will be willing to meet your wishes in the matter at any hour you may name." From these extracts it is clear that, instead of my co-Agents desiring a personal discussion, I was told that if I preferred one I might have it, or I was to "be good enough," to use Sir P. G. Julyan's words, to return the draft, with any observations I might have to make. Sir P. G. Julyan seemed to contemplate that, although the draft report was sent to me to agree "to unite" in signing it, I might desire to make observations upon it. This is hardly tantamount to saying that it was sent me "with a view of eliciting any suggestions" I wished to offer; and such a statement is certainly wide of the fact in regard to the other enclosure. Respecting that other enclosure, Sir P. G. Julyan wrote: "We felt that it was due to you that we should abstain from giving expression in this report "to views upon which, as you are fully aware, material differences of opinion existed, and we have therefore felt it advisable to place those views on record in a supplementary letter, of which a copy is also enclosed, and in which we shall only be too glad to learn that you can see your way to join." This was no report for me to comment upon, but a letter prepared and written to exhibit the "material differences of opinion" which my co-Agents considered existed. The suggestion to me to join in the letter was unmeaning, seeing that it was expressly prepared because it was anticipated I did not agree with it.

4. You are, further, not quite correct in supposing that I desired to raise objections to your report and letter. I sent for Mr. Featherston, both from personally friendly motives and also for official reasons, to represent to him the grave mistake I thought he had made. In the course of our conversation I went through the documents, and pointed to certain passages as illustrating my previous remarks, but I gave him clearly to understand that I considered I was taking exception not so much to the documents as to the whole proceeding that had led to their production.

5. According to your letter now under consideration it would seem that you desired to consult me. I am constrained to say that it appears to me otherwise. Although I was one of the Agents, you

the other three, held a meeting at which you did not invite me to attend, and, without consulting me, agreed as to the report you would send out, and which I was expected to sign; and you also agreed to a letter, of which letter, signed, Sir P. G. Julyan sent me a copy.

6. To have intruded myself upon the other three Agents, under such circumstances, was out of the question, and I sent for Mr. Featherston with the object I have stated. I considered he had been thoughtlessly led into a course from which I wished to give him an opportunity of withdrawing. I regret to find he has not done so. He informed me that he had not signed the letter, a copy of which was sent to me with his signature ostensibly copied. I cannot conceive any circumstance which justified Sir P. G. Julyan in sending me such an incorrect copy. Assuming that Mr. Featherston had undertaken to sign, or had authorised Sir P. G. Julyan to sign—as Mr. Sargeaunt has signed the letter to which I am replying—the copy should have stated the fact, and the unexecuted document should not have been represented as signed. I assume the most favourable view, in assuming that Mr. Featherston had undertaken to sign; but, if so, such an authority is open to objection. It is obviously important that the Agent-General, acting as a Loan Agent, should not give to others any authority to sign for him. Even if he approved the draft of an important letter, he should consider it necessary to read the final copy before attaching his signature. The document in question was meant to record disagreement with the head of his Government. The letter now under reply has been signed by Mr. Sargeaunt “for Dr. Featherston.” In this case the act of agency is apparent, and therefore is less open to objection, but I shall deem it my duty to officially instruct Mr. Featherston that it is undesirable he should allow any one to sign for him as Loan Agent.

7. I observe that you have not adhered to the letter of which the copy with signatures was sent to me. You have sent out a letter which embodies some of the statements in the former draft report, and in the signed letter, omitting others. So far it is better, but still I do not agree with it. You have wisely modified the remarks in which you implied that only embarrassed States used the services of financial houses, and that we exposed ourselves to this charge by employing Messrs. Rothschild and Sons. A mere enumeration of the loans brought out by leading houses during many years past would conclusively contradict that implication; and you have substituted for it an assertion that loans brought out by contractors are unpopular, and that syndicate loans are preferable. I cannot say that I agree with you. Your operation with the last syndicate occasioned grave dissatisfaction, and has led to claims being made for compensation. I have learned this since I arrived in England, and it suggests the question, whether you are justified in considering your last two operations so successful as you claim them to have been. To sell a loan, a few days after public tenders have been sent in, at less than the advertised price, is a proceeding which nothing but necessity could justify. I do not say you were to blame for doing so, but it is a fact that such was the case with the two last loan issues you disposed of. In the letter you have sent out, you disguise it, by averaging the total price of each issue; but this does not alter the fact that, after calling for tenders, at a certain rate, for £1,500,000, you disposed of £673,400 at that rate, and the balance, £826,600, you sold at £1 8s. 3d. per cent. less, by making an allowance to the buyers of 1 per cent. under the name of commission, and of 8s. 3d. per cent. for accrued interest, in addition to that the terms of the advertisement disclosed. In the case of the sale to Messrs. Rothschild and Sons, we allowed a commission of 2 per cent., and we have no reason to conceal the fact: everyone may know it. When you compare transactions, do not forget that, as against the 2 per cent. paid to Messrs. Rothschild and Sons, the various charges for commission, agency, and brokerage paid by you for disposing of £826,600 of the last loan issue amounted to at least  $1\frac{1}{2}$  per cent.

8. You state in your letter to the Colonial Secretary that you agreed to the negotiation of the £4,000,000 on learning from me “that the liabilities of the colony were such as to render it advisable.” The use of the word “liabilities” might create the impression that you referred to outstanding debts instead of to debts to become due as works and immigration progressed. In substance, what I stated to you was, that during this and the next year very heavy works would be completed; and that the requirements of the colony were such as to make me desire the negotiation of the whole amount if possible, and to make me not content with the negotiation of less than £3,000,000. If you had used, for the word “liabilities,” “requirements,” or had qualified the expression by making it read “present and prospective liabilities,” you would have more correctly interpreted me.

9. To the statement that if you had negotiated the loan in two equal portions, you could have, with success, appealed to the public, I am forced to express my dissent, and my surprise at your making it. I never understood you supposed you could raise £2,000,000, without a syndicate, at anything like a price with which we should be satisfied. The only question seemed to be, whether to syndicate before calling for tenders, or afterwards, as was the case previously. Will you permit me to say that the fallacy of the assertion is to be seen in the fact that, at the times which you admit were more favourable, you only sold to the public £369,500 out of the £500,000 issue, and £673,400 out of the £1,500,000 issue?

Sir P. G. Julyan, K.C.M.G.  
I. E. Featherston, Esq.  
W. C. Sargeaunt, Esq.

I have, &c.,  
JULIUS VOGEL.

Enclosure 4 in No. 5.

The LOAN AGENTS to the Hon. Sir J. VOGEL.

SIR,—

London, 12th April, 1875.

We have received your letter of the 25th ultimo, respecting the recent negotiations of the New Zealand Government loan of four millions. From it, we learn that you take exception, not so much to the draft report and letter which accompanied Sir P. G. Julyan's communication to you of the 17th ultimo, as to the whole proceeding which had led to their production. You state also that, although you were one of the agents, we, the other three, held a meeting, at which we did not invite you to attend, and, without consulting you, agreed as to the report we would send out.

We would remind you that the state of your health forbade us to hope for the possibility of your meeting us. We considered that we adopted the most convenient course open to us under the circumstances of the case—viz., to prepare a draft report, and to furnish you with a copy of it. We regret that it has appeared to you that we did not desire to consult you on the subject. We certainly were ready to confer with you, not only as regards the draft report, but also as regards the letter; and we think that the concluding paragraph of Sir P. G. Julyan's letter of the 17th ultimo fairly conveyed our views on the subject. It is as follows:—"Be good enough to return the draft, with any alterations you may have to make on it at your early convenience; or if you prefer a personal conference with your co-Agents on the subject, I am sure they will be willing to meet your wishes in the matter at any time you may name."

With respect to the preparation of the draft by us, to which step you take exception, we would observe that you had yourself prepared a report of your joint proceedings without consulting any of us, that you read your draft letter to one of us, and that the other two have not yet even seen it.

As the draft report and letter forwarded to you in Sir P. G. Julyan's semi-official letter were, as you were afterwards officially informed, withdrawn, with a view of meeting the objections you had verbally expressed to one of us, and another report substituted, they may be properly treated as having no existence, discussion based on them would therefore seem superfluous.

You observe that we have wisely modified the remarks in which we implied that only embarrassed States used the services of "financial houses," and that the Government of New Zealand exposed themselves to that charge by employing Messrs. Rothschild and Sons. Without pausing to discuss your comments on that paragraph, we think it due to ourselves to point out that we are not aware of having used the term "financial houses," but "financial contractors," and in our opinion there is a wide difference between the two. A financial house, remunerated by a fixed commission, should have no interest to serve but that of its employer: it is obviously otherwise with a financial contractor.

You state that, in the letter we have sent out, we "disguise" the fact that, after calling for tenders for the last two issues at a certain rate, we disposed of a portion at that rate, and the balance at £1 8s. 3d. per cent. less. It appears to us that the term "disguise" is quite inapplicable under the circumstances of the case.

We were not reporting to the Government of New Zealand the course we had pursued on previous occasions: that we had already done most fully, and we would invite your attention to our letters of the 9th February and 2nd June last year, in which these circumstances are fully set forth, and to your replies of the 8th May and 29th August. Our letter of the 2nd June last explained at length the result of our negotiations with respect to the sale of the one and a half million debentures, and in your letter of the 29th August last you informed us that our letter had received your careful consideration, and you thanked us for the "clearness of our statements."

We agree with you in thinking that the sale of a loan, or a portion of one, a few days after public tenders had been sent in, at less than the advertised price, is a proceeding which nothing but necessity can justify; but in our opinion it is equally objectionable to sell a loan to a contractor, say at 91, and allow him, acting as the declared agent of the borrowing Government, to invite subscriptions at 93. We think that nothing but necessity could justify either proceeding.

In the case of the one and a half million issue you say that we sold £826,600 at £1 8s. 3d. per cent. less than the advertised price, by making an allowance to the buyers of 1 per cent. under the name of commission, and 8s. 3d. per cent. for accrued interest. The course we adopted may be thus described: We certainly agreed to take less cash for the debentures than we first asked, and we did so to force a sale. It is, however, somewhat inconsistent with this view of the case, or "fact," as you describe it, to urge us not to forget that, as against the 2 per cent. paid to Messrs. Rothschild and Sons, the various charges for commission agency and brokerage paid by us for that portion of the loan amounted to at least 1½ per cent.

We accepted either the lower price, or we paid a higher commission—one or the other—not both; but in whatever way that operation may be described, there is no gainsaying the fact that, after deducting commission and allowances to the purchasers by way of accrued interest on each transaction, the net average prices respectively on the three issues of New Zealand Government 4½ per cent. 5/30 debentures were,—

	£	Price realized.
	£	s. d.
January, 1874 ... ..	500,000	97 7 3
May, " ... ..	1,500,000	95 4 2
March, 1875 ... ..	4,000,000	91 0 0

We had no desire to enter into any discussion as to the commission paid by the Government of New Zealand on the respective operations under review. Thinking it of importance, we recorded a comparison we had made with respect to the results of the three issues of 5/30 4½ per cents as had been done on former occasions.

Neither had we any wish to refer to our discussions prior to our contract with Messrs. Rothschild and Sons; but as you have alluded to those discussions, we have no option in the matter, and must therefore recall to your memory what passed between us.

On the 18th February last we met, at your request, at your residence, No. 49, George Street, Portman Square. We found a leading member of the Stock Exchange with you, and you stated to us that he had informed you that, in his opinion, two millions might be placed at a price to realize 92 per cent; three millions, 91; and four millions, 90. He added, that if two millions were sold to a syndicate at 92, he was of opinion that the other two millions might, in about eight months, be likewise disposed of. He suggested that the syndicate should have the option of taking the last two millions at any time within the eight months.

You objected to those terms, and stated in his presence that "the necessities of the Government of New Zealand were such that you must have the four millions taken firm," and added, "In fact the Government was in a mess, and must get out of it as best it could."

We, the four Loan Agents, subsequently discussed the matter (the member of the Stock Exchange having left), and you informed us that, in your opinion, it would be very advantageous to dispose of the whole four millions to Messrs. Rothschild and Sons, if necessary, at the price offered by them—viz. 88 net—but that you had reason to believe that they would give more, a net 90.

One of us declared in the most emphatic manner that he for one would neither accept nor entertain such a proposition till it had been proved that better terms could not be obtained elsewhere, and in this determination your other co-Agents agreed.

You informed us that you considered that a serious responsibility would rest with us if we rejected such terms. In turn we stated that, in our opinion, we should assume a much heavier responsibility by agreeing to such a sacrifice.

You stated that in your opinion it would be an immense advantage to the colony to have at its back such a financial house as that of Messrs. Rothschild and Sons; that the credit of New Zealand had already suffered seriously from the want of such an agency; and that, if Messrs. Rothschild and Sons had held such a position, you were sure that they would either have immediately answered the articles hostile to New Zealand which appeared in "Fraser's Magazine" and the "Pall Mall Gazette," or have telegraphed to the Government for instructions on the subject. We did not concur in either opinion.

During our discussion, finding that material differences of opinion existed between you and ourselves, we reminded you that we were clothed, by the Order of the Governor in Council, with equal powers with yourself, and that we were therefore bound to express our opinion freely, and exercise our own judgment, guided by past experience.

You then stated that if you, as Colonial Treasurer, gave us an order, as Loan Agents, to accept Messrs. Rothschild and Sons' terms, we should be bound to do so; and when, on a subsequent occasion, you repeated the same, we, without calling in question the propriety of such an intimation from our co-Agent, or allowing it to influence our independence of action in the trust confided to us by the Colonial Government, expressed our readiness and our intention to be guided by the necessities of the Government, upon which you alone could enlighten us. But, at the same time, one of us told you distinctly that, in his opinion, the Order of the Governor in Council appointing the Loan Agents gave you no power to give your co-Agents such an order; that he had carefully considered the question, and that if you were determined on your own responsibility to sell to Messrs. Rothschild and Sons, at a price he considered unsatisfactory, he would withdraw from all participation in the transaction; but, guided by the necessities of the New Zealand Government, would not decline to sign the debentures. Such appeared the only course open to him; but in return for the confidence which successive Colonial Cabinets had reposed in himself and Sir P. G. Julyan, which he had always highly prized, he would be compelled to record the reasons which had induced him to pursue such a course of action.

We have been forced most reluctantly to refer at some length to these discussions, because the eighth paragraph of your letter under acknowledgment appears to us to be open to erroneous inferences. We allude to the following portion of it, in which you say that, "in substance, what I stated to you was, that during this and the next year very heavy works would be completed; and that the requirements of the colony were such as to make me desire the negotiation of the whole amount, if possible, and to make me not content with the negotiation of less than three millions."

We frequently discussed with you the expediency or otherwise of raising the money by instalments, instead of dealing with the whole loan by one operation. We are not aware of your having told us that the proceeds of the sale of the Four Millions debentures would be required to pay for public works to be completed "during this and the next year." On the contrary, we endeavoured to elicit from you what the wants of the Government were which would justify us in consenting to the course you advocated of disposing of the whole at once; and although we failed to obtain from you any exact statement of your requirements, you distinctly informed us that negotiations must be conducted on the basis of a fixed or firm price for the whole—three-fourths of the money to be paid at short intervals ending in August, 1875, and the remaining fourth not later than February, 1876.

Had we been given to understand that the expenditure of the money was to have been spread over two years, we should most certainly have been no parties—in the absence of instructions—to the raising of the whole amount so far in advance, a step which may, and probably will, entail upon the colony considerable loss, inasmuch as we cannot hope to obtain upon proper security, for the temporary loan of the money, the same rate of interest as will be paid for it, the difference between the two rates being at this moment upwards of 2 per cent. against the Government.

We still think that a better price would have been secured for this loan if the requirements of your Government had permitted the sale of it by two instalments, and we agreed to the price finally given by Messrs. Rothschild and Sons (91), on the understanding that it was necessary to secure at once a "firm price" for the whole; but we beg to repeat what we have already stated in our report to the Colonial Secretary, dated 19th ultimo, that, considering its magnitude, "the terms upon which this transaction has been carried out appear to us exceptionally favourable."

We have, &c.,  
P. G. JULYAN.  
I. E. FEATHERSTON.  
W. C. SARGEAUNT.

The Hon. Julius Vogel, C.M.G.

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Enclosure 5 in No. 5.

The Hon. Sir J. VOGEL to the LOAN AGENTS.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
10th April, 1875.

GENTLEMEN,—

In your letter of 19th March, 1875, to the Colonial Secretary of New Zealand, a copy of which you sent to me, I observe a statement that the price realized for £500,000  $4\frac{1}{2}$  per cent. debentures

tures, sold during January, 1874, was £97 4s. 2d. per cent., after deducting commission and brokerage.

As this statement does not correspond with information previously supplied by you, I shall be obliged by your furnishing me with the rates of commission and brokerage paid.

Sir Penrose G. Julyan, K.C.M.G.  
I. E. Featherston, Esq.  
W. C. Sargeaunt, Esq.

I have, &c.,  
JULIUS VOGEL.

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### Enclosure 6 in No. 5.

The LOAN AGENTS to the Hon. Sir J. VOGEL.

SIR,—

London, 12th April, 1875.

In reply to the inquiry contained in your letter of the 10th instant, we beg to inform you that on the £500,000 4½ per cent. disposed of in January, 1874, the charges for commission and brokerage were as follow:—

¼ per cent. commission on the whole ;  
¼ „ brokerage on £388,900 ; and  
½ „ do. on £111,100.

If credit be taken for the market value of a portion of the proceeds of this loan, received some days in advance of the date when the debentures began to bear interest, the £97 4s. 2d. referred to in your letter under acknowledgment should be increased to £97 7s. 3d. object.

We have, &c.,  
P. G. JULYAN.  
W. C. SARGEAUNT.  
I. E. FEATHERSTON.

The Hon. Julius Vogel, C.M.G., 7, Westminster Chambers, S.W.

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### No. 6.

The Hon. Sir J. VOGEL to the Hon. Dr. POLLEN.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
4th May, 1875.

SIR,—

Since my letter of 6th April, enclosing copy of correspondence respecting the negotiation of the Four Million Loan, I have received a further communication from the three Agents.

I have had so very much business to attend to, that I have not yet been able to forward my reply ; but I hope to do so during the next few days, and to send you copies by the mail *via* Brindisi.

I have, &c.,  
JULIUS VOGEL.

The Hon. Dr. Pollen, &c.

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### No. 7.

The Hon. Sir J. VOGEL to the Hon. Dr. POLLEN.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
4th May, 1875.

SIR,—

I have the honor to forward to you copy of correspondence with the Bank of New Zealand on the one hand, and with Sir P. G. Julyan, Mr. Featherston, and Mr. Sargeaunt on the other, respecting the Government balances with the Bank.

2. I may observe that it was not until I had informed the Agent-General of the terms I had made with the Bank that any intimation was given to me of its being deemed desirable to remove part of the account.

3. In explanation of my having negotiated with the Bank, I may state that recollection of the warrant of January, 1873, had passed from my mind—or, rather, I remembered it only as a step intended to give power to the Agents to remove the account in case of any difficulty arising, and as certainly not intended to enable them, without some very strong reason, to upset the arrangement between the Government and the Bank of New Zealand. I apprehend that if the Agents were to upset that arrangement without our having given six months' notice, the Bank might have a large claim against us.

4. I felt no uneasiness about allowing the amount, which you will observe is mentioned, viz. £1,500,000, to remain with the Bank. On the contrary, I felt that, looking at the circumstances of the colony, the very high rate of interest there, and the consequent heavy charge for discount, that the colony would benefit by the Bank being enabled to enlarge its colonial resources. I do not doubt that the rates of interest and of discount in the colony have already been reduced, or are about to be reduced.

5. The unexpected extent to which deposits on the loan have been paid up makes the amount in the Bank more than I had anticipated ; and I shall endeavour to arrange for the investment in Exchequer bills of all sums in excess of the one million and a half.

6. I hope that the Government will be satisfied with the course I have adopted, and which I propose to adopt.

I have, &c.,  
JULIUS VOGEL.

The Hon. D. Pollen.

## Enclosure 1 in No. 7.

The Hon. Sir J. VOGEL to the MANAGER, Bank of New Zealand.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
16th March, 1875.

SIR,—

The largeness of the amount of the loan lately deposited, together with the fact that a considerable sum will probably be kept with your Bank for more than the usual temporary period, lead me to hope that you will see your way to offering some more favourable terms for the deposit than you have hitherto given.

I shall be glad to hear from you on the subject.

The Manager, Bank of New Zealand, Old Broad Street.

I have, &amp;c.,

JULIUS VOGEL.

## Enclosure 2 in No. 7.

The MANAGER, Bank of New Zealand, to the Hon. Sir J. VOGEL.

SIR,—

Bank of New Zealand, London, 30th March, 1875.

I have the honor to acknowledge the receipt of your letter of the 16th instant, expressing the hope that this Bank may see its way clear to offer some more favourable terms for the Government deposit than it has hitherto given, on the ground of the largeness of the amount, and that a considerable sum will probably be left with it for more than the usual temporary period. Your letter has been considered by the London Board of Directors, with an anxious desire to meet your views as nearly as possible; and, in reply, I am instructed to state that, although the inference seems reasonable, that if on short notice of withdrawal the Bank can afford to allow the Government 1 per cent. under Bank rate, it should be able to pay a higher rate on a deposit for longer than the usual temporary period, yet, with the explanation before you as to the means and practice of safely employing large sums of money in this market, which cannot be used in ordinary banking business, and admitting the right of the Bank to a small remuneration to cover risk and trouble in investments, I think you will be satisfied that any material increase in the rate, say of  $\frac{1}{2}$  per cent. only, may change a small margin of profit into positive loss, even without taking the risk of loss on investments into consideration. As you are doubtless aware, there are at all times in London two markets open for the employment of money—that of Lombard Street for loans secured by the deposit of Bank and other bills and English Government securities, and that of the Stock Exchange for loans on all kinds of Home and Foreign securities, colonial bonds, railway stocks, &c.; and the relative safety of the security offered in each case rules the rate of interest on the loan.

In Lombard Street, for loans on Bank bills and English Government securities the rate rules from 1 to  $\frac{1}{2}$  per cent. under the Bank rate for the time being when money is plentiful, to  $\frac{1}{4}$  to  $\frac{1}{2}$  per cent. under Bank rate when money is dear. On the Stock Exchange, for the period between the bi-monthly days of settlement, the rate in easy times on good foreign non-speculative stocks and colonial securities, deducting brokerage is Bank rate; whilst on the speculative stocks  $\frac{1}{2}$  per cent. over Bank rate may be secured. But upon the Stock Exchange the responsibility of borrowers is not so ascertainable, and it is difficult, consistent with absolute safety, to lend any large sums of money with certainty. In excited times, and when money is very dear, higher prices than these are current both in Lombard Street and on the Stock Exchange, but it then becomes difficult to employ a large sum of money safely. Of the two markets, it need hardly be said that it is the Bank's practice to lend its surplus funds in Lombard Street, on the grounds not only of the nature of the security offered, but of the well-known responsibility of the borrowers. It will therefore be apparent, in order to judge clearly of the position of the Bank in regard to the Government deposits, and the fairness of requiring an increased payment from it, that it will be necessary to compare the rate of interest allowed to the Government with the rate current in Lombard Street; and further to remember that there are times of pressure to lend, as well as times of pressure to borrow. When the former periods occur, the Bank may be (and has in practice been) left with sums on hand which may prove a positive loss, and when the latter periods occur the risk of lending is largely enhanced. It does not therefore appear that the circumstances warrant any concession being made in the rate allowed upon the temporary balances of the Government. But with a view to meet the present exceptional condition of the Government account, and as a course likely to prove satisfactory to both parties, we beg to propose:—

1. That the Bank should act as agents for the Government in the loaning of the funds, on such securities as may be agreed upon, and that the Bank should receive a commission of  $\frac{1}{2}$  per cent. for such agency; or,
2. That the Bank (on the ground that some increased freedom of action in point of time will be afforded) will allow a fixed rate of 3 per cent.; £1,500,000 to be fixed for twelve months from a date to be agreed upon, the remainder of the Government balance to remain under the present arrangement of 1 per cent. under Bank of England rate, and subject to the present condition of ten days' notice, &c., this rate of 3 per cent. having been fixed in view of the present prospect of cheap money, and by consideration of the fact that the average Bank of England rate for 1874 was £3 13s. 9d. per cent.; or—
3. That the Bank will allow the Government  $\frac{3}{4}$  per cent. instead of 1 per cent. below the Bank rate for the time being on the sum of £1,500,000, to be fixed in equal sums for six and twelve months respectively, and that the balance remain subject to the present arrangement of 1 per cent. under Bank rate, rising and falling therewith, subject to withdrawal to meet the financial requirements of the Government, of which reasonable notice is to be given.

The Directors confidently express the hope that the fairness of these propositions will enable you to accept one of them.

I have, &amp;c.,

F. LABKORTHY,  
Managing Director.

The Hon. J. Vogel, C.M.G.



## Enclosure 3 in No. 7.

The Hon. Sir J. VOGEL to the MANAGER, Bank of New Zealand.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
7th April, 1875.

SIR,—

I have the honor to acknowledge the receipt of your letter of March 30th, in reply to mine of 16th.

2. Your letter contains a very interesting statement of the various modes of advances upon securities in the London market. I note with satisfaction the practice of your Bank to prefer lending your surplus funds upon securities of the highest class, even at a sacrifice of interest, rather than upon those of a more speculative character.

3. Respecting the three propositions you make, I may dismiss the first, by saying that it would be foreign to the proper functions of the Government to enter into an arrangement which, though probably more profitable, would virtually throw upon the Government the whole responsibility for the safety of the investments.

4. Your second proposition, for a fixed rate of interest, amounts to a speculative decision upon the part both of the Government and the Bank: that is to say, if the rate of interest should materially rise, the Government would be a loser, whilst, should there be a material fall in the rate, the Bank would be a loser. In any event, the arrangement could not be satisfactory to both parties to it. Where the rate of interest is subject to such constant variation as it is in the London market, a fixed rate would be open to the objections I have pointed out. In the colony a fixed rate is adopted; but there the price of money is less subject to change.

5. The third proposition I will entertain, if you will so modify it as to make it apply to all the Government balances of the loan in your hands during the year ending, say, 5th April, 1876. I cannot undertake positively to fix with your Bank £1,500,000 for six and twelve months as proposed; but the proceeds of the loan will only be withdrawn from you to meet the purposes for which the loan is applicable; and your average balance during the ensuing year will certainly be not less than that which your letter points to—namely, £1,500,000 during the first six months, and half that amount during the next six months.

I have, &amp;c.,

The Manager, Bank of New Zealand, Old Broad Street.

JULIUS VOGEL.

## Enclosure 4 in No. 7.

The MANAGER, Bank of New Zealand, to the Hon. Sir J. VOGEL.

SIR,—

Bank of New Zealand, London, 15th April, 1875.

I have the honor to acknowledge the receipt of your letter of the 7th instant, which has been submitted to the London Board of this Bank.

I am requested to inform you, in reply, that the directors agree to the modifications in their third proposal, as suggested by your paragraph No. 5.

I am, &amp;c.,

F. LARKWORTHY,

The Hon. J. Vogel, C.M.G., 87, Gloucester Place, Portman Square.

Managing Director.

## Enclosure 5 in No. 7.

The Hon. Sir J. VOGEL to the AGENT-GENERAL.

SIR,—

London, 16th April, 1875.

The Colonial Treasurer has the honor to inform the Agent-General that he has arranged with the Bank of New Zealand here to increase, for one year, from 5th April, 1875, the rate of interest upon moneys of the Government deposited with the Bank; and that, instead of paying interest 1 per cent. less than the current rate of the Bank of England, the Bank of New Zealand will, during the year specified, pay interest only  $\frac{3}{4}$  per cent. less than the Bank of England rate.

It is desirable that the officer who checks the Government account with the Bank should be informed of this arrangement.

I have, &amp;c.,

The Agent-General for New Zealand.

JULIUS VOGEL.

## Enclosure 6 in No. 7.

The LOAN AGENTS to the Hon. Sir J. VOGEL.

SIR,—

London, 20th April, 1875.

In consequence of the purchasers of the recent £4,000,000 Loan having paid up, under discount, the instalments in anticipation of the due date, the amount at present standing to the credit of the New Zealand Public Account at the Bank of New Zealand is £2,228,482.

We have anxiously considered the propriety of keeping so large an amount at any one Bank, and by way of precaution we propose, acting under the powers vested in us by Governor's warrant of the 18th day of January, 1873, to divide the amount, by placing portions of it on deposit with some of the large joint-stock Banks, such as the London and Westminster and London Joint Stock.

Before doing so, however, we desire to take advantage of your presence in this country, by requesting you to be so good as to inform us whether you see any objection to the course we propose.

A copy of the warrant and of the letter which accompanied it, is herewith enclosed.

We have, &amp;c.,

P. G. JULYAN,

I. E. FEATHERSTON.

W. C. SARGEANT.

The Hon. Sir J. Vogel.

3—B. 5.

See page 23.

## Sub-Enclosure to Enclosure No. 6.

Mr. HALL to the AGENT-GENERAL.

SIR,—

Treasury, Wellington, New Zealand, 18th January, 1873.

I have the honor to enclose a copy of "The Public Revenues Amendment Act, 1872," and to call your attention to section 16 of that Act.

I transmit likewise a warrant under the hand of His Excellency the Governor, appointing you, in conjunction with P. G. Julyan, Esq., C.B., and W. C. Sargeant, Esq., to be agents for appointing the bank at which the New Zealand Public Account shall be kept, and authorizing any two of the agents so appointed to operate on that account.

It is the desire of the Government that the account shall be kept at the Bank of New Zealand; but, as a means of precaution, you are empowered, under the warrant enclosed, to remove the account to some other Bank, should circumstances at any time render it expedient to adopt that step.

You will observe that the immediate effect of this constitution of the New Zealand Public Account is to necessitate the maintenance of but one account at the Bank, from which account all transfers for expenditure, to be made either by yourself or by the Crown Agents, will be made to subordinate accounts in the names of the persons operating on those accounts, to be styled in each case the "Imprest Account."

Thus, the transactions occurring in the "New Zealand Public Account" will be, on the one side, all sums lodged to that account for loans raised, or other original receipts; and, on the other side, the several sums transferred for expenditure to the "Imprest Accounts."

These "Imprest Accounts" will consist of—

The account of the Colonial Agent for moneys transferred to his credit, to make authorized payments; and

The accounts of the Crown Agents for moneys transferred to their credit to pay interest and sinking fund, or other authorized payments.

As the latest London accounts reaching New Zealand prior to the 30th June are those for the month ending the 31st March previous, it is desirable that any balance at credit of your Imprest Account on the date last named should be repaid on that date into the New Zealand Public Account, and that any balance at the credit of the Crown Agents (except the balance of moneys in their hands applicable to the payment of interest and sinking fund due prior to that date) should be repaid in like manner; such sums as may be required for expenditure being reissued from the New Zealand Public Account on the 1st April.

Thus, on closing the accounts of the colony on the 30th June, the English Imprest Accounts incorporated therein will be found to be closed, and will be uniform with those of the colony at the end of the financial year in that important particular.

You will be good enough to call the attention of the Bank to the requirements of section 18 of the Act in respect of the Bank sheet, and you will please to take care that the Imprest Accounts are rendered in compliance with section 19.

I shall be glad if you will transmit a copy of this letter to Mr. Julyan, and one to Mr. Sargeant, as there is not time to forward them from here before the closing of the mail.

I have, &c.,

JOHN HALL,

(in the absence of Mr. Vogel).

I. E. Featherston, Esq., M.D.,  
Agent-General for New Zealand.

## Sub-Enclosure.

COPY of GOVERNOR'S WARRANT.

Dated Wellington, 18th January, 1873.

## Enclosure 7 in No. 7.

The Hon. Sir J. VOGEL to the LOAN AGENTS.

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

29th April, 1875.

GENTLEMEN,—

I have the honor to acknowledge the receipt of your letter of the 20th April, enclosing to me copy of a warrant, dated January, 1873, and of a letter which accompanied it, in which you state that you propose acting under the powers of that warrant, for the purpose of placing portions of the moneys now deposited with the Bank of New Zealand in some of the large joint-stock banks, such as the London and Westminster and London Joint Stock; and you ask me to state whether I see any objection to the course proposed.

2. In reply, I have to say that the warrant and the letter accompanying it, of which you forward me a copy, were meant to give you power to remove the Government funds deposited with the Bank of New Zealand, in case you were of opinion that that bank was getting into difficulties, and that the documents were not intended to be otherwise acted upon.

3. The Government are under an agreement with the Bank of New Zealand, and six months' notice is necessary, in order to end it. At the same time, there are frequent negotiations for modifications of the terms of the agreement.

4. In 1872, you addressed the Government upon the question of keeping such large balances with the Bank of New Zealand, and the reply was, that you might be at liberty to invest some portion of the Government funds in Exchequer bills, if you thought it desirable to do so; but that the balance was to be kept at the Bank of New Zealand. Subsequently, legislation took place, with the view, as I have said, of enabling the representatives of the colony in England to take action in case of difficulty arising.

5. So little, however, did I contemplate the present necessity of moving the balances, or any portion of them, from the Bank of New Zealand, that, as Colonial Treasurer, I lately negotiated with the Bank for increasing the rate of interest; and it was only after I had informed the Agent-General

of the result of those negotiations—namely, a concession of  $\frac{1}{4}$  per cent.—that I was informed that you proposed to disturb the balances.

6. You now ask my opinion upon the subject. I reply, that if you were to adopt the course you propose, you would upset an arrangement which, as Colonial Treasurer, I had made. I am quite unaware of any good reason for withdrawing part of the account, as proposed by you. The interests of the Bank of New Zealand are intimately bound up with the interests of the colony; and I do not see why we should enter into relations with other Banks.

7. It is true that the balance is at present a very large one; but it will shortly be much reduced. In the colony it will be largely drawn against, and the bills purchased by the Bank of New Zealand; so that, in reality, the Bank will be giving to the Government, in the colony, a very considerable sum, which nominally remains on deposit with the Bank, and bearing interest here.

8. I do not think that, upon the whole, the responsibilities of the Bank of New Zealand to the Government are in excess of the general responsibilities of the Bank of New South Wales to the Government of New South Wales; and, unless you have weighty reasons for doing so, I cannot conceive a course more prejudicial to the interests of the colony than that of throwing discredit upon the principal local Bank.

9. With a view to this question being well considered by the Government, I am willing to take upon myself the responsibility of instructing you not to act as you have proposed, except upon further instructions from the colony.

A copy of the correspondence with the Bank is attached.

Sir Penrose G. Julyan, K.C.M.G.  
I. E. Featherston, Esq.,  
W. C. Sargeant, Esq.

I have, &c.,  
JULIUS VOGEL.

### No. 8.

The LOAN AGENTS to the HON. the COLONIAL SECRETARY.

SIR,—

London, 4th May, 1875.

In continuation of our letter of the 6th ultimo, we transmit to you a statement showing the amounts received on account of the £4,000,000 loan, from the 6th April to the 3rd instant inclusive.

We have, &c.,  
I. E. FEATHERSTON.  
W. C. SARGEANT.

The Hon. the Colonial Secretary, Wellington, N.Z.

### Enclosure in No. 8.

NEW ZEALAND  $4\frac{1}{2}$  PER CENT. 5/30 DEBENTURE LOAN OF £4,000,000.

STATEMENT showing AMOUNT RECEIVED on Account of the above LOAN from 6th April to 3rd May, 1875, inclusive.

1875.		DR.	£	s.	d.
April 6.	Balance of former Statement	...	2,143,060	19	10
	Sundry subscribers, amount paid in full on £12,900 scrip (less 5 per cent. discount, as per contra)	...	10,320	0	0
	Ditto, first instalment, due 7th April, paid on account of £37,400 scrip ...	...	7,480	0	0
" 7.	Ditto, amount paid in full on £198,600 scrip (less 5 per cent. discount, as per contra)	...	158,880	0	0
	Ditto, first instalment, due 7th April, paid on account of £1,080,700 scrip	...	216,140	0	0
" 8.	Ditto £138,400 ditto ditto	...	27,680	0	0
	Ditto, interest at 5 per cent. on instalments in arrear	...	1	5	11
	Ditto, amount paid in full on £5,300 scrip (less 5 per cent. discount, as per contra)	...	4,240	0	0
" 9.	Ditto £2,100 ditto ditto	...	1,680	0	0
	Ditto, first instalment, due 7th April, paid on account of £10,400 scrip ...	...	2,080	0	0
	Ditto, interest at 5 per cent.	...	0	11	7
" 10.	Ditto, amount paid in full on £800 scrip (less 5 per cent. discount, as per contra)	...	480	0	0
	Ditto, first instalment, due 7th April, paid on account of £26,300 scrip ...	...	5,260	0	0
	Ditto, interest at 5 per cent.	...	2	3	3
" 12.	Ditto, amount paid in full on £2,000 scrip (less 5 per cent. discount, as per contra)	...	1,200	0	0
	Ditto, first instalment, due 7th April, paid on account of £243,000 scrip	...	48,600	0	0
	Ditto, interest at 5 per cent.	...	33	0	8
" 13.	Ditto bondholders, amount paid in full on £10,900 scrip (less 5 per cent. discount, as per contra)	...	6,640	0	0
	Ditto, first instalment, due 7th April, paid on account of £9,800 scrip ...	...	1,960	0	0
	Ditto, interest at 5 per cent.	...	1	14	9
" 14.	Ditto, amount paid in full on £23,100 scrip (less 5 per cent. discount, as per contra)	...	15,920	0	0
	Ditto, first instalment, due 7th April, paid on account of £4,300 scrip ...	...	860	0	0
	Ditto, interest at 5 per cent.	...	2	13	4
" 15.	Ditto, amount paid in full on £262,800 scrip (less 5 per cent. discount, as per contra)	...	157,680	0	0

## STATEMENT showing AMOUNT RECEIVED—continued.

	Sundry subscribers, first instalment, due 7th April, paid on account of £15,200 scrip	...	...	...	3,040	0	0
	Ditto, interest at 5 per cent.	ditto	ditto	ditto	3	6	7
April	16. Ditto, amount paid in full on £6,300 scrip (less 5 per cent. discount, as per contra)	...	...	...	3,780	0	0
	Ditto, first instalment, due 7th April, paid on account of £1,700 scrip	...	...	...	340	0	0
	Ditto, interest at 5 per cent.	ditto	ditto	ditto	0	6	2
"	17. Ditto, amount paid in full on £2,100 scrip (less 5 per cent. discount, as per contra)	...	...	...	1,260	0	0
	Ditto, first instalment, due 7th April, paid on account of £5,400 scrip	...	...	...	1,080	0	0
	Ditto, interest at 5 per cent.	ditto	ditto	ditto	1	9	8
"	19. Ditto, amount paid in full on £6,700 scrip (less 5 per cent. discount, as per contra)	...	...	...	4,020	0	0
	Ditto, first instalment, due 7th April, paid on account of £31,500 scrip	...	...	...	6,300	0	0
	Ditto, interest at 5 per cent.	ditto	ditto	ditto	10	7	1
"	20. Ditto, amount paid in full on £5,500 scrip (less 5 per cent. discount, as per contra)	...	...	...	3,300	0	0
	Ditto, first instalment, due 7th April, paid on account of £4,000 scrip	...	...	...	800	0	0
	Ditto, interest at 5 per cent.	ditto	ditto	ditto	1	8	5
"	22. Ditto, subscribers, 80 per cent. on £100, scrip paid in full	...	...	...	80	0	0
	Ditto, 60 per cent. on £6,800 scrip (less 5 per cent. discount, as per contra)	...	...	...	4,080	0	0
	Ditto, interest at 5 per cent. on	ditto	ditto	ditto	0	0	10
"	23. Ditto, 60 per cent. on £100 scrip paid in full (less 5 per cent. discount, as per contra)	...	...	...	60	0	0
"	24. Ditto, 15 per cent. on £1,000 ditto, due 4th May	...	...	...	150	0	0
"	26. Ditto, 60 per cent. on £1,000 scrip paid in full (less 5 per cent. discount as per contra)	...	...	...	600	0	0
"	27. Ditto, ditto on £21,300	ditto	ditto	ditto	12,780	0	0
"	28. Ditto, ditto on £5,500	ditto	ditto	ditto	3,300	0	0
	Ditto, 20 per cent. on £1,000	ditto	due 7th April	...	200	0	0
	Ditto, interest on ditto at 5 per cent.	...	...	...	0	11	6
"	29. Ditto, 80 per cent. on £10,000	ditto	paid in full	...	8,000	0	0
	Ditto, 60 per cent. on £7,700	ditto	paid in full	...	4,620	0	0
	Ditto, 15 per cent. on £15,100	ditto	due 4th May...	...	2,365	0	0
	Ditto, interest on arrears at 5 per cent.	...	...	...	6	0	6
"	30. Ditto, 60 per cent. on £34,700 scrip paid in full	...	...	...	20,820	0	0
	Ditto, 20 per cent. on £3,000	ditto	due 7th April...	...	600	0	0
	Ditto, 15 per cent. on £2,600	ditto	due 4th May...	...	390	0	0
	Ditto, interest on arrears at 5 per cent.	...	...	...	1	17	9
May	1. Ditto, 15 per cent. on £1,000 scrip due 4th May	...	...	...	150	0	0
"	3. Ditto, ditto on £20,300	ditto	ditto	ditto	3,030	0	0
	Ditto, 60 per cent. on £1,400	ditto	paid in full (less 5 per cent. discount as per contra)	...	840	0	0
					£2,896,212 17 10		

1875. CR.

April	6. Sundry subscribers, discount at 5 per cent. on payments made in full this day on £12,900 scrip, as per contra	...	...	...	£	s.	d.
"	7. Ditto ditto £198,600 ditto	...	...	...	81	16	3
"	8. Ditto ditto 5,300 ditto	...	...	...	1,237	0	7
"	9. Ditto ditto 2,100 ditto	...	...	...	32	11	6
"	10. Ditto ditto 800 ditto	...	...	...	12	14	5
"	12. Ditto ditto 2,000 ditto	...	...	...	4	15	7
"	13. Ditto ditto 10,900 ditto	...	...	...	11	12	5
"	14. Ditto ditto 23,100 ditto	...	...	...	62	7	8
"	15. Ditto ditto 262,800 ditto	...	...	...	130	5	3
"	16. Ditto ditto 6,300 ditto	...	...	...	1,463	4	5
"	17. Ditto ditto 2,100 ditto	...	...	...	34	11	2
"	19. Ditto ditto 6,700 ditto	...	...	...	11	7	1
"	20. Ditto ditto 5,500 ditto	...	...	...	35	3	6
"	22. Ditto ditto 6,900 ditto	...	...	...	28	8	4
"	23. Ditto ditto 100 ditto	...	...	...	34	10	0
"	26. Ditto ditto 1,000 ditto	...	...	...	0	9	10
"	27. Ditto ditto 21,300 ditto	...	...	...	4	13	4
"	28. Ditto ditto 5,500 ditto	...	...	...	97	8	5
"	29. Ditto ditto 17,700 ditto	...	...	...	24	15	0
"	30. Ditto ditto 34,700 ditto	...	...	...	78	3	8
May	3. Ditto ditto 1,400 ditto	...	...	...	150	9	6
					5	13	1

£3,542 1 0  
2,892,670 16 10

I. E. FEATHERSTON, }  
W. C. SARGEANT, } Loan Agents.

£2,896,212 17 10

The Hon. the Colonial Secretary, Wellington, N. Z.  
London, 4th May, 1875.

## No. 9.

The Hon. Sir J. VOGEL to the Hon. Dr. POLLEN.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
12th May, 1875.

SIR,—

I have now the honor to forward to you copy of the further correspondence respecting the negotiation of the Four Million Loan, to which I referred in my letter of the 4th May.

Loan Agents,  
12th April, and  
reply of 5th May.

I have, &c.,  
JULIUS VOGEL.

The Hon. Dr. Pollen.

## No. 10.

THE LOAN AGENTS to the Hon. the COLONIAL SECRETARY.

SIR,—

London, 13th May, 1875.

We have the honor to enclose a statement showing the sums received, since our last advice of the 4th instant, in respect of the Four Million Loan lately contracted.

2. The total amount paid into the Bank of New Zealand on this account, up to yesterday inclusive, is £3,157,344 17s. 10d., and the balance standing to the credit of the Public Account with that Bank is now £2,486,788 18s. 6d.

3. On the 19th April, 1872, when addressing you with reference to the disposal of the proceeds of a loan of one million, we expressed ourselves as follows:—

“8. Although we shall of course, in compliance with your instructions, place the whole of this money on deposit with the same Bank, we feel that we should be assuming a very grave responsibility if we failed to draw the attention of the Government to the magnitude of the sum thus to be dealt with; and without for a moment calling in question the solvency and honour of the Bank of New Zealand, we think we may fairly question the expediency of venturing so large a sum with this, or any other Bank similarly constituted, whose whole capital—supposing it to be intact—is, we believe, but £600,000 sterling.”

4. In reply to that representation, the Colonial Treasurer, in a letter dated 8th June following, informed the Agent-General that,—

“In view of the large sums that will have been received for the second instalment of the New Zealand Loan, I have the honor to request that you will, if you think it desirable, invest a portion, say about one-half the amount, in Exchequer bills.”

5. With the recollection of these circumstances before us, and bearing in mind that the magnitude of the amount now to be disposed of would render the precautions we then advanced trebly necessary, we came to the conclusion that it would be our duty, in the execution of the trust committed to us by the warrant forwarded in Treasury letter of the 18th January, 1873, to distribute the risk, by dividing the public balance into at least three equal parts, of which one should be left with the Bank of New Zealand, and the others be placed with two of the leading joint-stock Banks of London.

6. We should here explain that in order to carry out an arrangement which, as we have since been informed by the solicitor employed on the occasion, Mr. Vogel had entered into with Mr. Russell, provision had been made in the contract with Messrs. Rothschild that the money should all be paid into the Bank of New Zealand; but in becoming parties to that arrangement we never for a moment contemplated leaving more than a certain amount there: indeed, Baron Rothschild himself drew our attention to the serious responsibility that leaving such a large sum with one Bank would necessarily entail.

7. Before removing any part of it, however, we thought it right to ascertain the Treasurer's views on the subject, and we enclose, for the information of the Government, copy of a letter addressed by us to Mr. Vogel, and of his reply. See ante.

8. Upon receiving such a strong expression of the Treasurer's opinions, and with an earnest desire to respect the agreement to which he informs us the Government is committed for at least six months to come, we thought it best to seek counsel's opinion, in order to ascertain what legal responsibilities we should incur if we allowed the balance all to remain at one Bank, even though we might be convinced of the imprudence of doing so; and we find that the advice we have received—copy of which is enclosed—will enable us to leave Mr. Vogel's arrangements undisturbed until we receive further instructions from the Government.

9. It is as well, however, that we should point out that Mr. Vogel's view of the power conferred upon us by the warrant is one which could hardly, under any circumstances, avail the Government in respect of the particular Bank in which the money is deposited. The whole of the banking business of the Bank of New Zealand is transacted in the colony, and it is from thence alone we could expect (only when too late) to hear of such difficulties as we are told would justify our removing any part of the Government balances.

10. The fact that “the interests of the Bank are so intimately bound up with the interests of the colony” would appear to us to render reasonable precautions no less called for. All precautions of the kind are taken in view of certain possible eventualities. No country is exempt from periods of commercial distress, which tell more or less severely upon Banks, and it would only aggravate the distress of the community, if upon such a crisis overtaking New Zealand any large portion of the public balances were sacrificed.

11. It is true Mr. Vogel gives us to understand that the money will soon be largely drawn against by bills sold to the Bank in the colony, but we would remind you that your risk in respect of the amount represented by such bills continues for ninety-three days after their acceptance here on your behalf by the Crown Agents for the Colonies.

12. Indeed, it would appear to us that, considering the very low rate you now get for the money ( $2\frac{3}{4}$  per cent.), and the probability that short-dated bills would command a better price in the colony than those of long date, it might be more advantageous that the available funds of the Government should be drawn against at ten days' sight.

We have, &c.,  
P. G. JULYAN.  
I. E. FEATHERSTON.  
W. C. SARGEAUNT.

The Hon. the Colonial Secretary, N.Z.

Enclosure 1 in No. 10.

NEW ZEALAND  $4\frac{1}{2}$  PER CENT. 5/30 DEBENTURE LOAN £4,000,000.

STATEMENT showing AMOUNT RECEIVED on Account of the above LOAN, from the 4th to the 13th May, 1875, both days inclusive.

1875.		DR.	£	s.	d.
May 3.	Balance of former Statement	...	2,892,670	16	10
	Less £100, £2,365 instead of £2,265 having been credited on 29th April last	...	100	0	0
			<hr/>		
			2,892,570	16	10
„ 4.	Sundry Subscribers, 60 per cent. on £79,300. Scrip paid in full (less discount 5 per cent. as per contra)	...	47,580	0	0
	Ditto, 15 per cent. on £895,300. Scrip due this day	...	134,295	0	0
„ 5.	Ditto, 60 per cent. on £400. Ditto paid in full (less discount 5 per cent., as per contra)	...	240	0	0
	Ditto, 15 per cent. on £135,300. Scrip due 4th May	...	20,295	0	0
	Ditto, interest on arrears, at 5 per cent.	...	2	13	2
„ 6.	Ditto, 45 per cent. on £2,000. Scrip paid in full (less discount 5 per cent., as per contra)	...	900	0	0
	Ditto, 15 per cent. on £10,600. Scrip due 4th May	...	1,590	0	0
	Ditto, interest on arrears, at 5 per cent.	...	0	8	1
„ 7.	Ditto, 60 per cent. on £400. Scrip paid in full (less discount 5 per cent., as per contra)	...	240	0	0
	Ditto, 15 per cent. on £10,300. Ditto due 4th May	...	1,545	0	0
	Ditto, interest on arrears, at 5 per cent.	...	0	13	2
„ 8.	Ditto, 15 per cent. on £12,000. Scrip due 4th May	...	1,800	0	0
	Ditto, interest on arrears, at 5 per cent.	...	0	19	9
„ 10.	Ditto, 45 per cent. on £21,000. Scrip paid in full	...	9,450	0	0
	Ditto, 35 per cent. on £2,000. Ditto due 7th April and 4th May	...	700	0	0
	Ditto, interest on arrears (£700), at 5 per cent.	...	2	1	1
	Ditto, 15 per cent. on £2,100. Scrip due 4th May	...	315	0	0
	Ditto, interest on arrears (£315), at 5 per cent.	...	0	5	2
„ 11.	Ditto, 35 per cent. on £1,700. Scrip due 7th April and 4th May	...	595	0	0
	Ditto, interest on arrears (£595), at 5 per cent.	...	1	16	7
	Ditto, 15 per cent. on £1,000. Scrip due 4th May	...	150	0	0
	Ditto, interest on arrears (£150), at 5 per cent.	...	0	2	11
„ 12.	Ditto, 45 per cent. on £2,800. Scrip paid in full	...	1,260	0	0
	Ditto, 15 per cent. on £11,100. Ditto due 4th May	...	1,665	0	0
	Ditto, interest on arrears £1,665, at 5 per cent.	...	1	16	7
„ 13.	Ditto, 45 per cent. on £36,700. Scrip paid in full (less discount 5 per cent. as per contra)	...	16,515	0	0
	Ditto, 15 per cent. on £12,300. Scrip due 4th May	...	1,845	0	0
	Ditto, 8 days' interest on £750, at 5 per cent.	...	0	16	5
	Ditto, 9 ditto ditto £1,095 at ditto	...	1	6	11
			<hr/>		
			£3,133,563	16	8
			<hr/>		
1875.	CR.		£	s.	d.
May 4.	Sundry Subscribers, discount at 5 per cent. on payments made in full this day on £79,300 scrip, as per contra	...	317	17	8
„ 5.	Ditto ditto £400 ditto ditto	...	1	11	6
„ 6.	Ditto ditto 2,000 ditto ditto	...	7	15	4
„ 7.	Ditto ditto 400 ditto ditto	...	1	10	6
„ 10.	Ditto ditto 21,000 ditto ditto	...	76	7	7
„ 12.	Ditto ditto 2,800 ditto ditto	...	9	16	7
„ 13.	Ditto ditto 36,700 ditto ditto	...	126	10	3
			<hr/>		
			£541	9	5
	Balance	...	3,133,022	7	3
			<hr/>		
			£3,133,563	16	8

London, 14th May, 1875.

I. E. FEATHERSTON, }  
W. C. SARGEAUNT, } Loan Agents.

## Enclosure 2 in No. 10.

## RE NEW ZEALAND PUBLIC MONEYS.

*Case, prepared by Messrs. Mackrell and Co., and Opinion of Mr. Joseph Brown, Q.C., thereon.*

By "The New Zealand Revenues Act, 1867," p. 649, a print of which is sent herewith, certain regulations were laid down as to the management of the funds of the colony.

A loan was subsequently raised in England by the Crown Agents of the Colonies, under the authority of an Act of the General Assembly, and with reference to the proceeds thereof the Crown Agents wrote to the Colonial Authorities a letter, of which the following is a copy:—

"8. Although we shall of course, in compliance with our instructions, place the whole of this money on deposit with the same Bank, we feel that we should be assuming a very grave responsibility if we failed to draw the attention of the Government to the magnitude of the sum thus to be dealt with; and without for a moment calling in question the solvency and honour of the A.B.C. Bank, we think we may fairly question the expediency of venturing so large a sum with this or any other Bank similarly constituted, whose whole capital, supposed to be intact, is, we believe, but £ sterling."

In reply to this letter, the Crown Agents\* received a letter from the Colonial Treasurer, dated 8th June, 1872, from which the following is an extract:—

"Sir,—In view of the large sums that will have been received for the second instalment of the New Zealand Loan, I have the honor to request that you will, if you think desirable, invest a portion—say about one-half of the amount—in Exchequer bills, and from time to time sell such portions of those bills as may be necessary to provide funds for payments that you may be authorized to make.

"The balance of proceeds of loan to be placed in deposit in the A.B.C. Bank, as heretofore."

Afterwards an Act was passed, called "The Revenues Act, 1872," a print of which is sent herewith (p. 119). The following sections are the most important as regards this case:—

"15. The 15th and three following sections of this Act shall be read as a part of the 5th division of 'The Public Revenues Act, 1867.'

"16. All moneys, the property of the Government of New Zealand in any place beyond the colony, shall be paid into an account to be called 'The New Zealand Public Account,' at such bank or banks as the Governor or as any person or persons duly authorized by the Governor, by warrant under his hand in that behalf, shall direct; and all payments to be made on behalf of the Government of New Zealand beyond the colony shall be made by such agent or agents as the Governor shall appoint for that purpose, by cheque upon and shall be paid out of the New Zealand Public Account.

"17. Such agent or agents shall, immediately after the close of each month, prepare and post to the Colonial Treasurer an account of all payments into and out of the New Zealand Public Account during such month, supported by all such vouchers and other documents as the Colonial Treasurer or the Commissioners (viz., Commissioners of Audit, section 2) may require.

"18. Every bank in which the New Zealand Public Account is kept shall, immediately after the close of each month, prepare and post to the Commissioners a bank sheet, showing the totals of the credit and debit sides of the New Zealand Public Account for such month, with the balance brought and carried forward respectively.

"19. Whenever such agent or agents shall withdraw money out of the New Zealand Public Account by way of imprest for expenditure in the public service, the imprestee thereof shall, immediately after the close of each month, prepare and post to the Colonial Treasurer an account showing the expenditure of all such moneys during such month, supported by all such vouchers and other documents as the Colonial Treasurer or the Commissioners may require. Such imprest shall be debited to a separate account, called 'The Foreign Imprest Account,' and all duly authorized expenditure of such moneys shall, as soon as the account thereof is received, be credited to the Foreign Imprest Account, and charged against the proper vote or other authority, but it shall not be necessary to repay the balance of such moneys into the New Zealand Public Account at the end of the financial year."

In exercise of the authority thereby given to the Governor, he executed the following warrant:—

## WARRANT.

To Isaac Earl Featherston, of the City of Westminster, in the United Kingdom of Great Britain and Ireland, Agent-General for the Colony of New Zealand; Penrose Goodchild Julyan, of the City of Westminster, in the United Kingdom of Great Britain and Ireland, Companion of the Most Honorable Order of the Bath, one of the Crown Agents for Her Majesty's Colonies; and William Charles Sargeant, of the City of London aforesaid, Esquire, one of the Crown Agents for the Colonies aforesaid, greeting:—

WHEREAS by the 16th section of "The Public Revenues Act, 1872," it is enacted that all moneys the property of the Government of New Zealand, in any place beyond the colony, shall be paid into an account to be called "The New Zealand Public Account," at such bank or banks as the Governor, or as any person or persons duly authorized by the Governor, by warrant under his hand in that behalf, shall direct, and all payments to be made on behalf of the Government of New Zealand beyond the colony shall be made by such agent or agents as the Governor shall appoint for that purpose, by cheque upon and shall be paid out of the New Zealand Public Account.

Now therefore, I, Sir George Ferguson Bowen, K.C.M.G., Governor of New Zealand, do hereby, in exercise and pursuance of the powers conferred on me by the hereinbefore recited section of the said Act, authorize and empower you the said Isaac Earl Featherston, Penrose Goodchild Julyan, and William Charles Sargeant, to direct and appoint into what bank or banks in the City of London, in the United Kingdom of Great Britain and Ireland, all moneys the property of the Government of New Zealand in the said City of London shall be paid to the said account, called the New Zealand Public Account; and in further exercise and pursuance of the said powers, I do hereby appoint you the said

ISAAC EARL FEATHERSTON, Esq.;

PENROSE GOODCHILD JULYAN, Esq., C.B.; and

WILLIAM CHARLES SARGEANT, Esq.,

\* It was not the Crown Agents, but the Agent-General who received this letter; the mistake is Mr. Mackrell's.

to be Agents for the purpose of making payments on behalf of the Government of New Zealand within the said United Kingdom of Great Britain and Ireland and the Continent of Europe, and to be Agents for the purpose of drawing moneys from the said account, kept at any bank or banks so directed or appointed by you under the authority hereinbefore given to you, and for signing cheques upon the said account kept at any such bank or banks; and I do further declare and appoint that any power or authority hereinbefore given to you the said Isaac Earl Featherston, Penrose Goodchild Julyan, and William Charles Sargeant may be exercised by any two of you.

Given under the hand of His Excellency Sir George Ferguson Bowen, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Governor and Commander-in-Chief in and over Her Majesty's Colony of New Zealand and its Dependencies, and Vice-Admiral of the same; and issued at Wellington, this 18th day of January, in the year of our Lord 1873.

JOHN HALL.

Such warrant was forwarded to the parties therein named with a letter of instructions on behalf of the Colonial Treasurer, dated 18th January, 1873, of which the following is a copy:—

“I have the honor to enclose a copy of ‘The Public Revenues Amendment Act, 1872,’ and to call your attention to section 16 of that Act.

“I transmit likewise a warrant under the hand of His Excellency the Governor appointing you, in conjunction with P. G. Julyan, Esq., C.B., and W. C. Sargeant, Esq., to be Agents for appointing the bank at which the New Zealand Public Account shall be kept, and authorizing any two of the Agents so appointed to operate on that account.

“It is the desire of the Government that the account shall be kept at the A. B. C. Bank; but, as a measure of precaution, you are empowered under the warrant enclosed to remove the account to some other bank, should circumstances at any time render it expedient to adopt that step.

“You will observe that the immediate effect of this constitution of the New Zealand Public Account is to necessitate the maintenance of but one account at the bank, from which account all transfers for expenditure to be made, either by yourself or by the Crown Agents, will be made to subordinate accounts in the hands of the persons operating on those accounts, to be styled in each case ‘The Imprest Account.’

“Thus the transactions occurring in ‘The New Zealand Public Account’ will be, on the one side all sums lodged to that account for loans raised or other original receipts; and on the other side the several sums transferred for expenditure to ‘The Imprest Accounts.’ These Imprest Accounts will consist of the account of the Colonial Agent for moneys transferred to his credit to make authorized payments, and the accounts of the Crown Agents for moneys transferred to their credit to pay interest on Sinking Fund or other authorized payments.

“As the latest London accounts reaching New Zealand prior to the 30th June are those for the month ending the 30th March previous, it is desirable that any balance to the credit of your Imprest Account on the date last named should be repaid on that date into the New Zealand Public Account, and that any balance at credit of the Crown Agents (except the balance of moneys in their hands applicable to the payment of interest and sinking fund due prior to that date) should be repaid in like manner—such sums as may be required for expenditure being reissued from the New Zealand Public Account on the 1st April.

“Thus, on closing the accounts of the colony on the 30th of June, the English Imprest Accounts incorporated therein will be found to be closed, and will be uniform with those of the colony at the end of the financial year in that important particular.

“You will be good enough to call the attention of the Bank to the requirements of section 18 of the Act in respect of the Bank sheet, and you will please to take care that the Imprest Accounts are rendered in compliance with section 19.

“I shall be glad if you will transmit a copy of this letter to Mr. Julyan, and one to Mr. Sargeant, as there is not time to forward them from here before the closing of the mail.”

The nominees in the warrant thereupon wrote to the A. B. C. Bank a letter, of which the following is a copy:—

“SIR,—We enclose for your information copy of an Act passed by the General Assembly of New Zealand, to amend the Public Revenues Acts of that colony, and also a copy of a warrant, under the hand of the Governor, appointing Messrs. Featherston, Julyan, and Sargeant to be Agents in London for the purposes specified in the 16th and following sections of the Act.

“To enable us to comply with the provisions of this Act, we have to request that you will, on the 31st instant, open a new account called the ‘New Zealand Public Account,’ and that you will transfer to that account whatever balance may then be standing to the credit of the ‘Public Works Account’ and to the ‘Defence and Other Purposes Account,’ together with all interest accrued thereon.

“Under instructions you will receive from the Crown Agents for the Colonies and from the Agent-General for New Zealand respectively, further sums will be paid in on the same date to the credit of the ‘New Zealand Public Account,’ and thenceforward that account will be operated upon only by the gentlemen named in the warrant, or by any two of them.

“We have further to request that you will, in compliance with the requirements of section 18 of ‘The Public Revenues Act, 1872,’ transmit to the Commissioners of Audit in New Zealand monthly, commencing with the month of April next, a Bank sheet showing the totals of the debit and credit sides of the ‘New Zealand Public Account’ for the preceding month, and the balance brought and carried forward respectively.

“The directions contained in our letter of yesterday for the transfer, at the expiration of ten days, of £20,000 to the account of the Agent-General for New Zealand, will still hold good, only that the transfer will necessarily be made from the ‘New Zealand Public Account,’ instead of from the ‘Public Works Deposit Account.’”

No formal appointment has been made of any Bank or Banks into which moneys of the Government in England should be paid, but all moneys have been from time to time paid to the A. B. C. Bank



to the credit of an account, as provided for by the Act of 1872, and such account has been drawn upon from time to time by the nominees in the warrant as occasion has required, for the purposes of the New Zealand Government.

It appears by a Treasury minute that in 1873 an arrangement was come to between the Treasury in the colony and the A. B. C. Bank, whose head office is there, of which the following is a copy:—

“As presented to both Houses of the General Assembly by command of His Excellency. Memorandum of Arrangements under which Banking Business of the New Zealand Government is conducted by the A. B. C. Bank.

The arrangements under which the banking business of the New Zealand Government is conducted by the A. B. C. Bank are as follows:—

“*The Colonial Account.*”

“All moneys lodged to credit of the Public Account at the several branches of the A. B. C. Bank throughout the colony are transferred every Monday to the credit of the Public Account at the Wellington Branch, where they are withdrawn for expenditure as required.

“Interest is credited on the average balance of the account at the rate of 4 per cent. when the balance is under £50,000, and at 3 per cent. on the daily balance when above that amount.

“*The London Account.*”

“All moneys received in London are paid into the ‘New Zealand Public Account’ at the A. B. C. Bank, whence they are withdrawn for expenditure as required. Interest is credited on the daily balances of this account at the rate of 1 per cent. below the current Bank of England rate of discount for the time being.

“*Overdrafts.*”

“Interest is charged on debit balances at the rate of 6 per cent. when such balance is less than £50,000, and 7 per cent. when above that sum, with proviso that if the discount rate of the Bank of England shall continue for two months in excess of 6 per cent., then an increase in the above rates shall be allowed for the whole period during which such excess is maintained, equal to the difference between 6 per cent. and the Bank of England rates.

“*Remittances.*”

“All remittances on Government account between the provinces of New Zealand are made at par.

“All remittances between New Zealand and the Australian Colonies are made by draft at fifteen days at par.

“Remittances at shorter dates at one-half the current rates charged to the public.

“All remittances to London are made by draft at sixty days at par.

“Remittances at shorter dates at a half per cent. below the current rate, but never below par.

“*General Provisions.*”

“The Bank is to be the bankers for the Government until the arrangement be determined by six months’ previous notice. All balances belonging to the Government are to be kept at the A. B. C. Bank.

“C. T. BATKIN,

“Secretary to the Treasury.”

“Treasury, 2nd August, 1873.”

It will be observed that this minute contains no provision as to transmission of moneys from England to the colony, and that it seems not to have reference to any moneys raised in England, but only to “balances,” which it is considered mean those on ordinary revenue accounts.

It is understood that the Colonial Treasurer, who is now in England, has without any previous communication thereon with the nominees in the warrant, made some arrangement with the President or Managing Director of the English branch of the A. B. C. Bank for the payment of a larger rate of interest on certain large sums raised in England for the Government, and now in the hands of the Bank, than is mentioned in the Treasury minute, or than is ordinarily allowed by banks; and any interference with such an arrangement, by withdrawing moneys from the Bank, might cause a loss of such increased interest to the colony as well as probably a loss to the Bank, and a consequent claim upon the colony for compensation.

These moneys can only be dealt with by cheques signed by the nominees in the warrant, or any two of them, and in the ordinary way they would only operate upon the account as the requirements or instructions of the Colonial Government may render necessary.

They have considered that, by virtue of the Act of 1872 and of the warrant given to them thereunder, they have been appointed Agents for managing in London the Public Account of the colony, and that their authority could not be interfered with or controlled, except by some act of equal solemnity to that which constituted it. But having regard to the large sum now in the A. B. C. Bank, the nominees under the warrant are desirous to be advised as to the nature and extent of their duties and responsibilities under such warrant.

Nothing has been done towards appointing any Bank or Banks under the warrant, except writing the letter to the A. B. C. Bank of 19th March, 1873.

The nominees in the warrant do not receive any payment from the New Zealand Government in respect of the matters therein referred to; but Mr. Featherston receives a salary as Agent-General of the Colony, and Sir P. Julyan and Mr. Sargeaunt, as Crown Agents for the Colonies, receive certain commissions in respect of payments of interest on loans raised for the colony.

Counsel is requested to advise—

1. Whether the nominees in the warrant are under any obligation to appoint one or more Bank or Banks for the purposes therein mentioned?
  2. What is the nature and extent of the authority conferred upon them?—
    - (a.) As regards the appointment of the Bank or Banks, that is to say, Is it a continuing authority to appoint from time to time as they think fit, or can they appoint only once for all, or is it an authority to direct how moneys belonging to the colony shall from time to time be disposed of?
    - (b.) Would the nominees in the warrant be controlled in the exercise of their power to operate upon any banking account by any agreement or arrangement entered into by the Treasury of the Colony, or by the Colonial Treasurer whilst in England; and how must such an agreement or arrangement be entered into to be binding on the nominees?
  3. What is the nature and extent of the duties and responsibilities of the nominees in the warrant?—
    - (c.) As regards the drawing out of moneys from the A. B. C. Bank, or any other Bank into which money may be paid by the direction or with the permission of the nominees in the warrant, that is to say, Are they so bound to exercise a discretion as to the amounts from time to time permitted to remain in any one Bank, as to be personally liable in case of the failure of such Bank, if they neglected to draw out moneys, so as to keep the balance within reasonable limits?
    - (d.) If they acted in disregard of any such binding agreement or arrangement as mentioned in par. (b.) would they be personally responsible to the Government for any loss of interest thereby sustained, or for any compensation the colony might have to pay the Bank for the breach of any such agreement or arrangement?
  4. Generally, whether the nominees in the warrant are under any, and, if any, what responsibility, if they allow the large sum at present in the A. B. C. Bank to remain there, and whether they would be under any, and, if any, what responsibility if they remove it to some other Bank or Banks?
  5. Generally, in what manner, and by whom, can the authority given by the warrant be revoked, cancelled, or controlled?
  6. How can the nominees in the warrant relieve themselves, or obtain relief, from any responsibility they may be under in regard to it?
  7. And generally to advise the nominees named in the warrant as to their position, under the circumstances, and the course they should take.
- 21, Cannon Street, 29th April, 1875.

#### OPINION.

I THINK the nominees in the warrant (whom I will term F. J. and S.), having accepted it and acted on it, come under an obligation to appoint a Bank or Banks for the purposes mentioned.

2. I am of opinion that the warrant was an authority to appoint a Bank from time to time, and to change it as they saw fit; but that the letter accompanying the warrant fully authorized F. J. and S. to appoint the A. B. C. Bank, and freed them from responsibility for that selection and for its continuance—leaving, however, to them the duty of removing the account should it become expedient to do so from any change of circumstances affecting the Bank.

(b.) I am of opinion that F. J. and S. will be practically free from liability arising from any arrangement entered into by the Colonial Treasury with the Bank—the Treasury standing really in the place of the Governor for this purpose—and the Governor being the principal of F. J. and S., who can revoke their authority at any time. It is plain that the Colonial Treasury have made some arrangement with the A. B. C. Bank (Minute of Aug. 2/73), and what the Colonial Treasurer has done in England seems to be only an improvement or modification of that arrangement; and I think F. J. and S. must not attempt to disturb it.

(c.) I am of opinion that they are in no way liable for anything which the Colonial Treasury or Secretary have done with the Bank, nor bound to exercise any discretion which will interfere with those arrangements, and if they did so, after knowing that such arrangements had the sanction of the Colonial Treasury or the Governor. I am inclined to think they would be responsible for any loss of interest or damage arising therefrom.

4. This is answered above.

5. The Governor can revoke the warrant at any time. I am of opinion that he can also contract the exercise of the power given by it, by directions accompanying the warrant, or by interfering through his Government in the selection of the Bank, and by making arrangements with them.

6, 7. I think that all which F. J. and S. are called upon to do is, to write to the Government calling their attention to the warrant of January 18/73, and the letter accompanying the same, to the minute of August 2/73, and to the arrangements made by the Colonial Secretary here with the Bank, and pointing out that these arrangements by the Government with the Bank relieve F. J. and S. from all responsibility for the continuance of the Government account with the Bank as well as for the large amount of money in its hands, reminding the Government of the letter of June 8/72 on occasion of the former loan, and asking their instructions as to whether F. J. and S. are still to undertake the responsibility of removing the account from the Bank in the event of any emergency arising which may render it expedient to act before the Colonial Government can be communicated with. As there is no pressing danger, nor likely to be for a good while to come, I think nothing more than this is required to define the position of F. J. and S., and free them from responsibility.

Temple, 30th April, 1875.

JOSEPH BROWN.

P.S.—Of course, if F. J. and S. know of any circumstances affecting the stability of the Bank, they should communicate them to the Government; if they don't, they should say so.—J. B.

## No. 11.

Offices of the Crown Agents for the Colonies,

Spring Gardens, London, S.W., 14th May, 1875.

SIR,—

We have the honor to enclose, for the information of the Government of New Zealand, further correspondence which has taken place between Mr. Vogel and ourselves as Loan Agents, in continuation of that forwarded to you in our letter of the 16th ultimo.

We have, &c.,

P. G. JULYAN.

I. E. FEATHERSTON.

W. C. SARGEAUNT.

The Hon. the Colonial Secretary, New Zealand.

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Enclosure 1 in No. 11.

The Hon. Sir J. VOGEL to the LOAN AGENTS.

7, Westminster Chambers, Victoria Street, Westminster, S. W.,

5th May, 1875.

GENTLEMEN,—

I have the honor to acknowledge the receipt of your letter of 12th April. There are some points in it to which I think it desirable to reply.

2. I cannot agree with you that the state of my health forbade you to hope for the possibility of my meeting you, seeing that I had never been unable to grant you an interview. It is true you had had to meet at my house—a course which had I been well it would not have been unreasonable to expect you to follow. About the time of your preparing the report, I had been out several times; so that my illness could have had nothing to do with your isolating me from your proceedings. I prepared, as you state, a draft letter, and read it to one of you. I read it to Mr. Featherston, at his office, and he told me that a report had already been prepared, and was being forwarded to me. In the course of an hour or two, when I reached my house, I found there two documents about which we are corresponding. On the afternoon of 9th March, when the Californian Mail was leaving, I was first informed of the desire to send a report. Mr. Featherston and Mr. Sargeaunt called on me with one prepared. I pointed out its inaccuracies, and said I would prepare one. They took the document away to point out its mistakes to Sir P. G. Julian. When I afterwards asked for it, I was told Sir P. G. Julian had it, and that he was not at the office. I prepared a letter without it, and took the draft to Mr. Featherston, who then told me of another report having been prepared; and, as I have said, when I reached home, I found it with the copy of the letter which purported that the original had been signed by each of you.

3. I do not consider those documents beyond the right of comment. I had already written to the colony before your letter of March 19th, enclosing another report which you had adopted, reached me. Besides, I should not in any event have consented to the document purporting to be a copy of a signed original, but which original, it afterwards appeared, had not been signed, being withdrawn. The whole proceeding was of a nature which my duty forbade me to overlook.

4. A great deal of your letter of April 12th does not require reply. All that you urge does not do away with the facts that Messrs. L. N. Rothschild and Sons sold the loan well; that we obtained a very good price for it; that they procured a large circle of new investors, thereby occasioning much annoyance to some persons who had grown to look upon colonial loans as a sort of monopoly; and that, in stating the rates of your previous transactions, you do not accurately describe the sales effected.

5. You correctly state that I approved of the sale of the £1,500,000, and I do not recall that approval, although until I reached London I was not aware of the discontent which the syndicating, after obtaining a higher price from the public for a part of the loan, had occasioned.

6. You dwell upon my having required the sale of the £4,000,000 without having given you the particulars of the requirements of the colony. You will permit me to say that those requirements were freely discussed between us, and that on one occasion Mr. Featherston produced a calculation, from which he showed the expediency of negotiating the whole loan, and the necessity of negotiating at least £3,000,000. You are not, however, accurate when you say that I insisted upon the sale of the £4,000,000. I stated to you that I would be satisfied with the sale of £3,000,000, but that I thought it better the £4,000,000 should be sold; for that until the whole amount was sold the market for our securities would be depressed.

7. Your recollections of what has passed between us at different interviews are inconsistent with my own. I am aware that you have the advantage of numbers; but as I can prove some of your recollections to be erroneous, and as some, though vouched by all, are statements as to what took place in the absence of some of you, I venture to strongly affirm that you are very much mistaken in a great deal of what you state.

8. At the interview on the 18th February, the gentleman to whom you refer (Mr. Scrimgeour), who was present by appointment to meet us all, gave it as his opinion that 92 might be obtained for £2,000,000, 91 for £3,000,000, and 90 for £4,000,000. The first, he said, he thought was probable; the second less probable, and the third only possible. I deny making the statement about the Government being "in a mess," and that I must have the four millions sold firm. On the contrary, I said I would consent to a sale of £3,000,000; and when it was proposed to sell to a brokers' syndicate £2,000,000, accepting their undertaking to lend us money on part of the balance, I said I would have nothing to do with such a dangerous transaction, and would prefer obtaining the money in a different way, by short-dated debentures. On Mr. Scrimgeour withdrawing, I expressed my opinion that we should, if necessary, take 90 from Messrs. Rothschild and Sons, if we could not get more; 90 was the price the broker had said it was barely possible to obtain for £4,000,000. It is absolutely incorrect that I stated "it would be very advantageous to dispose of the whole £4,000,000 to Messrs Rothschild and Sons, if necessary, at the price offered by them, namely 88 net." The proof that this statement is incorrect is, that Messrs. Rothschild and Sons had not offered 88 up to that time, nor was that price

ever mentioned at that interview. On the 18th we were all of opinion that we could get 90 from Messrs. Rothschild and Sons, and I proposed an authority to Sir P. G. Julian to close at that price, on the understanding that he was to endeavour to get more. But the other Agents refused to allow Sir P. G. Julian to accept less than 92, and it was agreed that he was to offer Messrs. Rothschild and Sons not less than £3,000,000 at 92; and failing their acceptance at that price, he was to ask Mr. Scrimgeour to get up a syndicate at the same rate, and for the same amount. On the following day, Sir P. G. Julian wrote me that Messrs. Rothschild and Sons would not give more than 88. This was the first time such a price was ever mooted to me. In the evening he came to me and told me the same, adding that he would have taken upon himself the responsibility of selling at 90, if Baron Rothschild would have given it. Sir P. G. Julian further told me that he had written to Mr. Scrimgeour, authorizing him to obtain offers for the whole or any part of the loan. I quite agreed that 88 was inadmissible, and stated so emphatically; but I asked Sir P. G. Julian why he had not limited Mr. Scrimgeour to not less than 92 for not less than £3,000,000, as agreed to on the previous day. He said he thought it was better not; and I expressed myself strongly that the absence of a limit might lead to the loan being hawked about at any price. Sir P. G. Julian, however, explained that Mr. Scrimgeour was only to have until Monday, to try what he could do. Meanwhile, he told me he had instructed Mr. Scrimgeour, in accordance with a desire I expressed, to communicate with me direct. This was on the Friday evening, and Mr. Scrimgeour was to have until Monday. Before Monday, circumstances had come to my knowledge which convinced me that the negotiations with Messrs. Rothschild and Sons had fallen through on account of the manner in which Sir P. G. Julian had conducted them. I saw Mr. de Rothschild, and learned from him that his father, driven to make an offer, had offered 88, but that he had advised we could do better, and had offered to sell the loan on commission. He believed that his father could procure quite a new circle of investors in colonial loans, and had no doubt that if they offered the loan it would go off. I learned enough to show me how Sir P. G. Julian had managed the negotiation with Messrs. Rothschild and Sons. I sent for Mr. Featherston, and, after telling him what I thought of the matter, called upon him to support me. We agreed that we were bound to give Mr. Scrimgeour until Monday evening, but no longer; and Mr. Featherston agreed to go into town on Monday, and give Mr. Scrimgeour to understand that he must let me know on Monday evening the result of his negotiations. On Monday evening Mr. Scrimgeour came, and told me that he had done nothing. He attributed his failure to Messrs. Rothschild and Sons refusing to deal with him, and their asserting that they still considered themselves in negotiation with us. Mr. Scrimgeour said he could not do anything unless we were finally off with Messrs. Rothschild and Sons, but he added that he did not ask us to do anything of the kind—we must use our own discretion. I said (I do not vouch for the exact words): "I understand that if you are to continue to act, it will be necessary to finally close with Messrs. Rothschild and Sons. What justification can you give me for so doing? Will you undertake to sell even £2,000,000? Will you make me any offer?" He said he was not able to do so. On the Tuesday the Agents met, with the exception of Sir P. G. Julian, who was unable to be present. In the course of the meeting Mr. Sargeant showed some warmth, and asked me what I meant by saying that, if necessary, I would give directions to the Loan Agents. I explained to him that the Loan Act provided for different powers being given to the Agents—that it was not thought necessary to state this in the warrant—that it was supposed the Agents would recognise my position. I admitted that the warrant not stating otherwise, as Agent I stood on an equality; but I added that I considered that if, as Colonial Treasurer, I gave directions, I should expect them to be complied with.

Mr. Sargeant said, in that case he would be relieved of responsibility. I said of course the responsibility would be mine if I adopted that course, but I hoped it would not be necessary. I then proposed to take the negotiations with Messrs. Rothschild and Sons into my own hands, and said I should try to get 91 net, free of all allowances: that was to say, the issue price to be 94, with 1 per cent. allowance to the public for accrued interest, and 2 per cent. commission to Messrs. Rothschild and Sons, they to guarantee the sale. I said I was willing to be bound by the limit of 91, and call the Agents together if I could not get it; or they could, if they liked, agree that I should take 90, failing my being able to sell for 91. Mr. Featherston at once said he voted for my undertaking the negotiation at 91 net. Mr. Sargeant acquiesced. It was agreed he should, for form sake, consult Sir P. G. Julian. I then turned to Mr. Featherston, and asked if he would come into the City, and hear all that passed with Messrs. Rothschild and Sons. Whilst we were with Messrs. Rothschild we received a note from Mr. Sargeant, saying that Sir P. G. Julian agreed to 91 for £3,000,000, and would, if necessary, agree to take 90 for £4,000,000.

7. Now, these are the facts, and they rebut the assertion that I was willing to take 88. I may say that I expected to get 90, and knew that I could do so for £2,000,000. I felt quite certain, from the most reliable sources, that Mr. Scrimgeour could not have done better than 90, and that for £2,000,000 only; and then there would have been  $\frac{1}{4}$  per cent. to the Crown Agents, and  $\frac{1}{4}$  per cent. to Messrs. Scrimgeour, so that the price realised would not have been more than 89 $\frac{1}{2}$  net.

8. Throughout, I urged that Messrs. Rothschild and Sons would do what they have done—obtain new investors in colonial loans. Sir P. G. Julian contemptuously snapped his fingers at this possibility, when he described to me that Messrs. Rothschild and Sons themselves told him they could do so.

9. You do not now support your former statement, that you could have sold £2,000,000 to the public. You narrow the issue to the statement that the £4,000,000 sale was a good one, but that you could have done better by selling in two parcels of £2,000,000 each. This statement is evidently made to prejudice me with distant readers. Any one in London, not concerned in keeping up the old monopoly, could contradict it, and would support me in recognizing how damaging and objectionable it would have been to make a sale of £2,000,000, with arrangements for borrowing on the security of the balance, with the risk of a forced sale in the case of a disturbance of the money market. When I reached Florence, I was told it was desirable to keep out of the market as long as possible—that the last sale of £1,500,000 had been managed with difficulty. When I reached London, I was told £1,000,000 was possible; and shortly it rose to the possibility of £2,000,000 at most. An excellent

authority, introduced to me by Mr. Featherston, told me that, as it was known we required to sell £4,000,000, selling half and keeping half would just as much depress the market as offering the whole. No one whom I consulted thought we could do so well as we have done. No one whom I have met since the operation has failed to congratulate me on it as a most brilliant success.

10. Permit me to add, that your efforts to recal conversations that have taken place have obscured your appreciation of what it was most incumbent on you to explain. You wholly fail to justify Sir P. G. Julyan's sending me a document, purporting to be a copy of a signed letter, but which was not signed. I cannot too strongly express my sense of the disastrous consequences to political and commercial morality which such a course would be fraught with, if it were accepted as a precedent. A person would not be able to express even a qualified approval of a document, without being liable to find that his signature, with all its usual details, was attached to a copy of the document sent to his friends. I am left, also, quite at a loss to understand how Mr. Featherston could reconcile himself to overlook such an offence against his public position—I say nothing of his private feelings. The reasons which actuated you in keeping me from your deliberations are not explained; or, rather, the attempt to explain them is wholly unsatisfactory.

The Government, in appointing the Agency, desired that one at least of the Crown Agents and the Agent-General should act together, but should each exercise his own judgment, and not depute one to the other his functions. The affairs confided to your charge were of too great magnitude to be left to the management of two partners (which Sir P. G. Julyan once described to me to be the position of himself and Mr. Sargeant), or to a single management. When, in the colony, I discovered the serious mistake which you had committed in making a large issue of wrong bonds, I felt that such an error could be hardly possible if two persons independently watched all the details of the transaction. I am, perhaps, very much to blame for overlooking that occurrence. It, as well as those incidents of the purported copy of a signature, the indifference with which the act was regarded, the exclusion of myself from your deliberations, and other incidents to which it is here unnecessary to refer, point to the conclusion that in reality all the very great responsibilities devolved upon the Agents for the Colony rest upon one gentleman. I am not reflecting upon him when I say that this exclusive power is larger than it was meant he should possess.

Sir Penrose G. Julyan, K.C.M.G., C.B.  
I. E. Featherston, Esq.  
W. C. Sargeant, Esq.

I have, &c.,  
JULIUS VOGEL.

### Enclosure 2 in No. 11.

The LOAN AGENTS to the Hon. Sir. J. VOGEL.

SIR,—

London, 12<sup>th</sup> May, 1875.

We have to acknowledge the receipt of your letter of the 5<sup>th</sup> instant, in reply to ours of the 12<sup>th</sup> ultimo.

Although we should have been amply justified in treating your observations on our proceedings as Loan Agents in the light of a protest against the conclusions at which the majority of your colleagues had deliberately arrived—and as such calling for no further remark—still, we have thought it due to the high official position you occupy in the colony, to give to what you have stated our most careful consideration; and having done so, we have come to the conclusion that the interests of the Government, no less than a sense of what is due to ourselves, require that we should abstain from all further allusion to those points which have already been dealt with, and upon which our recollections and opinions are so totally at variance with your own as to preclude all hope of agreement.

There are, however, one or two comparatively trivial occurrences which you have imported into the discussion, by way, as it appears to us, of endeavouring to neutralize the legitimate weight due to the fact that the views we have expressed are those of *three* out of the *four* Loan Agents, which call for some notice.

1. You say—"When, in the colony, I discovered the serious mistake which you" (Julyan, Featherston, and Sargeant) "had committed in making a large issue of wrong bonds, I felt that such an error could be hardly possible if two persons independently watched all the details of the transaction;" and you go on to state that this and other incidents "point to the conclusion that in reality all the very great responsibilities devolved upon the Agents for the colony rest upon one gentleman."

To this charge our reply is, that the mistake to which you refer occurred just twenty-two months ago; that it has no relation to the differences of opinion which have unhappily existed between you and ourselves as co-Agents for the loan recently contracted; that the mistake was not of a nature such as might be inferred from the manner in which you state it, but simply a misdescription in the printed heading of 100 bonds, whereby the wrong Act was quoted, all of which was officially explained to the Government when the oversight was corrected; that the bonds referred to were prepared exactly as you tell us the Government desire they should be, viz. by one Crown Agent and the Agent-General; and finally, that Sir Penrose Julyan, to whose monopoly of responsibility you attribute this mistake, was, as officially reported to you at the time, not in England when the bonds in question were created by Messrs. Featherston and Sargeant.

Although it is evident that your conjectures in this case are widely at fault, we cannot lay claim to infallibility in our manipulation of debenture bonds, but we are reconciled to our failing by the knowledge that out of the many thousands of such instruments we have created and dealt with for the Government of New Zealand, this solitary and harmless mistake is the only one which has been brought to our notice.

According to our experience in such matters, this circumstance abundantly testifies to the care and attention with which, what you correctly term, "the very great responsibilities devolved upon the Agents," have been for so long a period successfully discharged.

2. In your second series of paragraphs, No. 10, you inform your co-Agents that their appreciation of what was most incumbent on them to explain, had been "obscured," inasmuch as they had wholly failed to justify Sir P. G. Julyan's sending you a document purporting to be a copy of a signed letter, but which was not signed, adding that you "cannot too strongly express your sense of the disastrous consequences to political and commercial morality which such a course would be fraught with, if it were accepted as a precedent," and that you were "quite at a loss to understand how Mr. Featherston could reconcile himself to overlook such an offence against his public position, to say nothing of his private feelings."

We are happy to be able to assure you that neither political nor commercial morality were outraged on this occasion, but that the document in question was the deliberate and joint production of all three, who chose to signify that fact to you by having their names written at the foot of the letter they proposed to send, subject to such modifications as your suggestions might possibly have led them to adopt. It is scarcely necessary to explain that, under such circumstances, Mr. Featherston had no offence against his public position to overlook, nor any wounded feelings to assuage; but we may add that in all matters connected with the Four Million Loan—as in others which have preceded it—we have never failed to consult together, with an earnest desire to do that which we believed best calculated to promote the true interests of the colony; that whatever differences of opinion may have existed between us, we have never failed to reconcile them on a reasonable basis; that each one of us has taken his full and independent share in discussion and responsibility; and that in no one instance has there been the least lack of cordial unanimity in the many important decisions which we have had jointly to arrive at.

3. After what we have above written, it would seem scarcely necessary that we should allude to your statement about leaving affairs of magnitude to "the management of two partners" (which you say Sir P. G. Julyan once described to you to be the position of himself and Mr. Sargeaunt); and as the conversation in which the expression occurred had no reference to the late negotiation, and two of us were not parties to it, Sir P. G. Julyan has replied to it himself, in a letter which accompanies this.

We have, &c.,  
P. G. JULYAN.  
I. E. FEATHERSTON.  
W. C. SARGEAUNT.

The Hon. Julius Vogel, C.M.G., 87, Gloucester Place, Portman Square.

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### Enclosure 3 in No. 11.

Sir P. G. JULYAN to the Hon. Sir J. VOGEL.

SIR,—

London, 12th May, 1875.

In a letter addressed by you to your co-Agents for the New Zealand Four Million Loan, on the 5th instant, you state that I had once described to you the position of myself and Mr. Sargeaunt as that of "two partners."

The meaning with which you evidently seek to invest an expression used, in a qualified sense, by me—when discussing another subject—without giving the context, renders it necessary that I should supply the omission, and place on record the circumstances under which the alleged words were made use of.

In conversation with me in this office on one occasion, you inquired, *inter alia*, in what manner the public account at the Bank of New Zealand was operated upon; and in reply I stated that money required for services conducted by the Agent-General was transferred to his account upon the joint order of himself and one of his co-agents—or trustees—for managing the Government account; and that all moneys required for services conducted by the Crown Agents were transferred to their bankers on a joint order signed in like manner, adding that, although any two of the Agents were empowered to operate on the account, yet as Mr. Sargeaunt and myself, as Crown Agents, having a joint responsibility, might possibly be regarded in much the same light as partners in one concern, we had arranged with Mr. Featherston that whenever it was possible to do so he should unite with one of us in signing the order for transfer to the Crown Agents' account, so that Mr. Sargeaunt and myself, as trustees, should not be withdrawing money for our use as Crown Agents without Mr. Featherston's co-operation.

The Hon. Julius Vogel, 87, Gloucester Place.

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

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### Enclosure 4 in No. 11.

The Hon. Sir J. VOGEL to the LOAN AGENTS.

GENTLEMEN,—

London, 6th May, 1875.

I have the honor to point out to you that the debenture from which it is proposed to issue for the Four Million Loan contains a provision that the principal of the loan will be payable at the office of the Crown Agents.

2. The advertisement calling for the loan provided that interest should be payable at the Crown Agents' office, but said nothing about the principal being made payable there; and I am of opinion that it will be quite sufficient to say that the principal will be payable in London.

3. I am not prepared to say that the insertion of the words to which I refer makes it incumbent that the principal be payable at the office of the Crown Agents, but, supposing they amount to a con-

dition, might entail a serious loss on the colony, which will probably have its own machinery for making the payment in London before the time when the debentures will be called in or become due.

4. It is not my fault that I am thus late in making this suggestion. No copy of the proposed debenture was sent to me by the other Agents, and it was not until I had requested the same for quite a week that I last night received a copy.

Sir Penrose G. Julyan, K.C.M.G.  
I. E. Featherston, Esq.  
W. C. Sargeant, Esq.

I have, &c.,  
JULIUS VOGEL.

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### Enclosure 5 in No. 11.

The LOAN AGENTS to the Hon. Sir J. VOGEL.

SIR,—

London, 12th May, 1875.

We have had the honor to receive your letter of the 6th instant, pointing out that the form of debenture which it is proposed to issue for the Four Million Loan contains a provision that the principal of the loan will be payable at the offices of the Crown Agents for the Colonies, and expressing your opinion that, as nothing about the principal being made payable there was expressed in the advertisement, it would be sufficient to say that it will be payable in London.

In reply, we have only to remind you that by clause 2 of our contract with Messrs. N. M. Rothschild and Sons, prepared by Mr. Mackrell under your dictation, it is expressly provided that the loan shall be paid off at the offices of the Crown Agents for the Colonies; and by clause 3 it is further provided that the bonds shall be similar to those issued in 1874.

These conditions were, we think, in the interests of both parties to the contract, wisely included therein, for had the debentures of this loan not been identical in these respects with those of the previous issue, we are of opinion that their marketable value would have been considerably lessened, and that the difficulties now experienced by the contractors, and by the syndicate formed under them, in getting these securities taken up by *bonâ fide* investors, would have been greatly aggravated.

While we regret that some delay inadvertently took place in complying with your verbal request to be supplied with a copy of the debenture bond, we are glad to find that no serious consequences are likely to result from that delay; but we may be allowed to remind you that, under the supposition that it might be your wish to aid your colleagues in carrying out the details which devolved upon the Agents for the loan, you were, at a much earlier stage of the proceedings, requested to state whether or not you desired any of the bonds sent to your house, and that your verbal reply was in the negative.

We have, &c.,  
P. G. JULYAN.  
I. E. FEATHERSTON.  
W. C. SARGEANT.

The Hon. Julius Vogel, 87, Gloucester Place.

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### No. 12.

The Hon. Sir J. VOGEL to the Hon. Dr. POLLEN.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
31st May, 1875.

SIR,—

I have the honor to forward to you herewith copy of correspondence respecting the negotiation of the Four Million Loan, in continuation of that enclosed in my letter *visâ* Brindisi, No. 111, of 12th May.

The Hon. Dr. Pollen, &c.

I have, &c.,  
JULIUS VOGEL.

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### Enclosure 1 in No. 12.

The Hon. Sir J. VOGEL to the LOAN AGENTS.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
25th May, 1875.

GENTLEMEN,—

I have the honor to acknowledge the receipt of your letter of May 12, in reply to mine of May 5.

2. I shall confine my reply to the subjects to which you specially refer.

3. I do not agree with you that in my letter I misstated the nature of the mistake you made in wrongly issuing bonds. All errors and mistakes are more or less susceptible of favourable definitions; and I do not remember to have ever read one more plausible than that which you employ. One hundred thousand pounds of debentures, under "The Defence and Other Purposes Loan Act," were issued by you without any authority for doing so. You were authorized to raise money under "The Immigration and Public Works Loan Act." On former occasions you had been authorized to raise money under both Acts, but your warrant on this occasion only gave you power under "The Immigration and Public Works Act." The issue you made was grossly illegal, and was the result of indefensible carelessness. Your statement that the mistake consisted of "simply a mis-description in the printed heading of one hundred debentures, whereby the wrong Act was quoted," is an example of how all errors may be glossed over by ingenious descriptions.

4. The fact which you tell me of Sir P. G. Julyan's absence, exonerates that gentleman from personal blame, but it does not lessen the force of my remark "that such an error could be hardly possible, if two persons independently watched all the details of the transaction."

5. With respect to the copy you sent me of a document with signatures purporting to be copied, one at least of which signatures did not exist, you tell me, "the document in question was the deliberate and joint production of all three, who chose to signify that fact to you by having their names written at the foot of the letter they proposed to send." This is a very vague assertion. The document you sent me had the various names opposite the word "Signed." This means, according to all usage, that the signatures exist on the original; and the word "Signed" indicates that they are copied. If an authority to sign by another person was given, it should have been stated. I was told by Mr. Featherston himself that he had not signed the document; and I adhere to all I have said as to the objectionable and mischievous nature of such a proceeding as sending copies of signatures which exist only in imagination or intention. Granted that Mr. Featherston approved the draft, it would have been open to him before signature to have altered his mind. The names appended to the letter were written at a different time from the body of the letter, with different ink, and do not seem to be in the same handwriting. There must, therefore, have been a deliberate object in attaching the signatures; it could not have been done inadvertently. It is not necessary for me now to conjecture what that object was.

Sir P. G. Julyan, K.C.M.G.  
I. E. Featherston, Esq.  
W. C. Sargeant, Esq.

I have, &c.,  
JULIUS VOGEL.

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### Enclosure 2 in No. 12.

The Hon. Sir J. VOGEL to Sir P. G. JULYAN.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
May 26, 1875.

SIR,—

I have the honor to acknowledge the receipt of your letter of May 12th, upon the subject of an expression contained in a letter of mine of the 5th April to yourself and Messrs. Featherston and Sargeant.

In your letter you describe correctly, as far as I recollect, the conversation to which you allude; but which was not the conversation to which I alluded.

Sir P. G. Julyan, K.C.M.G.

I have, &c.,  
JULIUS VOGEL.

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### Enclosure 3 in No. 12.

The Hon. Sir J. VOGEL to the LOAN AGENTS.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
26th May, 1875.

GENTLEMEN,—

I have the honor to acknowledge the receipt of your letter of the 12th May, in reply to mine of the 6th May.

2. I have no doubt that Messrs. Rothschild and Sons would release the Agents from the necessity of stating in the bonds that the principal sum would be payable at the Crown Agents. That they did not attach importance to it is to be gathered from the fact that they did not insert it in the advertisement. I am of opinion that the bonds would still be "similar," if "London" were inserted, instead of "the Office of the Crown Agents." It is impossible to suppose that it makes any difference to the holders of bonds from what persons they receive their payments, if those payments are duly made, and in the same city.

3. Your assertion that the contractors have experienced difficulties in getting the securities taken up by *bonâ fide* investors is contrary to their own statement.

4. If the bonds are issued as you propose, I am under the impression that practice and usage would still justify their being paid off at some other place within London than the Crown Agents' office.

I have, &c.,  
JULIUS VOGEL.

Sir P. G. Julyan, K.C.M.G.  
I. E. Featherston, Esq.  
W. C. Sargeant, Esq.

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### No. 13.

The Hon. Sir J. VOGEL to the Hon. Dr. POLLEN.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,  
1st June, 1875.

SIR,—

I have thought it advisable to ask Mr. Russell and the Managing Director of the Bank of New Zealand to put into writing the information they gave me whilst the Four Million Loan was being negotiated here. I forward you their letter.

2. In the correspondence which has passed between the other Agents and myself, they allege that I was willing to accept 88. You will have observed that I totally deny that allegation, and state that I was aware that I could have got 90 for a part of the loan. Of course during the negotiation I did my best to make myself acquainted with the opinions that prevailed. Amongst others, I found



that Mr. Russell and Mr. Larkworthy were willing to give me all the information they could. I have now asked them to put into writing the information they gave me, in order that the Government may see I am not without warrant in stating that I was led to understand that 90 could have been obtained, but not more.

3. When I state that the brokers who would have been employed by the Crown Agents to get up a Syndicate would have applied to the Bank of New Zealand to help them to arrange it, you will see that the information contained in the letter enclosed bears out my assertion as to what could have been done without the assistance of Messrs. Rothschild and Sons.

The Hon. Dr. Pollen, &c., &c.

I have, &c.,  
JULIUS VOGEL.

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### Enclosure in No. 13.

Messrs. RUSSELL and LARKWORTHY to the Hon. Sir J. VOGEL.

SIR JULIUS,—

Bank of New Zealand, London, 29th May, 1875.

You have asked us to put in writing the advice we verbally gave you, when called upon to do so, at the time you were engaged in your recent negotiation for the sale of the Four Million Loan. You will remember the question put to us by you was as to the amount of the loan you could probably succeed in selling through the Crown Agents, and the price you could realize for the same in the event of your failure to make terms with the Messrs. Rothschild.

In order that our reply might be reliable, we communicated with brokers who had had the most to do with colonial bonds, and specially with the Messrs. Scrimgeour. The conclusion we arrived at, and of which we advised you, was that you could not sell more, through the Crown Agents, than £2,000,000 of 4½ per cent. bonds, and that, for this amount, you could have got 90, but not more.

The Hon. Sir J. Vogel, &c., &c.

I have, &c.,  
THOMAS RUSSELL.  
F. LARKWORTHY.

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By Authority: GEORGE DIDSBURY, Government Printer, Wellington.

Price, 1s. 6d.]

