

1876.  
NEW ZEALAND.

## UNNEGOTIATED BALANCES OF UNGUARANTEED DEBENTURES

(FURTHER PAPERS RELATING TO THE NEGOTIATION OF).

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

### No. 1.

The Hon. Sir J. VOGEL to Dr. FEATHERSTON.

Wellington, 9th March, 1876.

GOVERNMENT have decided intrust you, Julyan, and Sargeaunt with sale of unguaranteed debentures, leaving you to exercise discretion as to mode of sale and price. The warrants have gone to Governor for signature, and you may rely on their being forwarded by outgoing mail, leaving Auckland on thirteenth. I will cable their departure. Amounts are: Under Public Works Loan Act, eighteen seventy-three, five hundred thousand pounds; General Purposes Loan Act, eighteen seventy-three, five hundred thousand pounds; Defence and Other Purposes Loan, eighteen seventy, two hundred fifty thousand. In all, twelve hundred and fifty thousand. Government desire you arrange sale early as possible.

Featherston, London.

VOGEL.

### No. 2.

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

Treasury, Wellington, 10th March, 1876.

GENTLEMEN,—

Referring to the correspondence by telegraph recently entered into with Dr. Featherston, relative to the raising of the unsold balances of the Defence and other Purposes Loan, 1870, the Immigration and Public Works Loan, 1873, and the General Purposes Loan, 1873, amounting in the whole to one million two hundred and fifty thousand pounds, I have now to confirm the arrangement arrived at in that correspondence, and to inform you that the requisite instruments, as under, will be forwarded to you from Auckland (whither they have been sent for authority of the Governor in Council) by this mail.

I enclose copies of the telegrams referred to, and have only further to remark, in connection with this matter, that the sums which you are asked to dispose of in respect of the Defence Loan and the General Purposes Loan, are somewhat larger than the amount set forth as unsold in the Financial Statement of the Hon. Major Atkinson. The explanation of the circumstance is that, out of the amount which it is now desired to raise, it is proposed to take up short-dated debentures of the Defence Loan to the amount of sixty-five thousand pounds, and of the General Purposes Loan to the amount of thirty-seven thousand four hundred pounds.

#### INSTRUMENTS.

1. Order in Council authorizing the raising of five hundred thousand pounds under "The Immigration and Public Works Loan Act, 1873," and appointing Agents for raising the same.

2. Attested copy of the Order in Council of the 15th October, 1873, authorizing the raising of the whole sum of seven hundred and fifty thousand pounds sanctioned by "The General Purposes Loan Act, 1873."

3. Warrant appointing Agents for raising the sum of five hundred thousand pounds, part of the said seven hundred and fifty thousand pounds.

4. Order in Council authorizing the raising of two hundred and fifty thousand pounds, under "The Defence and Other Purposes Loan Act, 1870."

5. Warrant appointing Agents for raising the said sum of two hundred and fifty thousand pounds.

The names of the Agents appointed in each of the above instruments are—I. E. Featherston, Esq., C.M.G.; Sir Penrose G. Julyan, K.C.M.G.; and W. C. Sargeaunt, Esq., C.M.G.

The Agents for New Zealand Loans,  
Spring Gardens, London.

I have, &c.,  
JULIUS VOGEL.

## No. 3.

The CROWN AGENTS to the Hon. the COLONIAL TREASURER.

SIB,—

Downing Street, London, 29th June, 1876.

\* \* \* \* \*

and we are now anxiously considering whether the improved state of the market for colonial securities generally, which has taken place during the last three months, and the accumulation of capital due to large sales of Russian and Austrian securities by the people of this country, caused by the fear that England may become embroiled by the Eastern question, may not warrant our attempting to raise the whole amount at an early moment, by inviting public tenders for 5 per cent. debentures representing £1,250,000.

We have made all our preparations to do this, and are only waiting for the first favourable turn in political events to carry it into execution. Indeed, we are not sure whether we should not now be right in adopting this plan without waiting for such indications, as anything like a general European war, which Russian armed interference in Turkey would probably provoke, might not unlikely place us in a much worse condition to negotiate a loan twelve months hence than we are at present; and by that time it is, so far as we know, quite possible that a much larger amount will be wanted by your Government.

We should have much preferred, out of consideration to Messrs. Rothschild and the Syndicate who joined them in taking up the last loan, to have abstained from coming on the market again until they had disposed of their respective holdings: but the amount remaining in their hands is still large; we are bound to look upon your interests as paramount; and the other advantageous conditions of the market might be lost to us if we delayed operations until the last issue had been entirely absorbed.

If, therefore, we see anything like a fair opening for appealing to the public within the next few days, we shall probably avail ourselves of it, rather than risk the embarrassments which might probably be entailed by any temporary arrangement.

All are agreed that it would be hopeless to offer debentures bearing any less rate of interest than 5 per cent., nor do we think we should find any bank (in view of the possibility of their having to sell them) willing to make a conditional purchase of  $4\frac{1}{2}$  per cents. without a considerable enlargement of the margin. Added to that, there will be the important advantage on your side of having the use of a much larger sum of money by borrowing at the higher rate.

The London money market was adversely influenced yesterday by a report that Servia had commenced hostilities against Turkey; but if England and Russia hold aloof, which a few days will probably determine, we may still be able to place your debentures, or at all events a part of them, on the market.

\* \* \* \* \*

The Hon. the Colonial Treasurer,  
New Zealand.

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

## No. 4.

The LOAN AGENTS to the COLONIAL TREASURER.

[Received, 8th August].

Post, Galle; Telegraph, Adelaide.

London, 27th July.

TWELVE hundred and fifty thousand pounds raised by sale of 5 per cent. at par. Will repay forthwith four hundred and fifty-nine thousand obtained on guaranteed debentures. Eight hundred thousand cash already received.

The Treasurer, Wellington, New Zealand.

LOAN AGENTS.

## No. 5.

The LOAN AGENTS to the COLONIAL TREASURER.

[Received, 11th August].

Post, Galle; Telegraph, Adelaide.

TWELVE hundred and fifty thousand pounds raised by sale of 5 per cents. at par. Will repay forthwith four hundred and fifty-nine thousand obtained on guaranteed debentures. Nine hundred twenty-one thousand cash already received.

The Treasurer, Wellington, New Zealand.

LOAN AGENTS.

## No. 6.

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

SIB,—

Downing Street, London, 27th July, 1876.

We informed you, by our letter of the 29th ultimo, of the probability that we should, in the event of a favourable turn in political affairs, and in view of the possible contingencies that might arise if we were to raise a large sum of money by the hypothecation of debentures, take advantage of the superabundance and cheapness of money to invite tenders, by public advertisement, for the unissued

portions of the loans authorized by (1) "The Defence and other Purposes Loan Act, 1870," £250,000; (2) "The Immigration and Public Works Loan Act, 1873," £500,000; and (3) by "The General Purposes Loan Act, 1873," £500,000, amounting altogether to £1,250,000.

On the 1st instant, we felt that the time had arrived when we should be warranted in making the attempt: not that we expected the whole amount would be immediately applied for; but we were of opinion that the general public would subscribe for sufficient to enable us to get a Stock Exchange quotation, and create a demand for these particular securities, which might induce speculators—and especially those who are still large holders of the last £4,000,000—to come in and take up the balance; and we accordingly issued an advertisement, of which a copy is enclosed. \* \* \*

In short, everything finally turned in our favour. There was, and still is, a complete plethora of money; investors are afraid to touch foreign stocks; Colonial Government securities generally are excessively dear, and but few offering; and a speech most opportunely made by the Secretary of State for Foreign Affairs three days before our lists closed, removed all apprehensions of war for the present; and with this combination of most fortunate circumstances, a 5 per cent. security became irresistible, and the whole £1,250,000 was disposed of for £1,250,516 13s.

The full details of the operation will be found in the schedule of tenders which accompanies this, and we cannot doubt but that the result will be highly satisfactory to your Government.

We have in a previous letter explained the necessity of making this a 5 per cent. loan. It was largely owing to that circumstance that success was due; and by reserving to your Government the power of redeeming the bonds at any time after the lapse of five years, you can at no very distant date substitute for them securities bearing a lower rate of interest, if it should be found profitable to do so. \* \* \*

The issue of this new loan renders it necessary that the Crown Agents for the Colonies should be placed in funds half-yearly—on the 15th January and 15th July—for the payment of the interest, amounting altogether to £62,500 per annum.

Although the present Agent-General for New Zealand is not, of course, associated with us by warrant for carrying out these operations, yet we thought it desirable that he should, as your representative, be made cognizant of the various features of our negotiations, and thus participate to a certain extent in them.

Sir William Power's extensive experience, and general capacity for business, rendered this course doubly valuable; and we may add that he entirely concurred in the various steps we took to raise the money.

We have, &c.,

P. G. JULYAN,

W. C. SARGEANT,

Agents for New Zealand Government Loans.

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

### Enclosure 1.

#### NEW ZEALAND GOVERNMENT FIVE PER CENT. $\frac{5}{100}$ LOAN, £1,250,000;

*Forming the last issues under "The Defence and Other Purposes Loan Act, 1870," "The Immigration and Public Works Loan Act, 1873," and "The General Purposes Loan Act, 1873."*

THE undersigned, Agents for raising and managing the loans authorized under the above-cited Acts, hereby give notice that they are prepared to receive tenders on behalf of the Government of New Zealand for debentures bearing interest at the rate of 5 per cent. per annum, and representing altogether £1,250,000.

The loan is secured on the Consolidated Revenues of New Zealand, and will be raised on debentures of £1,000, £500, £200, and £100 respectively, bearing interest from the 16th July, 1876.

The principal will be repaid at par, at the offices of the Crown Agents for the Colonies in London, not earlier than five years and not later than thirty years from the 16th July, 1876, the Government reserving to itself the right of paying it off on the 15th January or the 15th July of any intermediate year, upon giving six months' notice in the London *Gazette* and the *Times* newspaper, of its intention to do so.

Interest will be paid at the same place half-yearly, on the 15th January and 15th July of every year.

Applications in accordance with the annexed form, addressed "Tender for New Zealand Loan," will be received by the undersigned, until 1 p.m. on Saturday, the 8th July proximo, and will be then opened at their offices, in the presence of the Agent-General for New Zealand, and of any applicants who may be pleased to attend.

Tenders at a price including a fraction of a shilling other than 6d. will not be preferentially accepted, and in the event of an equality of tenders beyond the amount to be disposed of, a *pro rata* distribution on such tenders will be made.

The debentures will be allotted to the highest bidders, provided the price offered be not less than £100 in money for every £100 in debentures, payable as follows:—

£5 per cent. on application; £10 per cent. on allotment; and so much on the 25th July as will leave £30 per cent. to be paid on the 25th August, and £30 per cent. on the 25th September next.

Payments may be made in full on any of the foregoing dates, at a discount equal to that charged by the Bank of England at the time being.

The first payment to accompany the application, and the subsequent payments to be made at the London and Westminster Bank, Lothbury, not later than the several dates above named.

Scrip certificates will be issued in exchange for bankers' receipts for the second payment, and these will be exchanged for debenture bonds at the offices of the Crown Agents for the Colonies, on and after the 1st of August next, provided the past due payments have been made in full.

If no allotment be made, the amount forwarded with the application will be returned, and if a portion only of the amount applied for be allotted, the surplus will be appropriated towards the payment of the second instalment.

Debenture bonds will be exchanged for the Bankers' receipts on or after the 1st of August next.

Forms of tender may be had on application to the undersigned, and copies of the Act referred to may be seen at the offices of the Crown Agents for the Colonies; and at their Brokers', Messrs. Mullens, Marshall, and Co., of 4, Lombard Street; and at Messrs. J. and A. Scrimgeour, 18, Old Broad Street.

PENROSE G. JULYAN,

W. C. SARGEANT,

Downing Street, 1st July, 1876.

Agents for New Zealand Government Loans.

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By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1876.

Price 3d.]