

No. 68.

The AGENT-GENERAL to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 4th November, 1879.

I have the honor to acknowledge the receipt of your telegram, copy at foot. Immediately upon its receipt, I had a long interview with Sir Penrose Julian, the result of which was that, whilst the Crown Agents were anxious to meet the wishes of the Government, they did not deem themselves at liberty to do so until they had obtained a specific promise of support from a bank, to the extent of the further requirements of the Government. I consequently sent the telegram subjoined, deferring an answer to Monday.

I was glad, late on that day, to be able to forward you the telegram subjoined from the Loan Agents. After negotiations extending over the whole day, the Crown Agents succeeded in procuring the promise of a bank to make advances, if required, upon debentures, in anticipation of their negotiation, to an extent within £25,000 of the amount required by you for your November drafts, in addition to the moneys required by the departments of the Agent-General and Crown Agents in London. The Crown Agents consented to accept the risk of the uncovered £25,000, but they could not entertain the idea of at present authorizing the additional credit desired by you in December. There is, however, plenty of time to meet your wishes in that respect, and every inclination to do so.

I take the opportunity of observing, that the Crown Agents display great desire to meet your wishes, and I expressed my thanks to them to-day, on behalf of the Government, for the permission they accorded to you to draw on them to the extent you required by the November mail.

I trust that before the end of the present month we will have succeeded in negotiating the loan.

I have, &c.,

JULIUS VOGEL,

Agent-General.

The Hon. the Premier, Wellington.

Enclosures.

(From Wellington, 30th October.)

Vogel, London.

CAN Crown Agents arrange to meet drafts for £75,000 November mail, and £175,000 December, both additional amount already arranged? HALL.

(Received, 2nd November.)

Premier, New Zealand.

ADDITIONAL drafts. Cannot answer before Monday.

VOGEL.

London, 31st.

(Received, 4th November.)

Premier, New Zealand.

CROWN Agents will accept your bills per November mail for £175,000, instead of £100,000. No more to be drawn until further advised by Loan Agents. Banks decline further advances anticipation of new loan. Confidential.

VOGEL.

London, 3d.

No. 69.

The CROWN AGENTS to the PREMIER.

SIR,—

Downing Street, London, 6th November, 1879.

We have the honor to acknowledge the receipt of Sir George Grey's letters of the 15th August and 13th September last, advising having drawn on the Crown Agents for the Colonies for sums amounting to £250,000.

2. In accordance with arrangements made with your predecessor, these drafts have been duly accepted; but we should fall short of our duty if we failed to acquaint you with the difficulties experienced in making provision for meeting them at maturity.

3. Irrespective of the above amount, we have already obtained advances to the extent of £1,102,500 to meet your current wants. Of this sum, £795,000 has been borrowed on the security of the guaranteed 4 per cent., and £307,500 on short-dated 5 per cent. debentures created under the Loan Act of 1879.

4. At the request of your predecessor, we undertook to accept bills to the extent of £450,000, and this amount has since been augmented, at your solicitation, by £75,000, making in all £525,000, for which we shall become liable before the end of next month.

5. When consenting to assume this heavy liability, we fully counted upon the willingness of the Bank of England to make advances on your unguaranteed securities, to an extent sufficient to meet our acceptances as they become due. In this, however, we have been disappointed. They have, it is true, provided us with the £307,500 above referred to for general purposes, but have positively declined to lend more. Fortunately, our other bankers—the London and Westminster—have been more liberal, and have promised from time to time to furnish us with funds sufficient to honor these bills at maturity, and to meet, within a comparatively small sum, all other known liabilities to the 31st of December, before which date we hope the Loan Agents will have raised enough money, by the sale of debentures, to relieve us, for the time, from all further anxieties.

6. It is right that you should be informed that a strong feeling pervades the market with regard to your loans. A belief is commonly entertained that New Zealand is rapidly incurring liabilities beyond those which her population and circumstances fairly warrant; and, notwithstanding the cheapness and superabundance of money, there is a decided disinclination on the part of bankers to make advances to any considerable extent, in anticipation of the forthcoming loan. An idea prevails, moreover, that this loan has already been largely discounted with the Bank of New Zealand, and this