

1876.

NEW ZEALAND.

UNNEGOTIATED BALANCES OF UNGUARANTEED
DEBENTURES,

(CORRESPONDENCE RELATING TO).

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

No. 1.

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

Wellington, 27th August, 1875.

BALANCES loans unraised, including guaranteed, amount two millions. Should Rothschild take them, shall not want more for two years. * * *

Vogel, care Featherston, London.

POLLEN.

No. 2.

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

London, 30th September, 1875.

* * * Rothschild see me in ten days. Doubt making arrangement you desire with him, but think possible arrange advance half-million on security unguaranteed, in addition to borrowing on guaranteed debentures. Will this do?

Pollen, Melbourne.

VOGEL.

No. 3.

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

Wellington, 30th September, 1875.

* * * Financial Statement details, unsold balances Loan. Try arrange sale one million, leaving guaranteed untouched. Not need all at once. Say three instalments, one March, three months' interval. * * *

Vogel, care Dr. Featherston, London.

POLLEN.

No. 4.

The Hon. Sir J. VOGEL to Messrs. ROTHSCHILD and SONS.

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

18th October, 1875.

GENTLEMEN,—

I think it desirable to place on record the substance of what took place at our interview a few days ago, and I shall be glad to learn if your recollection confirms my own.

2. I recalled to your memory that, whilst I had stated to you, when arranging the loan negotiations early this year, that the Government of New Zealand would endeavour not to issue any fresh loans during this and the next year, I did not feel myself at liberty to give any absolute assurance on the point. I then explained to you that, though no new loans were authorized, or would be issued, it was probable that, during next year, the Government would desire to dispose of about one million one hundred thousand pounds of debentures, being different portions of loans already authorized and partly disposed of, and I asked your advice on the subject; and I also stated, that I thought it due to you to give you the information.

3. In reply, you stated, in effect, that the loan lately issued was a very heavy one; that you thought it undesirable to make any present arrangements about the debentures to be sold next year; that it was likely the aspect of affairs generally would be much improved in the spring, and in that case you would be happy to act for the Government in disposing of the debentures in question.

4. This, I think, substantially represents that which passed between us.

Messrs. N. M. Rothschild and Sons, &c.

I have, &c.,

JULIUS VOGEL.

No. 5.

Messrs. ROTHSCHILD and Sons to the Hon. Sir J. VOGEL.

DEAR SIR,—

New Court, 18th October, 1875.

We have had the honor to receive your letter of the 18th instant, in which you refer to the conversation which took place at our last interview.

We must first allude to the remark we made, that the last loan of £4,000,000 sterling was placed on very favourable conditions for the Government: in fact, we believe that if it had not been for your exertions, and your personal influence, the terms would have been very different.

With regard to the sale of the balance of the former loans, namely, £1,100,000 of stock, we strongly recommend you not to think of disposing of the same until the money markets on the Continent are in a more healthy state, and until the bonds of the last loan have been well placed. It was generally thought, at the time the loan was made, although there was no engagement to this effect, that no further issue of stock would take place during the year of 1876.

On your return to New Zealand, if you will do us the honor of communicating to us the wishes of your Government, we shall be most happy to give your Government, or their representatives, all the information in our power as to the chances of placing the bonds at a price they ought to command, and also when we think the moment for so doing would not have any effect on the credit of your Government.

Hon. Sir Julius Vogel, K.C.M.G., &c.

We have, &c.,
N. M. ROTHSCHILD AND SONS.

No. 6.

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

7, Westminster Chambers, Victoria Street. Westminster, S.W.,
21st October, 1875.

Nos. 4 and 5. SIR,—

I have the honor to enclose copy of correspondence with Messrs. N. M. Rothschild and Sons, upon whom I waited in obedience to your request, by telegraph, that I would endeavour to sell, through the firm, the balances of the several unguaranteed loans.

2. The result of my interviews is, I think, not unsatisfactory. Messrs. Rothschild do not claim that there is any engagement which prevents our offering the whole of these balances before the end of 1876; and, while of opinion that it would be inexpedient to propose to sell them at present, the firm express themselves as willing to act with the Government in the matter, should it be so desired, when a suitable time for the sale arrives.

3. As the Government will want money during next year, the better course would, perhaps, be to send Home, to agents appointed for the purpose, powers to create the debentures and to sell them. I have considered the question whether it is desirable the Government should continue to act through the previous Agents, and I have concluded that, whilst it is desirable the Government should make arrangements very different from those now existing, this should, of course, only be done after mature consideration; and that, as the debentures to be sold represent portions of former loans, the present Agents should be authorized to deal with them, an instruction being given, however, that they should give the preference to negotiating through Messrs. Rothschild and Sons, other things being equal. I suggest this instruction, because it seems to me that, Messrs. Rothschild and Sons having taken upon themselves so much responsibility in connection with the last loan, it is right that the debentures now in question should be offered through that firm, supposing other things to be, as I have said, equal. The debentures being of comparatively small amount, a very fair price should, I think, be obtained for them.

4. I expect to be in the colony in the course of January, and it may, perhaps, not be necessary to deal with the matter before my arrival. Should the Government, however, think otherwise, I have suggested the course which I am of opinion should be adopted. I shall speak to the Agents before I leave, intimating my view, that the Government will place this matter in their hands.

5. As to the future charge of loan negotiations, I shall be able to confer with my colleagues. Recent correspondence will have suggested that I think change necessary; but there are additional reasons, not to be gathered from that correspondence, which confirm me in that opinion. I gather from the Colonial Office that the Treasury recognize no responsibility to constitutional colonies that employ the Crown Agents. There is a certain amount of auditing, which may or may not be of value, but which I should think not sufficient to cover the enormous trust devolved upon the two gentlemen who act as Crown Agents, and who are, as far as I can gather, alone responsible, and one or other of whom is often absent. I do not suppose that there are any other two gentlemen in London who have such responsibilities as the two in question. As trustees of our sinking funds, they have also large responsibilities. I think it not desirable to continue our present system of agency, unless under greater guarantees than we now possess.

6. I am in communication with the Bank of England, with a view to ascertain whether that institution would be disposed to inscribe our stock, as is done for the Metropolitan Board of Works. I shall not, of course, make any arrangement binding upon the Government; and the remarks made in this letter, as to the general question, are submitted only for the consideration of my colleagues.

Hon. D. Pollen, &c.

I have, &c.,
JULIUS VOGEL.