

By the same mail which conveys this letter, the Agents appointed to negotiate the loan recently sanctioned by the Legislature, will receive full power and authority to create debentures under the Act; and they have been instructed to place in your hands, by way of security for your acceptances, bonds to such an amount as may be deemed sufficient for that purpose.

I have, &c.,  
G. GREY.

The Crown Agents for the Colonies, London.

P.S.—These bonds will of course be handed back to the Loan Agents immediately the acceptances are retired.

### No. 9.

The COLONIAL TREASURER to the AGENT-GENERAL.

SIR,— Treasury, New Zealand, Wellington, 15th August, 1879.

I have the honor to hand you herewith, a bank order for the sum of £31,774 16s. 11d. to cover the payments chargeable on the Consolidated Fund for the services named in the requisition, copy enclosed.

With regard to the bank order which will be required to defray the cost of railway material, immigration, and other services payable out of the Public Works Fund, I have made arrangements with the Audit Department, in pursuance of which it will be forwarded by the outgoing mail to the Audit officer in London, to be issued to you as soon as the funds required to meet it have been obtained by the Loan Agents, and placed to credit of the New Zealand Public Account.

This course has been adopted for the following reasons:—It is deemed desirable to send you, without awaiting advice of the receipt of funds under the new Loan Act, bank orders for the estimated cost of all services and supplies ordered to this date, not previously so provided for; but as the present state of the Public Works Fund will not admit of the amount payable therefrom being debited until moneys for credit of the fund have been raised in England, it has been arranged to place the order in the hands of the Audit officer, and thus to defer the issue of it until it can be charged against the Public Works Fund, in accordance with the provisions of "The Public Revenues Act, 1878."

Copies of the bank order and requisition for the amount chargeable on the Public Works Fund are enclosed, together with a copy of a letter of instructions to Mr. Hartwright, the Audit officer, who is directed to telegraph to the Audit Department, Wellington, immediately he hands over to you the bank order in question. It will be convenient if you will be good enough to telegraph to the Treasury from time to time the amounts raised and placed to credit of the Public Account, distinguishing each by number, "first," "second," or "third," as the case may be, in the order of advice. For instance, if before this letter reaches you you have raised £200,000 under the authority of the telegram to be despatched from this side immediately on the departure of the mail, and if you have advised the Treasury thereof by cable, the next advice will be "Second credit [naming the amount]," and so on.

On receipt of these advices by cable, the Treasury will credit the Public Works Fund, and debit the Bank of New Zealand, London, with the amount advised; and as regards the bank order chargeable on the Public Works Fund forwarded to Mr. Hartwright, the amount thereof will be debited to the proper accounts in the Treasury and Audit books, on receipt of advice by cable from that gentleman that the order in question has been issued to you.

I anticipate, however, the probability of receiving from you by cable, requisitions to forward to you, by the same medium, orders on the Bank to meet immediate payments as soon as the Loan Agents succeed in obtaining the requisite funds. Should this be the case, the orders applied for will be sent, and Mr. Hartwright, as you will observe, has been instructed, in the event of any such orders being received before the arrival of the bank order now being sent by mail, to reduce the amount thereof accordingly.

I have entered somewhat at length into the detail of the proposed *modus operandi*, in order that you may thus be made fully aware of the circumstances which have necessitated this departure from the usual course, and the steps which have been taken to meet the difficulty.

I enclose a statement showing that, to meet all payments for interest and sinking fund to 31st October next, together with transfers to the Foreign Imprest Account under all bank orders issued to date, including those forwarded to yourself and Mr. Hartwright by the present mail, funds to the amount of £531,579 8s. 6d. will be required to be provided out of the new loan. This is the extreme view of the possible position of your finances. I recognize, however, the probability that a considerable portion of the payments for services authorized may not be required till after 31st October, and that, consequently, the necessity will not have arisen at that date for exercising the whole of the bank orders.

I have, &c.,  
G. GREY.

The Agent-General for New Zealand, London.

### Enclosure No. 1 in No. 9.

#### MEMORANDUM No. 11.

SIR,—

Audit Office, August 16, 1879.

I beg to enclose to you in this letter a bank order, which is sent to you instead of to the Agent-General for the following reasons, and which you will be so good as to hand over to him as soon as funds are paid into the New Zealand Public Account to cover it:—

The Public Works Fund being at present exhausted, the Audit Office is unable to issue any orders against it; but authority has been given to the Loan Agents by wire, to raise funds immediately on the security of the new loan. I enclose a copy of the Act authorizing it. As the order will be required as soon as the money is procured, it is placed in your hands for issue; and upon receiving from you a telegram, the Audit Office will be able to credit the account with the receipt, and charge it with the order.