

1880.

NEW ZEALAND.

FIVE-MILLION LOAN.

PAPERS RELATING TO ITS NEGOTIATION, ETC.

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

No. 1.

The COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

Treasury, New Zealand, Wellington, 21st June, 1879.

I have the honor to inform you that it is the intention of the Government, as early as possible after the assembling of Parliament on the 11th of July, to introduce a Bill authorizing a loan of £5,000,000, which it is hoped will pass through both Houses, and receive the assent of His Excellency the Governor, in sufficient time to admit of the appointment of Agents before the 19th of July, so as to enable me by the San Francisco mail of that date to forward to the gentlemen who may be so appointed all the documents necessary for negotiating the loan.

The maximum rate of interest will be fixed, as on former occasions, at 6 per cent.; but the views of the Government as to the actual rate which the loan should bear will be intimated to the Agents by next opportunity. The usual power will be taken to raise moneys by the sale or hypothecation of short-dated debentures; and, after a careful consideration of the matter, the Government are of opinion that, as regards the interest to be paid on such short-dated debentures, no limit should be named in the Bill.

It is proposed to draw on the Crown Agents from time to time against the proceeds of the new loan, to provide funds for Public Works expenditure in the colony. These drafts will be at sixty days' sight, and probably to the extent of £150,000 by the same mail which conveys the authority to raise the loan. Subsequently, they will not exceed £100,000 per month until advice is received of the successful floating of the loan; and it is believed that, from the present improved condition of the money market in England, no difficulty will be experienced in raising, by means of short-dated debentures, not only the amount required to meet the drafts referred to, but also funds sufficient to cover the demands on the New Zealand Public Account in London until the loan is raised.

Although it is proposed to obtain authority for a loan of £5,000,000, it is not the absolute wish of the Government that the whole of that amount should be borrowed at once, unless circumstances should be eminently favourable. It will be left to the Agents to exercise their discretion as to the portion it would be prudent to put on the market at any one time.

The schedule to the Bill will include the following purposes and amounts:—

Public Works and Immigration	...	...	...	£4,100,000
Lyttelton Harbour Works	...	...	...	100,000
Redemption of guaranteed debentures	...	...	...	800,000
				£5,000,000

It is proposed to appoint as Agents for the negotiation of the loan, yourself, Sir P. G. Julyan, and Mr. Ommanney.

The Agent-General for New Zealand, London.

I have, &c.,

J. BALLANCE.

[Like letters, of same date, to Sir P. G. Julyan and Mr. Ommanney.]

No. 2.

The COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

Treasury, New Zealand, Wellington, 7th July, 1879.

In my letter of the 21st ult. you were advised of the intention of the Government to introduce, as early as possible after the meeting of Parliament, a Bill authorizing a loan of £5,000,000, which it was hoped would be passed in sufficient time to enable me to despatch by the mail of this date all the documents necessary for the negotiation of the loan.

I have now the honor to inform you that the anticipations to which I gave expression in the letter referred to have not been realized; but I fully expect that I shall be in a position to forward the necessary powers and instructions by the Suez mail of the 27th instant.

The Agent-General for New Zealand, London.

I have, &c.,

G. GREY.

1—B. 4A.

No. 3.

The PREMIER to the AGENT-GENERAL.
(From Wellington, 21/7/79.)

Vogel, London.

You will receive by mail arriving London 2nd September authority raise half a million by short-dated debentures, four years. Could you, if required, raise hundred thousand to meet payments due all September? Reply, stating probable rate of interest.

GREY.

No. 4.

The AGENT-GENERAL to the PREMIER.
(Received, 24/7/79.)

Premier, New Zealand.

Can borrow temporarily on short-dated debentures, one hundred or one hundred and fifty thousand pounds, about Bank rate. To guard against mail delay, send authority by telegraph. Julyan concurs.

VOGEL.

London, July 22.

No. 5.

The PREMIER to the AGENT-GENERAL.
(From Wellington, 2/8/79.)

Vogel, London.

Proposed to raise further Loan immediately. Hope necessary documents will be sent by next Frisco mail. Can Loan Agents or Crown Agents arrange to meet drafts in anticipation? Desire to send by same boat, first batch £150,000, at sixty days.

GREY.

No. 6.

The AGENT-GENERAL to the PREMIER.
(Received, 8/8/79.)

Premier, New Zealand.

Crown Agents, if well secured by debentures created by Loan Agents, will accept sixty days' bills, as arriving here September 30, for £150,000, and £100,000 following three months. If you have not provided for September payments here, let Governor wire following telegram, word for word, without code words, with name of Act filled in, signed by the Governor of New Zealand, to Julyan, Vogel, and Ommanney, London:—

“You are appointed Agents for raising a loan for £5,000,000 sterling, authorized by Act, No. . . . of 1879 and you are hereby empowered, in anticipation of the arrival of your warrants of appointment, now *en route*, to obtain temporary advances to an extent not exceeding £200,000, for the use of this Government: to pledge its credit to the necessary extent, either by the creation and hypothecation of debentures, or in such other manner as you may deem expedient.—Hercules Robinson, Governor.”

VOGEL.

London, 6th.

No. 7.

The COLONIAL TREASURER to the MANAGER, Bank of New Zealand.

SIR,—

Treasury, New Zealand, Wellington, 13th August, 1879.

I have the honor to inform you that it is the intention of the Government to draw from time to time on the Crown Agents, London, against the proceeds of the new loan, in order to provide funds in the colony for expenditure on the services sanctioned by the Loan Act.

These drafts will be at sixty days' sight, and the Government has received advice by cable that they will be duly accepted on presentation. It is proposed to draw immediately for £150,000, and during the three months ensuing, at the rate, probably, of £100,000 monthly.

The Manager, Bank of New Zealand, Wellington.

I have, &c.,

G. GREY.

No. 8.

The COLONIAL TREASURER to the CROWN AGENTS.

GENTLEMEN,—

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

I have the honor to subjoin an extract from a telegram received on the 8th instant from the Agent-General of the colony, and to advise you that, in pursuance thereof, I have drawn on you, through the Bank of New Zealand, for £150,000, as follows:—Ten drafts in triplicate, dated 12th August, 1879, at sixty days' sight, in favour of the Managing Director, Bank of New Zealand, London, for £150,000 in all; Nos. A224 to A228, five drafts for £20,000 each, £100,000; Nos. A229 to A233, five drafts for £10,000 each, £50,000: total, £150,000. A bank order on the New Zealand Public Account for that amount, payable 1st December, 1879, is forwarded herewith.

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.

In the event of the Agent-General having, before you receive this letter, procured funds, and having wired for and received by wire a bank order for some service named in the requisition accompanying this letter, you will alter the amount named in the enclosed order, diminishing it by the amount so sent by wire; and the enclosed letter to the bank will authorize it to accept such alteration. Should, however, the order sent by wire, if any, be for some service not mentioned in the requisition now sent, the enclosed order will be issued unaltered so soon as there are funds to cover it.

The telegram which you will send on issuing the order, will be simply the amount for which you have issued it (thus, £180,000), by which it will be understood that that amount at least has been paid into the Public Account, and the order issued for the same.

I have, &c.,

JAMES EDWARD FITZGERALD,
Controller and Auditor-General.

Henry Hartwright, Esq.

Enclosure No. 2 in No. 9.

LONDON ACCOUNT, 17th June to 31st October, 1879.

Interest and Sinking Fund, payable—	£	s.	d.	£	s.	d.	£	s.	d.
June 30	15,615	0	0						
July 1	3,501	0	0						
July 15	155,136	10	0						
August 1	135,000	0	0						
September 1	85,777	10	0						
September 15	8,060	0	0						
October 1	3,198	0	0						
October 15	109,246	10	0						
							515,534	10	0
Orders for transfer to Foreign Imprest Account not exercised—									
No. 8, November 16	73,593	0	0						
„ 13, March 1	70,444	0	0						
„ 15, April 26	51,200	0	0						
„ 17, May 23	11,952	15	2						
„ 18, June 21	13,000	0	0						
„ 1, July 28	5,000	0	0						
„ 2, July 29	10,000	0	0						
„ 3, August 16	31,774	16	11						
„ 4, August 16	204,220	0	0						
							471,184	12	1
Total chargeable on the New Zealand Public Account...							986,719	2	1
Balance in Bank of New Zealand, London, on June 17, 1879				37,308	13	7			
Add bank drafts, to mature—									
July 16, 1879	182,831	0	0						
August 15, 1879	135,000	0	0						
							317,831	0	0
Balance of £800,000 debentures of Immigration and Public Works Loan, guaranteed				100,000	0	0			
							455,139	13	7
Deficiency							£531,579	8	6

Treasury, Wellington,
15th August, 1879.

JAS. B. HEYWOOD,
Accountant to the Treasury.

No. 10.

The COLONIAL TREASURER to the LOAN AGENTS.

GENTLEMEN,—

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

The Government is in receipt of a telegram from the Agent-General, intimating that the "Crown Agents, if well secured by debentures created by the Loan Agents, will accept sixty days' bills, as arriving here [in London] September 30th, for £150,000, and £100,000 following three months."

I have now the honor to inform you that, in pursuance of that arrangement, I have drawn on the Crown Agents for £150,000, in favour of the Managing Director of the Bank of New Zealand, London, and I have to request that, on the drafts being accepted by the Crown Agents, you will be good enough to hand over to them debentures to such an amount as may be deemed sufficient security for the acceptances in question.

I have, &c.,

The Loan Agents for New Zealand, London.

G. GREY.

No. 11.

The COLONIAL TREASURER to the LOAN AGENTS.

GENTLEMEN,—

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

I have the honor to advise you, with reference to the financial requirements of the colony in London, that, exclusive of the sum of £200,000 now authorized by cable to be raised in anticipation of the arrival by mail, on 30th September next, of the usual powers and authorities for the negotiation of the loan, it is probable that a sum of £331,000, more or less, may be required to be raised and placed to credit of the New Zealand Public Account, at the Bank of New Zealand, London, to meet payments to 31st October next. The Agent-General is fully informed, and will be able to advise you in this matter.

As already intimated to you in my letter of even date herewith, I have, by the outgoing mail, drawn on the Crown Agents for the sum of £150,000, at sixty days' sight. It is proposed to draw further during the next three months at the rate of £100,000 monthly; but I hope to be able at an early date to place you in full possession of the probable requirements of the colony as regards the loan, both here and in London, during the next six or eight months, in case it should be necessary for you to raise additional funds temporarily, on security of short-dated debentures. A bank order has, as on former occasions, been forwarded to the Crown Agents by this opportunity, for the amount of the drafts (£150,000) maturing about 1st December next.

I have, &c.,

The Loan Agents for New Zealand, London.

G. GREY.

No. 12.

The COLONIAL TREASURER to the LOAN AGENTS.

GENTLEMEN,—

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

Referring to my letters of the 21st June last, addressed to you individually, intimating the intention of the Government to ask the sanction of Parliament to a new loan, and of the proposal to appoint you Agents for negotiating the same, I have now the honor to enclose copies of "The New Zealand Loan Act, 1879," authorizing the raising of a sum of £5,000,000 for the purposes specified in the schedule thereto. I also enclose an Order in Council, under the hand of His Excellency the Governor, authorizing the raising of the sum referred to, and appointing you the Agents for that purpose; and a separate order empowering you to issue short-dated instead of long-dated debentures, should it be deemed necessary or desirable to do so.

With respect to the currency of the long-dated debentures, the interest they should bear, the price at which they should be issued, &c., the Government, in the absence of any special knowledge calculated to influence its decision, refrains from giving any definite instructions, and, relying on your acquaintance with every circumstance affecting the London Money Market, and fully confiding in your judgment, leaves those points entirely to your discretion. I may add, however, that the Government is of opinion that the rate of interest to be borne by the bonds should not exceed 5 per cent. and that their currency should be from thirty to forty years; and, bearing in mind the beneficial effect which resulted from the Bank of England's assistance when the last loan was raised, I should be glad to hear that the Agents have again been able to enlist the valuable co-operation of that institution.

Mr. Henry Hartwright has been appointed by the Audit Department, under the 14th section of the Act, to countersign the debentures issued thereunder.

I have, &c.,

The Loan Agents for New Zealand, London.

G. GREY.

No. 13.

The COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

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

You will have learned by cable, before this letter reaches you, that Parliament has sanctioned the raising of a further loan to the amount of £5,000,000.

Presuming that Sir P. G. Julyan and Mr. Ommanney, who were associated with you in the negotiation of the last loan, would be willing to act as Agents on this occasion also, I addressed them in June last on the subject. I have now to inform you that those gentlemen, conjointly with yourself, have been duly appointed; and I forward under cover to your address the necessary empowering documents, together with copies of the Loan Act and general instructions for the guidance of the Agents.

I shall be glad to receive an early intimation by wire as to the prospect of the loan being successfully floated; and you will please report progress by the same medium from time to time, so as to keep the Government fully informed of what has been done in the matter.

I have, &c.,

The Agent-General for New Zealand, London.

G. GREY.

No. 14.

Order in Council appointing Sir P. G. Julyan, Mr. Ommaoney, and Sir J. Vogel, Agents to raise £5,000,000, and with power to convert it under Consolidated Stock Act.

HERCULES ROBINSON, Governor.

ORDER IN COUNCIL.

At the Government House, at Wellington, this fifteenth day of August, 1879.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS, by "The New Zealand Loan Act, 1879," hereinafter called the said Act, it is enacted that it shall be lawful for the Governor in Council to appoint any two or more persons he may think fit to be Agents for the purpose of raising and managing the loan authorized to be raised under the said Act, and in their appointments to define the relative powers of such Agents, and that such Agents shall have full power and authority to borrow and raise in Great Britain or elsewhere, by bonds, debentures, scrip, or otherwise, such sum or sums not exceeding five million pounds sterling in the whole as the Governor in Council may from time to time or at any time direct or determine, for all and any of the purposes expressed in the Schedule thereto, or the payment or repurchase of short-dated debentures issued under the said Act, or any other purposes authorized by the said Act; and that such Agents shall have full power and authority to prescribe the mode and conditions of repayment of such loan, and the time of such repayment, and the rate of interest thereon, and the time and place or places when and where such principal and interest shall be made payable; and the annual charge to be imposed on the consolidated revenue under the provisions of the said Act shall not exceed for interest and sinking fund (if any) the sum of six pounds for every one hundred pounds expressed to be borrowed; and that all the powers which may be vested in any Agents appointed under the said Act may by such Agents be wholly or partly delegated to any two or more other Agents, subject to such conditions as the Agents delegating such powers shall think fit: And whereas it has been deemed expedient that the said loan so authorized to be raised should be raised under the said Act, for the purposes therein mentioned: And whereas it is also expedient that Agents should be appointed for the purpose of raising and managing the said loan so authorized to be raised as aforesaid:

Now, therefore, I, Sir Hercules George Robert Robinson, the Governor of the Colony of New Zealand, in exercise and pursuance of the powers and authorities vested in me by the said in part recited Act, and by and with the advice and consent of the Executive Council of the said colony, do hereby direct and determine that the sum of five million pounds sterling shall be borrowed and raised under the provisions of the said Act: And in further exercise and pursuance of the powers and authorities aforesaid, and with the like advice and consent as aforesaid, I do hereby appoint Sir Penrose Goodchild Julyan, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, and Montagu Frederic Ommaoney, Esquire, two of the Crown Agents for the Colonies, and Sir Julius Vogel, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, the Agent-General for the Colony of New Zealand, to be Agents for the purpose of raising and managing the said loan hereby ordered and determined to be raised, with full power and authority to such Agents, or any two of them, to borrow and raise by bonds, debentures, scrip, or otherwise, the said sum of five million pounds sterling, and with full power and authority to such Agents, or any two of them, to prescribe the mode and conditions of the repayment of such loan, and the time of such repayment, and, subject to the provisions of the said Act, the rate of interest thereon, and the time and place or places when and where such principal and interest shall be made payable, and with full power and authority to such Agents, or any two of them, to agree as often as occasion may require that debentures issued by them shall be converted into stock created or issued under "The New Zealand Consolidated Stock Act, 1877," and either to specify the terms of such conversion or arrange that such terms shall be subsequently agreed upon, and also with full power and authority to such Agents, or any two of them, to delegate wholly or partly to any two or more other Agents the powers hereby and by the said Act vested in the said Agents, subject, however, to such conditions as the Agents delegating such powers shall think fit, and generally to have, hold, and exercise all such powers and authorities as by the said Act may be had, held, and exercised by the Agents appointed thereunder.

FORSTER GORING,
Clerk of the Executive Council.

No. 15.

Order in Council authorizing the Agents to raise Money on Short-dated Debentures.

HERCULES ROBINSON, Governor.

ORDER IN COUNCIL.

At the Government House, at Wellington, this fifteenth day of August, 1879.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS, by the seventh section of "The New Zealand Loan Act, 1879" (hereinafter called "the said Act,") it is enacted that, pending the raising of moneys hereinbefore authorized to be raised under the said Act, it shall be lawful for the Governor in Council to appoint any two or more persons he may think fit to be Agents, and in their appointments to define the relative powers of such Agents, who shall have full power and authority from time to time to borrow and raise, or obtain as an advance, such sum or sums of money as the Governor in Council may from time to time direct and determine, and to take up the same sum or sums of money from time to time by the sale, hypothecation, or

mortgage of debentures (hereinafter and hereinafter referred to as short-dated debentures) as such Agents may deem expedient: And whereas, by the eighth section, it is also enacted that every such short-dated debenture shall bear interest after such rate, and be for such sum and in such form and with or without coupons attached, and, subject to the said Act, shall be signed on behalf of the colony, and be transferable and negotiable in such manner as such Agents shall prescribe; and by the ninth section, it is also enacted that the interest and principal of every such short-dated debenture shall be payable at such times and places as such Agents shall prescribe, provided that the principal moneys secured by any such debenture shall not be made payable at a later period than seven years after the date of issue thereof; and it is further enacted by the said Act, that all the powers which may be vested in any Agents appointed under the said Act may by such Agents be wholly or partly delegated to any two or more other Agents, subject to such conditions as the Agents delegating such powers shall think fit:

Now, therefore, His Excellency the Governor, in exercise and pursuance of the power conferred upon him by the seventh section of the said Act, and with the advice and consent of the Executive Council of New Zealand, doth hereby appoint Sir Penrose Goodchild Julian, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, and Montagu Frederic Ommañney, Esquire, two of the Crown Agents for the Colonies, and Sir Julius Vogel, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, the Agent-General for the Colony of New Zealand, to be Agents, with full power and authority for them or any two of them to borrow and raise or obtain as an advance the sum of five million pounds sterling, and to take up the same sum in short-dated debentures from time to time, either by the sale, hypothecation, or mortgage of such short-dated debentures as the said Agents, or any two of them, shall deem expedient, and with all the powers and authorities conferred on or vested in such agents by the said Act for the purposes aforesaid; and, with the like advice and consent as aforesaid, doth hereby direct and determine that the sum of five million pounds sterling shall be borrowed and raised, or obtained as an advance, under the seventh section of the said Act.

FORSTER GORING,
Clerk of the Executive Council.

No. 16.

His Excellency the GOVERNOR to the LOAN AGENTS.

(From Wellington, 18/8/79.)

Julian, Vogel, and Ommañney, London.

You are appointed Agents for raising a loan for £5,000,000 sterling, authorized by Act, No. 2, of 1879, entitled "The New Zealand Loan Act, 1879;" and you are hereby empowered, in anticipation of the arrival of your warrants of appointment, now *en route*, to obtain temporary advances to an extent not exceeding £200,000 for the use of this Government: to pledge its credit to the necessary extent either by the creation and hypothecation of debentures, or in such other manner as you may deem expedient.

HERCULES ROBINSON, Governor.

No. 17.

The PREMIER to the LOAN AGENTS.

(From Wellington, 22/8/79.)

Loan Agents, care Vogel, London.

Wire directly you obtain advance authorized Governor's telegram.

GREY.

No. 18.

The LOAN AGENTS to the PREMIER.

(Received, 25/8/79.)

Premier, New Zealand.

Advance arranged.

LOAN AGENTS.

London, 23rd.

No. 19.

The COLONIAL TREASURER to the CROWN AGENTS.

GENTLEMEN,—

Treasury, New Zealand, Wellington, 12th September, 1879.

I have the honor to advise that I have this day drawn on you, through the Bank of New Zealand, for £100,000, drafts as at foot, and I forward herewith a bank order on the New Zealand Public Account, London, for that amount, payable 31st December, 1879.

The Loan Agents have been requested to hand over to you, as on the last occasion, debentures to such an amount as may be deemed sufficient security for your acceptance of the drafts now advised.

I have, &c.,

G. GREY.

The Crown Agents for the Colonies, London.

No. 20.

The MANAGER, Bank of New Zealand, to the SECRETARY to the TREASURY.

SIR,—

Bank of New Zealand, Wellington, 13th October, 1879,

I have the honor to acknowledge receipt of your letter of 11th instant, No. 1023, enclosing drafts on the Crown Agents for the Colonies, London, aggregating £100,000, which have been placed to credit of the Public Account, less the usual exchange.

I have, &c.,

R. W. KANE.

pro Manager.

The Secretary to the Treasury, Wellington.

No. 21.

The LOAN AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 23rd August, 1879.

We have the honor to acknowledge the receipt of His Excellency the Governor's telegram, dated Wellington, the 18th August instant, informing us of our having been appointed Agents for raising a loan for £5,000,000 sterling, authorized by Act No. 2 of 1879, entitled "The New Zealand Loan Act, 1879," and empowering us to obtain temporary advances, to an extent not exceeding £200,000, by the creation and hypothecation of debentures, or in such other manner as we may deem expedient, in anticipation of the arrival of our warrants.

In reply, we have to state that, in accordance with this authority, we have created scrip-certificate for £100,000, upon which to obtain funds to provide for present wants.

We have, &c.,

JULIUS VOGEL.

M. F. OMMANNEY.

The Hon. the Colonial Treasurer, Wellington.

No. 22.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 5th September, 1879.

I have the honor to acknowledge the receipt of your letters 64, 65, and 66, of the 19th July, having reference to the contemplated loan, and to provisions in anticipation of it to be made on this side.

You will already have known that, foreseeing the possibility of delay, I was able, in concert with Sir Penrose Julyan, to make arrangements which more than adequately met present requirements.

The fact of His Excellency the Governor forwarding a telegram in the terms we advised, shows that the Government approved of the plan we adopted of cabling it at length, to guard against possible misunderstanding.

It gives me pleasure to think that I have been able to aid in meeting the requirements of the Government.

Whilst to a reasonable extent advances may be obtained in anticipation of the negotiation of the loan, it is right I should say that the more the loan is anticipated the greater will be the difficulty of floating it, because people will try to take advantage of the necessities, real or fancied, of the Government. Opinions vary as to the practicability of placing so large a loan. It is needless to assure you that the Government will have the best exertions of the Loan Agents; but I venture to respectfully recommend as small an anticipation of the proceeds of the loan as possible.

I have, &c.,

JULIUS VOGEL,

Agent-General.

The Hon. the Colonial Treasurer, Wellington.

No. 23.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 30th September, 1879.

I have the honor to acknowledge the receipt of your letter No. 74, of the 15th August last, informing me that Parliament had sanctioned the raising of a further loan of £5,000,000, and also informing me that Sir Penrose Julyan and Captain Ommanney, conjointly with myself, had been duly appointed to act as Agents in negotiating the loan.

The necessary empowering documents, together with copies of the Loan Act and general instructions for the guidance of the Agents, to which you refer as having been forwarded under cover to my address, have been duly received.

I note your instructions to intimate by wire as to the prospect of the loan being successfully floated, and to keep the Government duly informed, by the same medium, of what has been done in the matter.

I assure you that I will give the matter my best and most earnest attention, and cable the earliest information from time to time.

I am at present in consultation with my co-Agents as to the steps we shall take to carry out your instructions. Just at present, there would be no chance of floating the loan, but we hope that in a few weeks, when people return to town, the prospect may be better.

I have, &c.,

JULIUS VOGEL,

Agent-General.

The Hon. the Colonial Treasurer, Wellington.

No. 24.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 6th October, 1879.

I have the honor to acknowledge the receipt of your letter No. 76, of the 15th August last, transmitting 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 accompanying it.

With reference to the bank order for £204,220, which will be required to defray the cost of railway material, immigration, and other services out of the Public Works Fund, I duly note the arrangements you have made with the Audit Department, which necessitates its being forwarded to the Audit Officer in London, to be issued to me, as soon as the funds required to meet it have been obtained by the Loan Agents, and placed to the credit of the New Zealand Public Account.

I may observe that the original order was enclosed to me, and Mr. Hartwright has received only the copy. As Mr. Hartwright has asked me for the original, I have not felt that I could refuse to give it to him, and accordingly have done so.

The only difficulty involved in the arrangement seems to me that a less amount than the £204,220 may be wanted, when it would be a pity to borrow the whole amount before it is required; but Mr. Hartwright refuses to allow the order to be used unless the full amount is available. I confess I do not see why he takes this view, as I frequently partially act on large orders, when there is not sufficient funds to credit in the Public Account to meet the whole amount. Perhaps if Mr. Hartwright's view is not sustained by the Auditor-General, a telegram to that effect might be sent to him.

I duly note your instructions to telegraph to the Treasury from time to time the amounts raised and placed to the credit of the Public Account, distinguishing each by number "first," "second," and "third," as the case may be, which shall be observed as you direct.

I have, &c.,

JULIUS VOGEL,
Agent-General.

The Hon. the Colonial Treasurer, Wellington.

No. 25.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 6th October, 1879.

I have the honor to state that a further advance of £25,000 was obtained through the Crown Agents on the 30th September ultimo, for one month, interest at the rate of 2 per cent. per annum, making, with the £75,000 previously advanced, £100,000, on security of scrip of the anticipated loan of a like amount.

The securities now held by the Crown Agents are—

Imperial Guaranteed Debentures	...	...	...	...	£800,000
Scrip of anticipated Loan	...	...	...	...	100,000
					<u>£900,000</u>

—against advances obtained to that amount.

I have, &c.,

JULIUS VOGEL,
Agent-General.

The Hon. the Colonial Treasurer, Wellington.

No. 26.

The LOAN AGENTS to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 6th October, 1879.

We have the honor to acknowledge the receipt of your letter No. 6, of the 15th August last, enclosing copies of "The New Zealand Loan Act, 1879," authorizing the raising of a sum of £5,000,000 for the purposes specified in the schedule thereto; also an Order in Council under the hand of His Excellency the Governor, authorizing the raising of the sum referred to, and appointing us the Agents for that purpose, and further enclosing a separate order empowering us to give short-dated instead of long-dated debentures, should it be deemed necessary or desirable to do so.

With reference to the remarks made in the second paragraph of your letter, we would assure you that they will have our most careful attention, and that our best endeavours shall be given to secure the success of the loan.

We have, &c.,

P. G. JULYAN.
JULIUS VOGEL.
M. F. OMMANNEY.

The Hon. the Colonial Treasurer, Wellington.

No. 27.

The LOAN AGENTS to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 6th October, 1879.

We have the honor to acknowledge the receipt of your letter No. 10, of the 15th August last, and duly note your remarks as to the amount required to be raised and placed to the credit of the New Zealand Public Account, to meet payments to the 31st October next; also to your having drawn on the Crown Agents for the sum of £150,000 at sixty days' sight, and your proposal to draw further, during the next three months, at the rate of £100,000 monthly.

2—B. 4A.

In reply, we have to state that, in concert with the Agent-General and the Crown Agents for the Colonies, we will do our best to meet the requirements of the Government. At the same time, it would be desirable for the Government to anticipate to the least possible extent the proceeds of the loan which has yet to be negotiated.

We are losing no time in deciding upon the arrangements to be made, but during the present month there is no probability of successfully floating the loan.

We have, &c.,
P. G. JULYAN.
JULIUS VOGEL.
M. F. OMMANNEY.

The Hon. the Colonial Treasurer, Wellington.

No. 28.

The LOAN AGENTS to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 6th October, 1879.

We have the honor to acknowledge the receipt of your letter No. 8, of the 15th August last, intimating to us that the Controller and Auditor-General had represented to your department that the auditing of our accounts in connection with the new loan, would be much facilitated if they were submitted to the Audit Officer in London for examination by him before transmission to the colony.

In reply, we have to state that the suggestion of the Auditor-General will have our attention.

We have, &c.,
P. G. JULYAN.
JULIUS VOGEL.
M. F. OMMANNEY.

The Hon. the Colonial Treasurer, Wellington.

No. 29.

The LOAN AGENTS to the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 6th October, 1879.

We have the honor to acknowledge the receipt of your letter No. 7, of the 15th August last, informing us that the Government was in receipt of a telegram from the Agent-General intimating that the "Crown Agents, if well secured by debentures created by the Loan Agents, will accept sixty days' bills, as arriving here [in London] September 30th, for £150,000, and £100,000 following three months," and that in conformity therewith the Government had drawn on the Crown Agents for £150,000 in favour of the Managing Director of the Bank of New Zealand, London.

In reply, we have to state that the Crown Agents have accepted the bills for £150,000, and, in accordance with your directions, we will hand over to them debentures, when created, to such an amount as may be deemed sufficient security for the acceptances in question.

We have, &c.,
P. G. JULYAN.
JULIUS VOGEL.
M. F. OMMANNEY.

The Hon. the Colonial Treasurer, Wellington.

No. 30.

The LOAN AGENTS to the PREMIER.

(Received, 14/10/79.)

Premier, New Zealand.

Market very disinclined for large New Zealand loan. You must be content half negotiated now, other half not before end 1880, and undertake not to issue another loan for three years. Reply prompt and fully. Also send statistics showing generally employment money already borrowed, cost railways completed, return for same, cost railways in course construction, total colonial revenue and expenditure for past three years, and estimated for next year. Contents of this must not be revealed. We do nothing till your reply.

LOAN AGENTS.
London, 13.

No. 31.

The PREMIER to the LOAN AGENTS.

(From Wellington, 17/10/79.)

Julyan, Vogel, and Ommanney, London.

Could you not raise three millions now? Considerable liabilities already incurred. Would not guarantee to end of 1882 suffice? You have all statistics for past years, including Macandrew's last Statement. Estimates current year not yet settled.

JOHN HALL, Premier.

No. 32.

The LOAN AGENTS to the PREMIER.
(Received, 21/10/79.)

Premier, New Zealand.

We will try to get your wishes. Send us following telegram, signed by Premier, New Zealand: Government permit you to pledge them not to issue more than three millions under Loan Act, 1879, and not more than five millions under that or any other Act until after the end of 1882, but without prejudice to operations under Conversion Acts.

LOAN AGENTS.
London, 20.

No. 33.

The PREMIER to the LOAN AGENTS.
(From Wellington, 26/10/79.)

Julyan, Vogel, and Ommanney, London.

Government permit you to pledge them not to issue more than three millions under Loan Act, 1879, until end of 1880, and not more than five millions under that or any other Act, until after the end of 1882, but without prejudice to operations under Conversion Acts.

HALL, Premier, N.Z.

No. 34.

The PREMIER to the LOAN AGENTS.
(From Wellington, 26/10/79.)

Julyan, Vogel, and Ommanney, London.

Guarantee wired. Don't use it unless necessary. Government would, of course, prefer larger amount negotiated now, if possible, without involving sacrifice.

HALL.

No. 35.

The LOAN AGENTS to the PREMIER.
(Received, 29/10/79.)

Premier, New Zealand.

Not include Treasury Bills, if interest and principal not allowed to be paid in this country, directly or indirectly.

LOAN AGENTS.
London, 27.

No. 36.

The COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

Treasury, New Zealand, Wellington, 8th November, 1879.

In order that there may be a clear understanding between yourself and the Treasury as to the funds which the Loan Agents are relied on to obtain, on security of debentures of the £5,000,000 loan, until the loan itself can be floated, I have the honor to transmit to you the enclosed statement, showing that, provided you exercise all the orders for transfer to the Foreign Imprest Account now in your hands or in transitu, it will be necessary to anticipate the new loan to the extent of £1,144,893 12s. 9d., by the 31st January, 1880, in order to meet all the liabilities of the colony in England to that date. This amount is exclusive of the drafts on the Crown Agents for £100,000 forwarded by the outgoing mail, and which will not mature until after the date above named.

I gather, from the fact that up to the present date (as advised by cable) advances have been obtained in anticipation of the loan to the extent of £302,500 only, while the unexercised bank orders now in your hands must amount to about £310,000, that you are endeavouring to carry on the services of the Government so as to obviate as much as possible the necessity for obtaining further advances.

I fully recognize the force of the remarks in your letter No. 772, of the 5th September, with regard to anticipating the negotiation of the loan, and the Government needs no assurance that the best exertions of the Loan Agents will be used to place it early and satisfactorily; at the same time, it cannot be disguised that the pressure of liabilities already incurred on this side will in a short time become too heavy to be borne unless relief can be obtained by drawing further against the loan.

Although, in reply to the telegram (copy enclosed in my letter of even date herewith), the Crown Agents were good enough to consent to accept drafts for a sum of £75,000, in addition to the £100,000 arranged to be drawn for by the outgoing mail, I have not deemed it desirable to exceed the original amount, namely, £100,000; but I shall avail myself of the extended authority to draw for £75,000 by the December mail. This sum will, however, be altogether inadequate to meet the requirements of the Government, as no doubt you will have learned from the statements made in my recent speech in the House on the financial position of the colony, and it will be necessary for me to communicate with you on the subject by telegraph.

The Agent-General for New Zealand, London.

I have, &c.,
H. A. ATKINSON.

Enclosure in No. 36.

The NEW ZEALAND PUBLIC ACCOUNT.

	£	s.	d.		£	s.	d.
Balance in Bank on 9th Sept.	...				6,063	14	2
To be received into the Bank to meet the charges as per contra—							
Guaranteed debentures	...			50,000		0	0
New Loan—							
Advances advised, £302,500							
Less paid to 9th Sept. ... 100,000				202,500		0	0
Required to meet drafts	350,000						
Balance required	...	492,393	12	9	1,044,893	12	9
				Interest and Sinking Fund—			
				Due 15 Sept.	8,060		
				" 1 Oct.	3,198		
				" 16 "	109,246	10	
				" 1 Nov.	12,500		
				" 1 Dec.	4,000		
				" 15 "	13,196		
				" 31 "	15,615		
				" 1 Jan.	3,501		
				" 15 "	155,136		
						324,453	
				Drafts on Crown Agents—			
				Due 2 Dec.	150,000		
				" 31 "	100,000		
				" 28 Jan.	100,000		
						350,000	
				Bank orders sent to Agent-General—			
				Dated 1 March	70,444		
				" 26 April... ..	51,200		
				" 28 July	5,000		
				" 16 Aug.	31,774	16	11
				" 16 "	194,220		
				" 4 Sept.	15,000		
				" 13 "	17,930		
				" 11 Oct.	13,700		10
				" 11 "	10,000		
				" 27 "	10,000		
				" 7 Nov.	7,235		
						426,504	6
						1,100,957	6
						1,100,957	6

NOTE.—£100,000 in excess of this amount has already been credited, and is included in above balance of £6,063 14s. 2d.

Accountant's Office, Treasury,
Wellington, 8th November, 1879.

JAS. B. HEYWOOD,
Accountant to the Treasury.

No. 37.

The MANAGER, Bank of New Zealand, to the SECRETARY to the TREASURY.

SIR,—

Bank of New Zealand, Wellington, 11th November, 1879.

I have the honor to acknowledge receipt of your letter of 8th instant, enclosing ten drafts of £10,000 each, on the Crown Agents for the Colonies, London, which have been placed to the credit of the Public Account, less the usual exchange.

I have, &c.,

R. W. KANE,
pro Manager.

The Secretary to the Treasury, Wellington.

No. 38.

The PREMIER to the LOAN AGENTS.

(From Wellington, 10/11/79.)

Julyan, Vogel, Ommanney, London.

What steps taking respecting loan?

HALL.

No. 39.

The PREMIER to the LOAN AGENTS.

(From Wellington, 17/11/79.)

Julyan, Vogel, Ommanney, London.

Financial Statement this day. Make financial year end March 31. Ordinary Revenue well maintained. Large falling off Land Sales caused deficiency. Propose remove Land Sales from Consolidated Revenue to amount available for appropriation for Public Works. Restore equilibrium by Property Tax, £470,000, Customs additions, £300,000. For deficiency past, and to March 31, issue Treasury Bills £800,000. Power convert Treasury Bills under Inscribed Stock Act, indispensable. Will obtain necessary legislative authority.

HALL.

No. 40.

The PREMIER to the LOAN AGENTS.

(From Wellington, 23/11/79.)

Julyan, Vogel, Ommanney, London.

Change Land Fund merely departmental. Security for loans remains unaltered. Eight hundred thousand are new bills, meet deficiency current year. No doubt arrange floating these here

but require power convert ultimately, under Inscription of Stock Act, time being left your discretion. Regarding 442,000 Treasury Bills, due March, will endeavour, supposing indispensable, provide here, but hope you will be able provide for them London. Might not Sinking Fund Trustees and Agent-General sell debentures they hold, and take those bills, Loan Agents fixing price. Government reserve right also inscribe existing issues Treasury Bills, total amount 832,000, those due March being included, when you consider time suitable.

HALL.

No. 41.

The PREMIER to the AGENT-GENERAL.

(From Wellington, 23/11/79.)

Vogel, London.

Explanation eight hundred thousand telegram Loan Agents. Land Fund remains security for loans. Hope you will succeed providing for Treasury Bills due March. Price must be left to you.

HALL.

No. 42.

The PREMIER to the LOAN AGENTS.

(From Wellington, 24/11/79.)

Julyan, Vogel, Ommanney, London.

Strictly confidential. Failure raise Loan would cause serious difficulties. This for your guidance respecting price.

HALL.

No. 43.

The PREMIER to the LOAN AGENTS.

(From Wellington, 1/12/79.)

Julyan, Vogel, Ommanney, London.

Will introduce Bill giving power to renew and convert Treasury Bills, on terms you suggest, and authorizing temporary advance from other Government funds. What are the Loans from Sinking Fund Commissioners of which you want authority for Agents to take up Treasury Bills? Why cannot Agents for sixty-three Loan take them up?

HALL.

No. 44.

The AGENT-GENERAL to the PREMIER.

(Received, 2/12/79.)

Premier, New Zealand.

Bank of England hesitates act. Refers to Bank Committee. Give answer Wednesday. We urge agreement seventy-five gives us claim.* Think answer favourable.

VOGEL.

London, 1st.

No. 45.

The LOAN AGENTS to the PREMIER.

(Received, 3/12/79.)

Premier, New Zealand.

Sinking funds, drawing and guaranteed loans, cannot be disturbed. Others may be dealt with, so far as law permits. Governor in Council must authorize securities, and Commissioners instruct Agents here. FitzGerald will explain. See Act '69.

LOAN AGENTS.

London, 2.

No. 46.

The LOAN AGENTS to the PREMIER.

(Received, 6/12/79.)

Premier, New Zealand.

Bank of England agree to invite subscriptions loan. Reluctant to do so, but consider, after agreement 1875, could not consistently decline. They, in common with general opinion, think New Zealand loans excessive. Subscriptions will be received 11th and 12th for five millions, fixed price £97 10s., interest five per cent.; Agents undertaking to convert to Inscribed Stock, giving 120 four per cent. for every 100 five per cent. Advertisement appears to-night.

LOAN AGENTS.

London, 4.

* See B.-6, 1876, Enclosure No. 4, in No. 1.

No. 47.

The AGENT-GENERAL to the PREMIER.

(Received, 6/12/79.)

Premier, New Zealand.

Bank of England agrees call tenders, because, having made agreement '75, cannot refuse. If Bank of England refused, most disastrous. Agreement, therefore, of infinite value to colony. Submit some recognition value agreement should be made, for which not even thanks accorded me. Launch whole five millions next week. Anticipate great success. Further particulars later telegram.

VOGEL.

London, 4.

No. 48.

The LOAN AGENTS to the PREMIER.

(Received, 12/12/79.)

Premier, New Zealand.

Loan subscribed more than twice over. List closed. We congratulate you. Until we found it imperatively necessary, we delayed giving guarantee not bring any loans on market for three years.

LOAN AGENTS.

London, 11.

No. 49.

The PREMIER to the LOAN AGENTS.

(From Wellington, 13/12/79.)

Julyan, Vogel, Ommanney, London.

Government much gratified by telegram, and appreciates judgment and care displayed by you.

HALL.

No. 50.

The MANAGER, Bank of New Zealand, to the SECRETARY to the TREASURY.

SIR,—

Bank of New Zealand, Wellington, 8th December, 1879.

I have the honor to acknowledge receipt of your letters, numbered 1200 and 1202, dated 5th and 6th instant, the latter enclosing six drafts of £10,000 each, and one of £15,000, on the Crown Agents for the Colonies, London, which have been placed to credit of the Public Account, less the usual exchange.

I have, &c.,

R. W. KANE,

pro Manager.

The Secretary to the Treasury, Wellington.

No. 51.

The COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

Treasury, New Zealand, Wellington, 6th December, 1879.

I have the honor to acquaint you with the requirements and proposals of the Government in relation to the following matters of finance:—

1. *Drafts against the Proceeds of the new Loan.*—It is estimated that the amount required in the colony for expenditure out of loan to the 30th June, 1880, will be about £100,000 a month, in addition to the revenue accruing to an amount equal to the interest and sinking fund to be paid in London out of loan. Having regard, however, to the possibility of the floating of the loan being delayed, the Government are endeavouring, by every means in their power, so to arrange payments to contractors and others as to make the funds locally available suffice as long as possible. By the outgoing mail, drafts for £75,000 will be sent to London, as arranged for by cable; but no further sums will be drawn for until receipt of advice from the Loan Agents.

2. *Requirements in London for Immigration and Public Works Services, &c.*—There is no immediate necessity to send further orders for these services to any extent. The bank orders which have already been transmitted to you will probably, with the exception of the usual monthly order for general imprest, be sufficient to cover your requirements for the next two or three months.

3. *Interest and Sinking Fund.*—It is not necessary for me to furnish you with particulars of the sums due on this account to the 30th June next, as copies of the requisitions and bank orders have already been transmitted to you; and I need scarcely repeat what I said when I last addressed you, that the Government rely on the ability of the Loan Agents to provide for these payments, by raising the requisite funds on security of short-dated debentures of the £5,000,000 loan, should it be necessary to do so before the loan itself is raised.

4. *Treasury Bills, £142,000, due 1st March, payable at the Offices of the Crown Agents.*—The Government are about to introduce a Bill in the House of Representatives to enable the Treasury to extend the currency of these bills for a period of three years, with power at the end of that term to issue short-dated debentures in exchange, with a view to their being ultimately inscribed under "The New Zealand Consolidated Stock Act, 1877." The Government also propose to obtain and transmit

to the Trustees of the Sinking Fund of the New Zealand Loan of 1863 an Order in Council, under "The Public Debts Sinking Funds Act, 1868," authorizing the investment of the accruing sinking fund of that loan in Treasury bills of this colony, as well as the disposal of the securities already held, and the reinvestment of the proceeds in Treasury bills likewise. Under authority to be obtained from Parliament, the Loan Agents will be empowered to advance temporarily, out of the proceeds of the loan, the amount required to take up the Treasury bills due 1st March next, in case it should be necessary to do so; and, by the mail leaving New Zealand in January, Treasury bills, to be issued under the new Act, will be transmitted to your care, to be taken up as above mentioned from time to time by the Trustees of the Sinking Funds, to whom the necessary Order in Council will be transmitted by the same opportunity.

5. *Treasury Bills to cover estimated Deficit to 31st March, 1880.*—Although the issue of these bills has no immediate bearing on the question of the requirements of the colony in London, I consider it desirable that you should be made acquainted with the proposals of the Government in this matter, as it is intended that these Treasury bills shall ultimately, as in the case of the bills for £442,000 above referred to, be inscribed under "The New Zealand Consolidated Stock Act, 1877." The bills will have a currency of three years, and power will be given to take them up at their due date by the issue of short-dated debentures. The amount will be £800,000, of which £600,000 will be applied to the redemption of the deficiency bills now afloat, maturing chiefly on 30th September, 1880, and £200,000 will be required in aid of revenue to 31st March next. In connection with these bills, I may add that the Government propose, should it be deemed necessary or desirable to do so, to arrange that the debentures of the 10-40 Loan, amounting to £68,900, held in England on behalf of the Postmaster-General and Public Trustee, be sold, and the proceeds paid into the New Zealand Public Account, with a view to the taking up of a corresponding amount of Treasury bills on this side.

I have, &c.,

The Agent-General for New Zealand, London.

H. A. ATKINSON.

No. 52.

The PREMIER to the LOAN AGENTS.

(From Wellington, 27/12/79.)

Julyan, Vogel, Ommañney, London.

Treasury Bills £442,000, due first March. Act passed authorizing renewal till 31st December, 1882, and temporary advance from Public Works Fund for taking up such Bills. Comptroller will send Bank Order by Mail. Will this be sufficient enable you provide for these Bills? What is exact price at which Loan floated?

HALL.

No. 53.

The PREMIER to the LOAN AGENTS.

(From Wellington, 27/12/79.)

Julyan, Vogel, Ommañney, London.

Ask Crown Agents arrange to meet drafts for £100,000 by next mail.

HALL.

No. 54.

The LOAN AGENTS to the PREMIER.

(Received, 31/12/79.)

Premier, New Zealand.

Crown Agents will accept bills £100,000, ten days' sight. We will take up Treasury Bills if legal authority sent us. Loan floated fixed price, 97½, with option receive 4 per cent. Inscribed, 120 for each 100.

LOAN AGENTS,

London, 30.

No. 55.

The COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

Treasury, New Zealand, Wellington, 3rd January, 1880.

In my letter of the 6th ultimo, I had the honor to acquaint you with the provision proposed to be made by the Government for redeeming the Treasury bills, amounting to £442,000, payable at the offices of the Crown Agents, on 1st March next.

I now enclose for your information a copy of "The Treasury Bills Act, 1879," passed last session, which authorizes the issue of bills to the amount of £442,000, in renewal of those above referred to. The Act further provides for taking up the bills issued thereunder out of any moneys standing at the credit of the Public Works Fund.

The Government having ascertained, by telegraphing to the Loan Agents (copies of telegrams enclosed), that there will be money at credit of the Public Works Fund available to take up the bills to be issued in renewal under the Act above quoted, I now forward to you herewith a bank order on the New Zealand Public Account, payable on 28th February, for £442,000, to be applied as hereinafter directed.

I also enclose a narration of the bills, amounting to £442,000, due on 1st March, which, as you are aware, were handed to the Bank of New Zealand as security for advances of the like amount, bearing interest at the rate of 5 per cent. or 1 per cent. above the Bank of England rate when that rate is in excess of 5 per cent. The principal named in the Treasury bills, with interest at the rate of 3½d. per cent. per diem, is payable at the offices of the Crown Agents; and when the bills were handed over, the Bank was authorized to hypothecate or sell them, with the express stipulation, however, that, in the event of such hypothecation or sale, the liability of the colony should not exceed the amount advanced by the Bank, with interest at the rate agreed upon.

There is reason to believe that the Bank has parted with at least a portion of the bills, but to what extent, or under what conditions, is not known to the Treasury, no communication on the subject having been received from the Bank. To protect the credit of the colony, it may, therefore, be necessary to provide for the redemption of a part of the bills, and payment of the interest thereon, at the place set forth in the bills themselves.

It appears from the latest accounts received from you, that the sums—amounting, as per statement enclosed, to £19,552—from time to time provided for the payment of interest at 5 per cent. on the Bank advances, have been used only to the extent of £2,500. I am providing by the present mail, a further sum of £6,185, which is included in the bank order enclosed in my letter of even date, making a total sum of £25,735 for this purpose.

Having thus provided you with the necessary bank orders to cover the whole liability of the colony in respect of the advances obtained on security of the Treasury bills, I shall be glad if you will be so good as to communicate with the Bank of New Zealand, with a view to the adjustment and settlement of that liability, taking measures, if necessary, in concert with the Bank, for placing in the hands of the Crown Agents, on 28th February, a sum sufficient to cover the principal and interest of the Treasury bills, if any, disposed of by the Bank.

With regard to the proposal advised in my letter of the 6th ultimo, to transmit to you by this mail Treasury bills to be taken up temporarily by the Public Works Fund, and then to be used under an Order in Council as an investment for the sinking funds of the New Zealand loan of 1863, the Public Works Fund being thereby recouped, I may state that that course was proposed prior to the receipt of intelligence of the successful negotiation of the loan; and as there is now no immediate necessity to take action in the matter, the bills and the necessary order will be forwarded by another opportunity at an early date, as also the authority for the sale of the debentures held on behalf of the Postmaster-General and Public Trustee, the proceeds of which it is proposed in like manner to invest in the Treasury bills referred to.

I have, &c.,

W. ROLLESTON

(for the Colonial Treasurer).

The Agent-General for New Zealand, London.

No. 56.

The MANAGER, Bank of New Zealand, to the SECRETARY to the TREASURY.

SIR,—

Bank of New Zealand, Wellington, 5th January, 1880.

I have the honor to acknowledge receipt of your letter No. 1, of the 3rd instant, enclosing draft, at ten days' sight, for £100,000. I have been authorized to purchase it on the same terms I quoted for a demand draft, namely, at par. The amount has been credited to the Public Account.

I have, &c.,

GEORGE E. TOLHURST,

Manager.

The Secretary to the Treasury, Wellington.

No. 57.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

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

I have the honor to state that the sum of £154,000 was obtained on the 29th November ultimo, through the Crown Agents, on security of debentures of the anticipated loan.

£150,000 of this advance was required to meet the payment of the Crown Agents' acceptances of a like amount falling due on the 1st instant.

The balance, £4,000, stands to credit in the New Zealand Public Account.

The advance is repayable on the 15th January next: interest at the rate of 3½ per cent. per annum.

I have, &c.,

JULIUS VOGEL,

Agent-General.

The Hon. the Colonial Treasurer, Wellington.

No. 58.

The AGENT-GENERAL to the PREMIER.

(Received, 22/1/80.)

Premier, New Zealand.

Confidential. New Loan in great demand, over five premium. Due to option converting.
* * thinks Inscribed Stock will go to 95. Conversion can be made very profitable. Pray see Order in Council properly drawn and despatched first mail.* Any hitch deplorable.

VOGEL,

London, 21.

No. 59.

The **MANAGER**, Bank of New Zealand, to the **SECRETARY** to the Treasury.

SIR,—

Bank of New Zealand, Wellington, 2nd February, 1880.

I have the honor to acknowledge the receipt of your letter of 31st ultimo, enclosing draft No. A272, for £250,000, drawn on the Managing Director, Bank of New Zealand, London. This draft was purchased at par, and the proceeds were placed to the credit of the Public Account on 31st January.

I have, &c.,

GEORGE E. TOLHURST,
Manager.

The Secretary to the Treasury, Wellington.

No. 60.

The **SECRETARY** to the **TREASURY** to the **MANAGER**, Colonial Bank of New Zealand.

SIR,—

Treasury, Wellington, 2nd February, 1880.

I have the honor, by direction of the Colonial Treasurer, to hand you herewith, bill of exchange for £50,000, in triplicate, drawn on the Bank of New Zealand, London, in favour of your Bank, on demand, and dated this day. You will please instruct your London office, on due payment of the said bill of exchange, to hand to the Agent-General for this colony a fixed-deposit receipt for the sum of £50,000, in the names of the Colonial Treasurer and Controller and Auditor-General, payable at twelve months' date, at the rate of 4 per cent. per annum, the Government to have the option of receiving payment of the principal and interest either in London or in the colony, as may be determined, upon giving three months' notice in writing of the place where they desire payment to be made.

I have, &c.,

J. B. HEYWOOD,
(for Secretary to the Treasury).

The Manager, Colonial Bank of New Zealand,
Wellington.

No. 61.

The **MANAGER**, Colonial Bank of New Zealand, to the **COLONIAL TREASURER**.

SIR,—

Colonial Bank of New Zealand, Wellington, 9th February, 1880.

I have the honor to acknowledge receipt of your letter dated this day, covering bill of exchange on the Bank of New Zealand, London, on demand, for £50,000—say, fifty thousand pounds—which has gone forward to our London office, with instructions, upon payment of same, to hand the Agent-General for the colony a fixed-deposit receipt for a like amount in the names of the Colonial Treasurer and Controller and Auditor-General, payable at twelve months' date, bearing interest at the rate of 4 per cent. per annum, the Government to have the option of receiving payment of principal and interest either in London or the colony, as may be determined by the Government, by their giving three months' notice in writing of the point where they desire payment to be made.

I have, &c.,

W. CHRISTIE,
Manager.

The Hon. the Colonial Treasurer, Wellington.

No. 62.

The **COLONIAL TREASURER** to the **AGENT-GENERAL**.

SIR,—

Treasury, New Zealand, Wellington, 9th February, 1880.

I have the honor to inform you that arrangements have been entered into by the Government, for the deposit of £50,000 with the Colonial Bank of New Zealand for the fixed period of twelve months, at the rate of 4 per cent. per annum. A bill of exchange for that amount has this day been issued in favour of the Colonial Bank here, and said bill has been drawn upon the Bank of New Zealand, London, payable on demand; and I am further instructed by the Hon. the Colonial Treasurer to advise you that the Colonial Bank will hand you, upon due payment of the draft drawn, a fixed-deposit receipt for the above-named sum.

The Colonial Bank has also been informed that the Government reserve to themselves the right of having principal and interest paid either in London or in the colony, as they may decide, upon giving three months' notice in writing to the Bank. Bank order enclosed, you will please make use of for the purpose of retiring the above-mentioned bill of exchange.

I have, &c.,

J. B. HEYWOOD,
(for Secretary to the Treasury).

The Agent-General for New Zealand,
London.

No. 63.

The **COLONIAL TREASURER** to the **AGENT-GENERAL**.

SIR,—

Treasury, New Zealand, Wellington, 9th February, 1880.

With reference to a communication addressed to you to-day by Mr. Heywood, acting in the absence of Mr. Gavin, I have to request you will give effect to the tenor and instructions of the said note as if given under my own hand, the same having been signed by Mr. Heywood inadvertently.

I have, &c.,

H. A. ATKINSON.

Sir Julius Vogel, K.C.M.G., Agent-General, London.

3—B. 4A.

No. 64.

Order in Council respecting Securities in which Public Funds may be invested.

HERCULES ROBINSON, Governor.

ORDER IN COUNCIL.

At the Government House, at Wellington, this tenth day of February, 1880.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

IN pursuance and exercise of the power and authority vested in him by the 19th section of "The Public Revenues Act, 1878," His Excellency the Governor of the Colony of New Zealand, by and with the advice and consent of the Executive Council thereof, doth hereby declare that deposit receipts given by or on behalf of the Joint-Stock Banking Company known as the "Colonial Bank of New Zealand," shall be securities in which the Treasury may invest any balance of the Public Account not exceeding fifty thousand pounds.

FORSTER GORING,
Clerk of the Executive Council.

No. 65.

The MANAGING DIRECTOR, Bank of New Zealand, to the COLONIAL TREASURER.

SIR,—

Bank of New Zealand, London, 1st January, 1880.

I have the honor to inform you that, in pursuance of the provisions of "The Public Revenues Act, 1878," section 62, an order for payment of £683,500, No. 1, dated 30th December, 1879, has been issued upon this office, bearing the signatures of two Commissioners under the above Act and the Audit Officer, the order in question being accompanied by a letter from the Agent-General, stating that the amount is to be paid to the Crown Agents to enable them to pay-off advances temporarily obtained by them for the Government of New Zealand.

The payment so ordered will be made by this Bank in due course, and I shall be glad to receive your confirmation thereof.

I have, &c.,

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

A. F. LARKWORTHY,
Managing Director.

No. 66.

The MANAGER, Bank of New Zealand, to the COLONIAL TREASURER.

SIR,—

Bank of New Zealand, Wellington, 12th February, 1880.

I have the honor to acknowledge the receipt of your letter of 9th instant, advising that you had drawn upon our London office a demand bill of exchange for the sum of £50,000, in favour of the Colonial Bank.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

GEORGE E. TOLHURST,
Manager.

No. 67.

The LOAN AGENTS to the PREMIER.

SIR,—

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

We have the honor to forward to you a copy of a cablegram despatched by us to you on the 3rd instant.

The circumstances under which the telegram was despatched are explained to you by the Agent-General in a letter of even date with this.

In a separate letter, the Agents for the Consolidated Loan will report to you the particulars of an interview they had with the Governor and Deputy-Governor of the Bank of England on Monday, the 3rd instant. We may observe that, in view of the negotiation of the new loan, we deemed it necessary to ascertain from the Bank of England whether it would be willing to carry out the arrangement it made with Sir Julius Vogel in 1875. It is equally necessary we should be satisfied on this point, whether we determine to bring out the new loan under the arrangement in question, or to bring it out in the form of debentures, with a specific undertaking to convert them into Inscribed Stock within given dates. The question of choice between the two courses was not mooted; indeed, its discussion has at present been strictly confined to the Agents for the loan. We may, however, observe that the latter course is probably the one we shall adopt, for the twofold reason that it will give a wider range of discretion to, and therefore attract a wider circle of, investors; and that it will enable us, by obtaining money for debentures bearing interest at 5 per cent., to procure you a larger amount than if the loan was originally issued as Inscribed Stock at 4 or 4½ per cent.

We have, &c.,

P. G. JULYAN.

JULIUS VOGEL.

M. F. OMMANNEY.

The Hon. the Premier, Wellington.

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

feeling is strengthened by a telegram from the colony, which has appeared in the London papers, announcing the intended termination by the Bank of its connection with the Government.

7. When the new loan comes to be offered to the public by advertisement, if the Press of this country should unfavourably criticise the financial condition of the colony, the chance of its being successfully floated will, bankers say, be greatly diminished, if not altogether extinguished; and, although we do not indorse this gloomy view of the situation, we are bound to add, that the Bank of England, in refusing us further accommodation on any terms whatever, has been influenced by these considerations, and we cannot disguise from ourselves the fact that the present aspect of affairs is by no means assuring.

8. If the new loan be taken up before the end of the year, all doubts and difficulties will disappear; but if, on the other hand, the public refuse to invest their money in it, then bankers will regard the debentures as non-convertible securities, and the situation will become seriously embarrassing.

9. There are also other liabilities, no less pressing than the drafts referred to, which must soon be provided for. So far as these are known on this side, they are given in the enclosed statement, and—including everything up to March next—form an aggregate of £2,207,786.

We have, &c.,

(For the Crown Agents)

P. G. JULYAN.

The Premier, Wellington, New Zealand.

NEW ZEALAND.—ESTIMATED LIABILITIES to 31st March, 1880.

								£	s.	d.
Advances already obtained	...	...	...	...	...	...	...	1,102,500	0	0
1879.										
Dec. 1.	Acceptances	...	...	...	£150,000	0	0			
	Interest	...	...	...	4,000	0	0			
14.	Interest and sinking fund	...	...	...	13,196	0	0			
30.	Acceptances	...	...	...	100,000	0	0			
31.	Interest and sinking fund	...	...	...	19,116	0	0			
	Agent-General	...	...	...	40,000	0	0			
1880.								£326,312	0	0
Jan. 14.	Interest and sinking fund	...	...	...	155,136	10	0			
27.	Bills to be provided for	...	...	...	100,000	0	0			
31.	Interest	...	...	...	135,000	0	0			
	Agent-General	...	...	...	40,000	0	0			
								430,136	10	0
Feb. 24.	Bills to be provided for	...	...	...	175,000	0	0			
29.	Interest	...	...	...	85,777	10	0			
	Agent-General (say)	...	...	...	40,000	0	0			
								300,777	10	0
Mar. 14.	Interest and sinking fund	...	...	...	8,060	0	0			
	Agent-General (say)	...	...	...	40,000	0	0			
								48,060	0	0
								1,105,286	0	0
								£2,207,786	0	0

P. G. JULYAN,
Crown Agent for the Colonies.

London, 6th November, 1879.

No. 70.

The PREMIER to the LOAN AGENTS.

GENTLEMEN,—

Government Offices, New Zealand, Wellington, 2nd January, 1880.

I have the honor to acknowledge the receipt of your letter No. 999, of 4th November, explaining the course you thought it probable you would take with respect to the £5,000,000 loan, and the importance (as affecting your decision) of the answer to be given by the Bank of England to the Agents under "The Inscription of Stock Act, 1877," who had asked the Bank if it was prepared to carry out the terms of the agreement made with Sir Julius Vogel in 1875.

2. Before your letter was received, your telegrams had informed the Government of the action of the Bank of England in respect of the loan, and the complete success of the operation.

3. The Government are awaiting detailed information by letter as to the negotiation of the loan. Pending its receipt, they must necessarily limit their acknowledgment of the value of your services to such expression of it as was given in my telegram, dated the 13th ultimo, of which a copy is attached.

I have, &c.,

JOHN HALL.

The Loan Agents for New Zealand, London.

No. 71.

The PREMIER to the AGENT-GENERAL.

SIR,—

Government Offices, New Zealand, Wellington, 2nd January, 1880.

I have the honor to acknowledge, and to thank you for, your letter No. 1000, of 4th November, with its enclosed copy of telegrams, as to arrangements made with and by the Crown Agents for the acceptance of certain Government drafts.

I have written to the Crown Agents on the subject.

I have, &c.,

JOHN HALL.

The Agent-General for New Zealand, London.

No. 72.

The PREMIER to the CROWN AGENTS.

GENTLEMEN,—

Government Offices, New Zealand, Wellington, 2nd January, 1880.

I have the honor to acknowledge the receipt of your letter 4/373, of 6th November, stating the action taken and proposed, consequent upon the information received from my predecessor, that the Colonial Treasurer had drawn on the Crown Agents for sums amounting to £250,000; and explaining generally the position of the Agents towards their bankers, in relation to advances required by this Government.

2. The Government recognize, and tender you their best thanks for, the interest you have long taken in the affairs of New Zealand; and for the very valuable assistance you have on the present occasion rendered to the Government, in obtaining for them the advances they required in anticipation of the raising of the £5,000,000 loan. The successful floating of this loan, soon after the date of your letter, will have relieved you from the prospect of any inconveniences resulting from the advances thus obtained by you.

3. The Government also thank you for the information conveyed in your letter as to the feeling of the London Money Market with regard to the financial position of New Zealand. They feel assured, however, that the passing by the General Assembly of the measures—copies of which are sent to you by the present mail—for adding largely to the permanent revenue of New Zealand, by means of a Property-tax, as well as by increased Customs Duties, will be accepted in England as proof that the colony is prepared to do all that may be needed to justify the confidence that has been shown in its resources and capabilities.

I have, &c.,

The Crown Agents for the Colonies, London.

JOHN HALL.

No. 73.

The LOAN AGENTS to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 19th December, 1879.

We have the honor to confirm the information we have already forwarded by electric cable, concerning the negotiation of the £5,000,000 New Zealand loan.

Ever since the Government empowered us to act, we have watched with great anxiety for a favourable time to operate. The urgent requirements of the Government, the unprecedented (as far as a colony is concerned) amount of the loan, and the very general impression that New Zealand has borrowed too largely, made the responsibility cast upon us an unusually heavy one. It became, at the outset, apparent that some specially attractive feature would have to be introduced, besides that the Government would have to give an assurance to abstain from coming on the market again with a fresh loan for a considerable period. The latter assurance you empowered us to make on behalf of the Government.

To meet the former requirement, we determined to have recourse to the use of the Acts empowering the inscription of colonial stocks. It was not thought desirable to issue the loan at once under these Acts, but to give an option to the subscribers to take inscribed stock within a defined period. By adopting this plan, the old system was not entirely absorbed into the new; besides that, if the loan was issued bearing interest at the rate of 5 per cent., an amount approaching to par would be obtained, whereas if issued as 4 per cent. inscribed stock, the discount would have been very large.

We some time since reported to you that, as Agents for the consolidation of loans, we asked the Governor and Deputy-Governor of the Bank of England if they were willing to confirm the arrangement which they entered into in 1875 with Sir Julius Vogel, and the guardedly affirmative reply which was made to us. When the time approached which was in our opinion favourable for operating, we asked the Bank of England to call for tenders, as it did on the occasion of the last loan. We found there was great hesitation to accede to the request, on the ground of the very large borrowings of the colony. We urged that the agreement of 1875 to a great extent committed the Bank, and, after some consideration and consultation, the reply was given to us that the Bank, having agreed in 1875 to inscribe New Zealand stock, did not think it could consistently refuse to call for tenders for the proposed loan. The various details of the prospectus were arranged by us in consultation with the Bank authorities. It was agreed also to issue with the prospectus, but not as part of it, a statement concerning the position of the colony, prepared by the Agent-General, it being felt that an explanation was due to investors of the situation leading to so large an increase of New Zealand's indebtedness. The advertisement stated that applications would be received by the Bank on the 11th December, and that the list would close not later than the 12th. We abstained from giving the guarantee against additional loans until two or three days after the advertisement was issued, when we found that the market demanded such a guarantee, some of the largest operators having determined to give no assistance without it. The guarantee was given by a paragraph furnished to the newspapers, of which we enclose copy. Its effect was beneficial, and on the first day the applications were sufficiently large and numerous to decide the Bank to close the list after business hours. About twelve millions in all were applied for. You must not, however, conclude that there was a demand for so large an amount. During the day, it became known that the applications would be large, and on the supposition that less would be allotted than applied for, people wrote for more than they required.

The price fixed for the loan was decided upon after great consideration, and on the best advice. Up to the last moment, we hoped to get 10s. more, but upon strong representations agreed to forego it. We also fully considered the various arguments for and against a fixed price in lieu of a minimum, and decided upon the former.

Although the 5 per cent. debentures are issued at 2½ per cent. discount, so much of the loan as is converted will represent over £80 for each £100 of 4 per cent. stock: so that the inscribed stock will represent money borrowed at a fraction less than 5 per cent.—a wonderful result when the large amount of the loan, in addition to previous borrowings, is considered.

We heartily congratulate you on the successful negotiation of the loan. This success could scarcely have occasioned more pleasure to the Government than it did to us: for, individually as well as collectively, we may say we have never been engaged in any transaction that entailed upon us so much anxiety and care as the negotiation of this loan. It is due to the Bank of England, and to the Crown Agents' department, to acknowledge the assistance we received from them, which largely contributed to the success of our operations.

We have to thank you for the telegram, copy subjoined, in which you express approval of the result of our efforts.

We enclose copies of the prospectus of the loan, and of the statement of the Agent-General which accompanied it.

We have, &c.,

P. G. JULYAN.

JULIUS VOGEL.

M. F. OMMANNEY.

The Hon. the Premier, Wellington.

Enclosures.

(From the *Times*, 9th December.)

WITH reference to the New Zealand loan, for which tenders are invited by the Bank of England on Thursday and Friday next, we are authorized to state that the Government of New Zealand undertake to abstain from bringing any further loans on the market for the next three years; but this assurance is without prejudice to operations for converting existing loans into inscribed stock.

NEW ZEALAND GOVERNMENT 5 PER CENT. LOAN: £5,000,000.—Price of issue, £97 10s. per cent.—

Authorized by "The New Zealand Loan Act, 1879," for carrying on Public Works and Immigration, and for Redeeming £800,000 Guaranteed Debentures, &c.

THE Governor and Company of the Bank of England, on behalf of the Agents appointed for raising and managing the loan under the above Act (Sir Penrose Julyan, K.C.M.G., C.B.; Sir Julius Vogel, K.C.M.G.; and Captain Ommanney, R.E.), are authorized to receive, on Thursday, the 11th instant, applications for New Zealand Government 5 per cent. debentures of £1,000, £500, and £100 respectively, bearing interest from 1st November, 1879, and representing an aggregate sum of £5,000,000, redeemable at par ten years from date of issue, *with option to holders to convert into inscribed stock on the terms hereinafter set forth.*

The loan is secured on the Consolidated Fund of the colony, which includes the revenues derived from railways and from the sales and leases of public lands.

Both interest and principal of the debentures will be made payable at the offices of the Crown Agents for the Colonies, Downing Street, London.

The issue price will be at the rate of £97 10s. in money for every £100 expressed in debentures, payable as follows:—£5 per cent. on application; £17 10s. per cent. on allotment; £25 per cent. on Thursday, 15th January, 1880; £25 per cent. on Tuesday, 17th February, 1880; £25 per cent. on Tuesday, 16th March, 1880.

Payments may be made in full on allotment, or on any of the foregoing dates, at a discount of 3 per cent. per annum.

The first payment to accompany the application, and all subsequent payments to be made at the Bank of England, not later than the several dates above-named.

The subscription list will be opened in the Chief Cashier's Office, Bank of England, on Thursday, the 11th instant, and closed on or before Friday, the 12th instant.

Scrip certificates to bearer will be issued after payment of the instalment due on allotment; and upon payment in full the scrip may be converted into inscribed stock, on or after 16th March, 1880, or exchanged for debenture bonds (with coupons payable 1st May and 1st November of each year), at the Bank of England, at an early date, of which due notice will be given.

Copies of the Act authorizing the loan may be seen, and a statement showing the condition and prospects of the colony may be obtained, together with forms of application, from the Chief Cashier, Bank of England; the Crown Agents for the Colonies, Downing Street; their brokers, Messrs. Mullens, Marshall, and Co., 4, Lombard Street, and Messrs. J. and A. Scrimgeour, 18, Old Broad Street; and of the Agent-General for New Zealand, 7, Westminster Chambers, S.W.

The following are the conditions upon which the purchasers or holders of the scrip or debentures above described may, at their option, convert them into inscribed stock, under Imperial Act, 40 and 41 Vict., c. 59, and "The New Zealand Consolidated Stock Act, 1877:"—

The stock will bear interest at the rate of 4 per cent. per annum, payable half-yearly at the Bank of England (dividend warrants being transmitted by post, if desired), on the 1st May and 1st November of each year, until the 1st November, 1929, when the capital will be repaid at par.

The books of the stock will be kept at the Bank of England, where all assignments and transfers will be made, free of stamp duty; and holders of the stock may, if they so desire, be furnished with stock certificates, transferable to bearer, with coupons attached, which certificates may be re-inscribed as stock at the will of the holder.

Every £100 represented by debentures will be convertible into £120 of inscribed stock.

The conversion may be effected on the above terms at any time between the 16th March, 1880, and 16th March, 1881, subject to the condition as to the closing of the register of the stock fourteen days previous to the payment of the dividends, as provided by the 5th section of the Act, 40 and 41 Vict., c. 59.

Bank of England, London, 4th December, 1879.

NEW ZEALAND.

THE following statistics, showing the general condition and past progress of New Zealand, compiled by the Agent-General for the colony, from the latest official returns which have reached this country, are published for the information of capitalists and others seeking investments in Colonial Government securities:—

The public debt of the colony, including the old Provincial Government loans, at the 30th June, 1879, was ...				£23,222,311	0	0
Sinking fund accrued	...	...	...	1,709,007	5	7
Net indebtedness				£21,513,303	14	5
Annual charge for interest and sinking fund				1,200,119	6	3

These loans include Treasury bills, provincial loans, and the early loans of the colony. The following approximately represents the manner in which they have been expended, exclusive of the cost of raising them, and of the balances in hand on the 30th June last:—

Railways constructed and in course of construction	...	...	...	£9,850,000
Immigration	...	...	...	3,770,000
Public works and buildings, including roads, harbours, lighthouses, and telegraphs	...	...	...	5,120,000
Purchase of Native lands	...	...	...	1,470,000
Native disturbances, not including under this item a large amount expended at various times out of other resources	...	...	...	2,000,000

Total, exclusive of balances in hand, and cost of raising loans £22,210,000

STATEMENT of the CONSOLIDATED and LAND REVENUE (exclusive of Gold Fields Revenue) received during the Ten Years commencing 1869-70.

Financial Year.	Consolidated Revenue.			Land Revenue.			Total.		
	£	s.	d.	£	s.	d.	£	s.	d.
1869-70	1,048,175	0	7	209,623	3	6	1,257,798	4	1
1870-71	936,188	5	10	208,091	5	0	1,144,279	10	10
1871-72	1,031,082	18	7	336,311	0	6	1,367,393	19	1
1872-73	1,119,904	3	4	889,642	14	1	2,009,546	17	5
1873-74	1,420,216	17	3	1,066,744	7	3	2,486,961	4	6
1874-75	1,605,002	16	5	773,265	17	9	2,378,268	14	2
1875-76	1,703,190	3	11	857,990	13	1	2,561,181	2	0
1876-77	1,904,834	1	0	1,005,855	13	1	2,910,689	14	1
1877-78	2,328,752	15	7	1,586,562	19	5	3,915,315	15	0
1878-79	2,682,084	18	8	869,729	12	1*	3,551,814	10	9

Up to the 30th June last, 1,145 miles of railway were opened for traffic. The cost of construction of the same was £8,050,000. The following remarks concerning these railways is extracted from the statement of the Minister of Public Works, dated the 7th August, 1879:—

“In the Middle Island, during the past year, 59 additional miles of railway have been opened for traffic, making a total, at 30th June last, of 809 miles, the total cost of construction of which amounts to £5,757,188. The gross receipts have been £601,281 6s. 1d. The working charges and maintenance have been £428,498 19s. 1d., leaving a balance of £172,682 7s. available towards payment of interest on cost of construction, being at the rate of 3 per cent. for the year. The number of passengers carried during the year was 2,018,871. I may here observe that several causes have contributed to diminish considerably the profits of the year—namely, the great deficiency in the grain crop of Canterbury, the serious loss which accrued from floods, and the want of rolling-stock sufficient to meet the enormous traffic which is being continuously developed. I am glad to say, however, that the last-named evil is being successfully diminished, and that the further risk from flood-damage is being lessened by the protective and other works which have been constructed during the year.

“In the North Island, during the past year, 27 additional miles have been opened for traffic, making a total on the 30th June last of 336 miles; the total cost of construction of which amounts to £2,300,000. The gross receipts have been £156,762 1s. 4d., and the working charges and maintenance £116,879 15s. 11d.; leaving a balance of £39,935 6s. 2d. available towards payment of interest and cost of construction, being at the rate of nearly 1½ per cent. for the year. The number of passengers carried during the year was 703,869.”

Thus the nett earnings in the Middle Island are 3 per cent. per annum, and in the North Island nearly 1½ per cent. On both combined, the earnings are over 2½ per cent. In the North Island, the railways are more fragmentary in their character: the various lines opened are not as yet joined together. The railway returns have hitherto steadily and largely increased year by year, and there can be no question they will continue to do so, as the population and the extent of land brought under cultivation likewise largely increase each year.

It is difficult to precisely calculate the increase in the value of property in the colony arising from the construction of public works and from the promotion of immigration. In a recent speech, the

* In consequence of financial depression, the reduced price of wool, and because of a quantity of land being reserved from sale until the completion of railways adjacent thereto, the land revenue shows a falling off, which is probably of only a temporary character.

Premier of the colony estimated that, owing to the construction of railways and other public works, 880 properties had increased in value from £10,000 to £50,000 each, and 120 properties had increased in value upwards of £50,000 each.

The intrinsic value of property in the colony has much more than doubled since 1871, when the public works policy was actively commenced. A valuation recently made for the purpose of assessing a small Land-Tax shows that there are 87,000 distinct landed properties in New Zealand, of a total value of £100,000,000, including improvements. It is not too much to estimate that £50,000,000 of this value is due to the public works and immigration expenditure of the last eight years. The Crown still retains the larger portion of the lands of the colony. A return up to date, June, 1878, shows that 34,000,000 of acres still remain the property of the Crown. This does not include land for the acquisition of which the Government are negotiating with the Natives, or the extensive area of land in present possession of the Natives, neither does it include the large reserves made for various public purposes.

As these lands are opened up and population spreads over them, they acquire great value. The extension of railways and promotion of immigration, for which the present loan is chiefly required, is, in fact, a most profitable operation. The Minister for Public Works, in indicating the new railways proposed, showed by figures that the lands adjacent thereto would yield to the Government their entire cost, and a considerable quantity of these lands is being reserved from sale pending the construction of the railways. If the liabilities of New Zealand were secured solely upon the landed estate still owned by the Crown, the security would be ample; but in addition there is the security of the railways and other productive public works, and of the taxing power of the people. At present, there is very little direct taxation in New Zealand, but if all the annual liability for loans was raised by direct taxation, so large are the earnings of the population, that such a tax would amount to but a small percentage on the earnings or incomes of the people.

It is estimated that the annual cost of the public debt amounts to a less percentage on the earnings of the people than does that of the public debt of Great Britain. But the public debt of the colony includes the expenditure on railways, roads, harbour works, docks, &c., &c. If the cost of these were added to the public debt of Great Britain, the comparison in favour of the colony would be greatly enhanced. It is to be remembered, also, that the population in the colony increases with a rapidity much in excess of that of the mother-country. The works are not constructed for the present population only, but for many times the number. The colony is at the very commencement of a career which bids fair to make it the home of millions of people.

By the Census in 1867, the white population amounted to 218,000. By the Census of 1878, the white population had increased to 414,000. On the 30th June of the present year, it was estimated the white population had increased to 445,500.

The following table exhibits the population, exclusive of the Maoris, when each Census was taken:—

Date of Enumeration.	POPULATION.			Centesimal Increase.	Number of Inhabited Houses.
	Persons.	Males.	Females.		
December, 1851	26,707	15,035	11,672		
24 December, 1858	59,413	33,679	25,734	122.56	12,812
December, 1861	99,012	61,062	37,959	39.99	22,398
December, 1864	172,158	106,580	65,578	73.86	37,996
December, 1867	218,668	131,929	86,739	27.01	54,015
February, 1871	266,986	156,431	110,555	17.25	57,182
1 March, 1874	341,860	194,349	147,511	16.82	61,356
3 March, 1878	414,412	230,998	183,414	38.86	79,657
Increase from 1867 to 1878				89.52	

IMPORTS AND EXPORTS.

The following table exhibits the rapid growth of the import and export trade of New Zealand, from the date of the colony being established to 1878, inclusive:—

Period.	Imports.	Exports, the Produce of the Colony.
1841-45, average for 4 years	£ 139,000	£ 33,000
1845-49	193,000	77,000
1853-55	766,000	330,000
1856-60	1,188,000	438,000
1861-65	5,352,000	2,718,000
1866-70	5,168,000	4,335,000
1871-75	6,367,000	5,276,000
1876-77	6,939,000	5,783,000
1878	8,755,663	6,015,525

The great bound exhibited in the above table, as taking place in the quinquennial period 1861-65, was caused by the gold discoveries.

AGRICULTURAL PRODUCE.

The following returns show the grain produce of New Zealand and the principal Australian Colonies, for the year 1877-78 :—

	Bushels.	Acreage.	Per Acre.
New Zealand	12,843,154	456,463	28 bushels.
New South Wales	6,455,651	305,847	21 „
Victoria	9,437,439	688,914	13 $\frac{3}{8}$ „
South Australia	9,220,317	1,178,152	7 $\frac{5}{8}$ „

London, 4th December, 1879.

No. 74.

The LOAN AGENTS to the PREMIER.

SIR,—

7, Westminster Chambers, London, S. W., 19th December, 1879.

We think it desirable to embody in a separate letter information respecting the charges in connection with the negotiation of the loan.

The Bank of England stipulated for the same payment as before, namely, one-half of 1 per cent. commission, exclusive of $\frac{1}{4}$ per cent. brokerage payable on amounts taken up through agents or brokers.

As Sir Penrose Julyan ceased to be one of the Crown Agents before the negotiation of the loan, it was decided to make a separate payment to him of $\frac{1}{2}$ per cent., and $\frac{1}{2}$ to the department of the Crown Agents for the Colonies.

As far as Sir Julius Vogel is concerned, his remuneration rests with his Government.

A considerable saving in expenses is made as compared with the last loan, as £1,500 only are paid to brokers for special services, in lieu of the £11,349 15s. paid to them on the last occasion.

We have, &c.,

P. G. JULYAN.

JULIUS VOGEL.

M. F. OMMANNEY.

The Hon. the Premier, Wellington.

No. 75.

The PREMIER to the LOAN AGENTS.

GENTLEMEN,—

Government Offices, Wellington, N.Z., 27th February, 1880.

I have the honor to acknowledge the receipt of your letter of 19th December, conveying detailed information as to the negotiation of the £5,000,000 New Zealand loan.

The Government appreciate fully the difficulties which surrounded that operation, owing to the large amount of the loan, and the impression with respect to New Zealand borrowing which has no doubt been created in London. The reason given by you for issuing the loan at 5 per cent. appears to be conclusive. Respecting the terms upon which you undertook that conversion into 4 per cent. inscribed stock might be effected, the Government recognize that here, at this time, it is very difficult to pronounce anything like a decided opinion. It is obvious that although the conversion will, to a small extent, diminish the interest payable by the colony, the amount of capital to be repaid by it will be more than proportionately increased. Nevertheless, in view of the necessity for offering in connection with this loan some specially-attractive conditions, and considering the reasons why it was most desirable that the negotiation should not be exposed to risk of failure, the Government do not doubt that throughout the operation you exercised a wise discretion.

The same remark will apply to the price fixed for the loan, which appears to have been considerably below current quotations of other New Zealand 5 per cent. stock. The Government are satisfied, however, from your own experience and judgment, and the character of the authorities consulted by you upon this point, that the best was done for the colony which circumstances admitted.

I note what you state regarding the hesitation of the Bank of England to consent to invite subscriptions for the loan, and as to the extent to which the colony is indebted for the undoubtedly great benefit of the Bank's intervention, to the arrangement with that institution which was made by Sir Julius Vogel in 1875. I am glad to receive this testimony to the important advantage which New Zealand has derived from that arrangement, of which I have myself always entertained a high opinion.

In conclusion, I desire to repeat to you the acknowledgments of this Government for the judgment displayed by you in the transaction of this important business, as also for the exertions made by you to provide for the large advances required by the colony in anticipation of the raising of the loan.

I beg that you will convey to the Crown Agents the thanks of the Government for the assistance which you state you received from them, and which largely contributed to the success of your operations.

I have, &c.,

JOHN HALL.

The Loan Agents for New Zealand, London.

No. 76.

The PREMIER to the LOAN AGENTS.

GENTLEMEN,—

Government Offices, Wellington, N.Z., 27th February, 1880.

I have the honor to acknowledge the receipt of your letter of 19th December, on the subject of the charges connected with the negotiation of the £5,000,000 loan.

2. I note that the Bank of England received payment at the same rate as in 1878, namely, $\frac{1}{2}$ per cent. commission, exclusive of brokerage on amounts taken up through agents or brokers; and that Sir Penrose Julyan, who had ceased to be one of the Crown Agents before the negotiation of the loan, was allowed a separate payment of $\frac{1}{8}$ per cent.; one-eighth being also paid to the department of the Crown Agents for the Colonies.

3. As your letter does not enumerate the incidental expenses, the Government are not able to compare the total cost incurred in the present instance and that incurred in negotiating any of the former loans; but they have reason to believe that, owing largely to the less amount paid to brokers for special services, the comparison will prove to be favourable for the recent operation.

The Loan Agents for New Zealand, London.

I have, &c.,

JOHN HALL.

No. 77.

The LOAN AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 16th January, 1880.

We have the honor to state that the following drafts drawn by the Government on the Crown Agents have been duly accepted by them, in accordance with the arrangement set forth in your letter of the 15th August last, viz. :—

£100,000, matured the 29th December, 1879; £100,000, maturing the 26th January, 1880; £175,000, maturing the 26th February, 1880.

We have, &c.,

JULIUS VOGEL

(for the Loan Agents).

The Hon. the Colonial Treasurer, Wellington.

No. 78.

The COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

Treasury, New Zealand, Wellington, 20th February, 1880.

As the Treasury is not in possession of sufficient information to enable it to determine what amount will be required to meet the first payment of interest falling due in respect of the £5,000,000 loan, and it is undesirable that an order on the New Zealand Public Account should be issued and entries made for an incorrect sum, I have the honor to request that, when the time arrives for the payment of the interest referred to, you will be good enough to move the Commissioners appointed under "The Public Revenues Act, 1878," to issue an order on the bank, under section 62 thereof, for the amount required.

I shall be glad if, when this letter arrives, you will telegraph the amount and due date, with the word "Interest" prefixed, whereupon an order to take the place of that to be issued by the Commissioners as above, will be prepared and forwarded.

I have, &c.,

The Agent-General for New Zealand, London.

H. A. ATKINSON.

No. 79.

The MANAGER, Bank of New Zealand, to the SECRETARY to the TREASURY.

SIR,—

Bank of New Zealand, Wellington, 1st March, 1880.

I have the honor to acknowledge the receipt of your letter of 28th ultimo, enclosing draft on demand on our London branch for £150,000, the proceeds of which were duly placed to credit of Public Account on that date.

I have, &c.,

GEORGE E. TOLHURST,

Manager.

The Secretary to the Treasury, Wellington.

No. 80.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 16th January, 1880.

I have the honor to state that I have applied to the Commissioners appointed under "The Public Revenues Act, 1878," to issue, under section 62 of that Act, the following orders on the Bank of New Zealand, to pay to the Crown Agents, out of the New Zealand Public Account, the several amounts named, to pay off temporary advances obtained on debentures, viz. :—

Order No. 1—p £683,500, dated 30th December, 1879, payable 31st December, 1879.

„ No. 2—p £154,000, dated 12th January, 1880, payable 14th January, 1880.

„ No. 3—p £95,000, dated 16th January, 1880, payable 19th January, 1880.

„ No. 4—p £25,000, dated 16th January, 1880, payable 25th January, 1880.

I have also, as one of the Commissioners, joined in the issue of the orders.

I have, &c.,

JULIUS VOGEL,

Agent-General.

The Hon. the Colonial Treasurer, Wellington.

No. 81.

The LOAN AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 21st January, 1880.

With reference to our letter of the 16th instant (duplicate herewith), in which are enumerated the bills drawn by the Government on the Crown Agents for the Colonies, we have the honor to state that the last amount, £175,000, represents two bills—one for £100,000, due 26th February, 1880; one for £75,000, due 22nd March, 1880.

We have, &c.,
 JULIUS VOGEL,
 M. F. OMMANNEY,
 Loan Agents.

The Hon. the Colonial Treasurer, Wellington.

No. 82.

The LOAN AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 29th January, 1880.

We have the honor to state that we have furnished the Crown Agents for the Colonies with funds to retire their acceptances on behalf of the Government of New Zealand, for the following amounts:—£100,000, due 26th January, 1880; £100,000, due 24th February, 1880; £75,000, due 22nd March, 1880.

We have, &c.,
 JULIUS VOGEL,
 M. F. OMMANNEY,
 Loan Agents.

The Hon. the Colonial Treasurer, Wellington.

No. 83.

The MANAGING DIRECTOR, Bank of New Zealand, London, to the COLONIAL TREASURER.

SIR,—

Bank of New Zealand, London, 29th January, 1880.

With reference to my letter of the 1st instant, I beg leave to advise that we have since honored the following orders for payment, bearing the signatures of two Commissioners under the provisions of "The Public Revenues Act, 1878," viz.:—No. 2, dated 12th instant, paid 15th, £154,000; No. 3, dated 16th instant, paid 19th, £95,000; No. 4, dated 16th instant, paid 25th, £25,000.

I have, &c.,
 F. LARKWORTHY,
 Managing Director.

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

No. 84.

The CROWN AGENTS to the COLONIAL TREASURER.

SIR,—

Downing Street, London, 29th January, 1880.

With reference to our acceptance of the bills of your Government detailed in the margin, I have to inform you that on the 24th instant we were enabled, by means of funds placed at our disposal by the Loan Agents, to retire these bills under rebate.

We were glad to be able to adopt this course, because, as regards the bill for £100,000 due on the 26th instant, and those for £75,000 due on the 22nd March next, the bank warrants which were intended to provide for their being met from the Public Account at the Bank of New Zealand, were dated, in the former case one day, and in the latter two days, after the dates on which the bills matured.

We take this opportunity of calling your attention to the serious inconvenience to which we are exposed by the present system of dating these warrants. If the mail happens to arrive a day or two sooner than is anticipated, the bills mature before the warrants are available; and, as the Bank of New Zealand does not feel justified in anticipating payments, the provision of funds to meet your bills may involve us in considerable difficulty.

We would suggest that in future the warrants should bear a date at least a week earlier than that on which it is calculated that the bills will become due. This course will expose your Government to no loss of interest, because we should adhere to our present practice, and not present the warrants until the bills matured.

I have, &c.,
 M. F. OMMANNEY.

The Hon. the Treasurer, New Zealand.

No. 85.

The COLONIAL TREASURER to the CROWN AGENTS.

GENTLEMEN,—

Wellington, 25th March, 1880.

I have the honor to acknowledge the receipt of your letter of 29th January last, advising that, by means of funds placed at your disposal by the Loan Agents, you had retired the bills detailed in the margin, and calling attention to the serious inconveniences to which you are exposed by the present system of dating the warrants for the payment of bills drawn upon you.

In accordance with your suggestion, these warrants will in future bear a date for payment at least a week earlier than that on which it is calculated that the bills will become due.

I have, &c.,
 H. A. ATKINSON.

The Crown Agents for the Colonies, London.

No. 86.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 2nd February, 1880.

I have the honor to acknowledge the receipt of your letter of the 6th December last, acquainting me with the requirements and proposals of the Government in relation to matters of finance.

1. *Drafts against the Proceeds of the New Loan.*—I duly note the amount required in the colony for expenditure out of the loan to 30th June, 1880, is £100,000 a month, and that the Government propose drawing for the same, but will not do so until receipt of advice from the Loan Agents.

2. *Requirements in London for Immigration and Public Works Services.*—With respect to these services, I would state that a bank order for £15,000 for immigration, in addition to the bank orders remitted and not yet availed of, will be sufficient for my requirements up to the 30th June, 1880, provided the usual monthly order for general imprest is remitted.

3. *Interest and Sinking Fund up to the 30th June, 1880.*—The amounts on this account will be paid as due out of the proceeds of the loan.

4. *Treasury Bills £442,000, due 1st March, payable at the office of the Crown Agents.*—I duly note the intention of the Government to introduce a Bill in the House of Representatives, to enable the Treasury to extend the currency of these bills for a period of three years, but that the Loan Agents will be empowered to advance temporarily out of the proceeds of the loan the amount required to take up the bills in case it should be necessary to do so.

I also note the intention of the Government to obtain an Order in Council under "The Public Debts Sinking Funds Act, 1868," authorizing the investment of the accruing sinking fund of the New Zealand loan, 1863, in Treasury bills of the colony.

5. *Treasury Bills to cover estimated Deficit to 31st March, 1880.*—I note also the remarks of the Government under this paragraph.

I transmit herewith a statement up to the 30th June, 1880, showing the requirements of the Government referred to in your letter, and those of this department, and the interest yet to be paid to the Crown Agents for the advances obtained through them. I include also the first half-year's interest on the new loan.

The statement also shows the amount, £1,256,500, which has been paid to them for the advances they obtained, and the amount paid to meet and retire the drafts drawn by the Government on the Crown Agents, amounting to £375,000.

I have, &c.,

JULIUS VOGEL,
Agent-General.

The Hon. the Colonial Treasurer, Wellington.

STATEMENT of Amounts paid and to be paid out of proceeds of £5,000,000 Loan, up to the 30th June, 1880.

	Payments made.			Payments to meet.		
	£	s.	d.	£	s.	d.
Interest and Sinking Fund—						
December	32,312	0	0			
January	155,136	10	0			
February	135,000	0	0			
March				97,035	10	0
April				121,746	10	0
May				129,000	0	0
June				28,811	0	0
„ Otago bonds				3,501	0	0
Treasury bills due 1st March				442,000	0	0
Interest on advances				5,600	0	0
Amount paid to Crown Agents, for advances obtained through them	1,256,500	0	0			
Amount paid to Crown Agents, to meet their acceptances, viz. :—						
Draft 29th December	100,000					
Retired before maturity { 26th January	100,000					
{ 24th February	100,000					
{ 22nd March	175,000					
	375,000	0	0			
Agent-General's requirements	31,774	16	11	130,000	0	0
Inland Revenue, for stamping £5,000,000 debentures	2,875	0	0	3,375	0	0
Drafts proposed to be drawn by the Government, £100,000 per month.						
	£1,988,598	6	11	£961,069	0	0

London, 2nd February, 1880.

No. 87.

The LOAN AGENTS to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 21st February, 1880.

We have the honor to acknowledge the receipt of your letter of 2nd January, in reply to our letter of 4th November, relating to the course which would be taken respecting the £5,000,000 loan, and to the importance of the answer to be given by the Bank of England for carrying out the terms of the agreement made in 1875.

In reply, we may say that the telegrams and letters which we have sent you will abundantly have placed you in possession of information as to the negotiation of the loan. You will have gathered from them that, in the face of the greatest objection to New Zealand increasing its loans, we managed at the last to negotiate the whole amount of the loan. As you are aware, we thought at first that we should only have been able to negotiate part of the amount in one operation, and in accordance with our suggestion you authorized us to postpone a portion of the loan. We were greatly pleased to find at last that we could manage the whole amount. Our telegram, copy appended,* showed you the turning point in the negotiation. It is impossible to disguise from you that the success of the loan is not due so much to the credit of the colony, as to the fact that the Bank of England and the Crown Agents for the Colonies were considered to stand in a measure as sponsors for its *bona fides*. That the result we achieved must have been satisfactory to you, your telegram of the 24th November affords, we think, sufficient proof: for we understood by that telegram, that you wished us to fix a price at which we would be sure of success. The price we did fix, with the contingent power of conversion, will, when that conversion is completed, make the cost of the loan to New Zealand about five per cent.—a result which, when viewed in the light of the unprecedented magnitude of the loan, and the equally unprecedented necessities of the colony, must be regarded as surprisingly advantageous.

We have, &c.,

P. G. JULYAN.

JULIUS VOGEL.

M. F. OMMANNEY.

The Hon. the Premier, Wellington.

No. 88.

The LOAN AGENTS to the PREMIER.

SIR,—

Downing Street, 26th February, 1880.

We enclose, for the information of your Government, a statement of the amount received up to the 25th instant, at the Bank of England, on account of the loan of £5,000,000, and of the manner in which the money has been disposed of. You will observe that the total received amounts to £4,309,789, and that the balance to the credit of the Loan Agents' account at the Bank of England, on the 25th instant, was £60,789 0s. 1d.

We also forward an estimate of the further sum to be received as the final instalment on the 15th March, against which will be chargeable the expenses of negotiating the loan and of effecting the conversion of debentures into stock.

We have, &c.,

JULIUS VOGEL.

M. F. OMMANNEY.

The Hon. the Premier, New Zealand.

The LOAN AGENTS in Account Current with the GOVERNMENT OF NEW ZEALAND, for the period ending 25th February, 1880.

DR.			CR.		
1880.	£	s. d.	1879.	£	s. d.
Feb. 25. To Bank of England, amount credited to date	4,309,789	0 1	Dec. 12. Amount placed to credit of New Zealand Public Account at Bank of New Zealand, to meet interest and sinking fund ...	13,000	0 0
			„ 13. Amount placed to credit of New Zealand Public Account at Bank of New Zealand, to meet requirements of Agent-General	25,000	0 0
			„ 23. Crown Agents, to meet advances falling due this day ...	299,000	0 0
			„ 29. Bank of New Zealand, to credit of Public Account, to meet, viz.:—		
			Acceptances due 30th December	100,000	0 0
			Advances due 31st December ...	322,500	0 0
			Interest and sinking fund due 1st January	19,166	0 0
			Advances due 1st January ...	286,000	0 0
			Advances due 2nd January ...	75,000	0 0
			Agent-General's requirements, due 8th January	31,774	16 11
			To remain at credit of Public Account	415,559	3 1
			„ 31. Bank of New Zealand, to credit of Public Account... ..	50,000	0 0
			1880.		
			Jan. 15. Amount placed to the credit of New Zealand Public Account at the Bank of New Zealand, to meet, viz.:—		
			Interest and sinking fund due 15th January, 1880 ...	155,136	10 0
			Advances due 15th January, 1880	154,000	0 0
			Advances due 19th January, 1880	95,000	0 0
			To remain at credit of Public Account	95,863	10 0
			„ 23. To remain at credit of Public Account	437,000	0 0
Carried forward			Carried forward		

1879.				1880.			
Dr.				Cr.			
		£	s. d.		£	s. d.	
Brought forward	...			Brought forward	...		
				„ 24. Crown Agents, to retire acceptances of a like amount	275,000	0	0
				„ 26. Placed on deposit account for two months	300,000	0	0
				Feb. 3. Placed on deposit account at ten days' notice	100,000	0	0
				Placed on deposit account at ten days' notice	100,000	0	0
				Placed on deposit account till 15th March	100,000	0	0
				„ 19. Amount placed to credit of New Zealand Public Account at Bank of New Zealand	171,000	0	0
				Placed on deposit account till 31st March	200,000	0	0
				Placed on deposit account till 1st March	329,000	0	0
				Placed on deposit account till 1st March	100,000	0	0
				„ 25. Balance at Bank of England	60,789	0	1
<u>£4,309,789 0 1</u>				<u>£4,309,789 0</u>			

26th February, 1880.

JULIUS VOGEL.
M. F. OMMANNEY.

1880.							
		£	s. d.				
Feb. 25. To balance, Bank of England	...	60,789	0 1				
Estimated further sum receivable on final instalment due 16th March, 1880	...	565,210	19 11				
<u>£625,999 0 0</u>							

NOTE.—Treasury bills, with interest, amounting to £467,000, have been provided for on 1st March, 1880.

26th February, 1880.

JULIUS VOGEL.
M. F. OMMANNEY.

No. 89.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 2nd March, 1880.

I have the honor to acknowledge the receipt of your letter of the 3rd January last, enclosing a copy of "The Treasury Bills Act, 1879," which authorizes the issue of bills to the amount of £442,000, in renewal of bills of a like amount due on the 1st March, 1880, and further provides for taking up the bills issued thereunder out of any moneys standing at the credit of the Public Works Fund.

As the Bank of New Zealand had parted with all the bills due on the above date, I endorsed over to the Crown Agents for the Colonies the bank order transmitted in your letter for £442,000, payable the 28th February last, thus enabling them to meet the payment of the bills due on the 1st March; funds for a like amount being paid into the Public Account by the Loan Agents, out of the proceeds of the new loan, to meet the payment of the order.

I have also handed the Crown Agents a cheque for £23,235 to pay the interest on the bills.

As interest at the rate of 3½d. per cent. per diem will have to be paid on all the bills, the difference between this rate and 5 per cent. will be recovered by me from the Bank of New Zealand and paid into the Public Account.

I duly note the remarks contained in the concluding paragraph of your letter, relative to Treasury bills to be taken up temporarily by the Public Works Fund, and to the debentures held on behalf of the Postmaster-General and Public Trustee.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

JULIUS VOGEL,
Agent-General.

No. 90.

The MANAGER, Bank of New Zealand, Wellington, to the SECRETARY to the TREASURY.

SIR,—

Bank of New Zealand, Wellington, 30th March, 1880.

I have the honor to acknowledge the receipt of your letter of 25th instant, enclosing a demand draft, in triplicate, on our London branch, for £100,000, the proceeds of which have been placed to the credit of the Public Account.

I have, &c.,

The Secretary to the Treasury, Wellington.

R. W. KANE,
(pro Manager.)

No. 91.

The MANAGER, Bank of New Zealand, to the SECRETARY to the TREASURY.

SIR,—

Bank of New Zealand, Wellington, 26th April, 1880.

I have the honor to acknowledge receipt of your letter of 24th instant, enclosing draft, in triplicate, for £250,000, drawn upon the Managing Director in London, at thirty days' sight, the proceeds of which were placed to the credit of the Public Account at par.

I have, &c.,

R. W. KANE,

(pro Manager.)

The Secretary to the Treasury, Wellington.

No. 92.

The PREMIER to the AGENT-GENERAL.

SIR,—

Government Offices, Wellington, 24th April, 1880.

I shall feel obliged if you will forward to me by the first mail after the receipt of this letter a nominal list of the subscribers to the £5,000,000 loan, with a statement of the sums subscribed for by them respectively.

I have, &c.,

JOHN HALL.

The Agent-General for New Zealand, London.

No. 93.

The AGENT-GENERAL to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 19th April, 1880.

I have the honor to acknowledge the receipt of your letters of the 27th and 28th February,* in reply to mine of the 18th November and 16th December,† in which you refuse to allow me a commission on the negotiation of the late loan. You base your refusal on the fact that such a commission had not usually been paid to the Agent-General.

I have to submit that my letter of the 16th December sufficiently showed that the services rendered in connection with the loan were not of the usual character. But there are other circumstances within your knowledge, that stamp the transaction as one of a specially exceptional nature. I do not set some of these circumstances forth here, because you may wish to regard as confidential the communications which passed between us before the negotiation of the loan; but I presume you will not object to admit that no Agent-General ever had the responsibility thrown on him that was devolved on me.

There is another class of correspondence, to the publicity of which I think you cannot object. I allude to the telegrams which passed between us on the subject of my position. I attach copies of the telegrams to which I refer.

Of my telegram of November 6th, the Government, as I believe, presented to Parliament only the few first words. Of course it was within your right to thus only partially represent me; but I may be permitted to express regret that you considered it desirable to adopt that course. The omission of the latter part of my telegram prejudices me considerably. It has to be considered in connection with the question of my subsequent remuneration as Loan Agent. In the passage to which I refer, I had to state that I could not accept the conditions for which the Government stipulated, if I was to continue as Agent-General. Judging from the discussions which took place in the Legislative Council, I am of opinion that no member who spoke would have denied, had the whole of the telegram been published, that the position I took up was a fair and honorable one. Be this as it may, the Government knew that I could not continue Agent-General on the condition they had laid down, and that I proposed a different arrangement. In reply to my telegram, I received a telegram from you to this effect: "Agency-General incompatible other business. Government considering expediency relieving therefrom, appointing you Agent Inscribed Stock, at centage. Report fully by post arrangements you would propose: sketch scheme, estimate annual conversion. We should sociate two agents with you. Anxiously waiting news loans."

I do not wish to imply that I charge the Government with attempting to deceive me; but I ask, after these two telegrams, could any one suppose that it was in the mind of the Government that I should do all the work that would have to be performed for sixteen months, and that the Government should, on the technical ground that it was performed whilst I was still Agent-General, refuse to pay for it? It would have been quite easy for me, on the eve of the negotiation of the loan, to have sent in my resignation as Agent-General at once, and so have placed myself in the position to demand payment. Such a course, however, I could not have adopted, even with the knowledge of the subsequent view taken by the Government. Without that knowledge, I could not have supposed that it was necessary for me to have recourse to such a step: but, with that knowledge, I would not have done so, for I have always made the interests of New Zealand my first consideration, and I certainly would rather have rendered my services for nothing, than that the colony might have suffered from the want of them.

You raise, in one of your letters, the point that your telegram did not refer to the agency for ordinary loans, but only to those inscribed. My telegram, to which yours was a reply, referred to loan agency generally. It is not necessary for me to go into the question of the commission to be paid on the conversion of the £5,000,000 loan, because when the matter came to be referred to my colleagues, a conclusion was come to about it which will be separately communicated to you. That conclusion is based upon custom, usage, and common sense; but I beg to say it was not originated by me, though, on its being fully explained, I fully concurred in it.

* See B.—4, Nos. 19 and 20. † B.—4, Nos. 16 and 18.

The question is now, therefore, narrowed to my personal claim to a commission on the £5,000,000 loan. I think, when all the circumstances are considered, that claim is undeniable. I may point, first, to the agreement made by me with the Bank of England in 1875. Admittedly, but for that agreement we should not have had the support, which proved so valuable, of the bank. Then come my personal exertions which led to the passage of the Imperial Act, which enabled effect to be given to that agreement. Then, on the eve of the negotiation of the loan, come the communications which virtually only made me the holder of the Agent-Generalship until my successor was appointed. There was my suggestion for a change of position, and the reply of the Government thereto. There were the special responsibilities thrown on me, to which I have alluded; and there was the commission paid to the other agents under almost similar conditions. If it be the pleasure of the Government that I, the author of the measure which will be worth hundreds of thousands of pounds to the colony, should alone be unremunerated, I must bow to the decision, though I shall always feel that I have been very badly treated. In any case, I trust the pleasure of Parliament on the subject will be taken.

I should be sorry if anything in this correspondence, in which I have referred to my services, should be supposed to indicate that I undervalue the services of my colleagues. Under most trying circumstances, the Crown Agents gave all the weight of their exceedingly-influential position to the Government. As to Sir Penrose Julyan, it is probably needless for me to say that he is regarded as an authority in all matters relating to colonial loans, and that he combines with large experience great judgment in dealing with such matters.

That part of your letter of the 27th February which refers to the remuneration of the Consolidated Loan Agents, I have referred to them, and they will answer it collectively.

I have, &c.,

JULIUS VOGEL,
Agent-General.

The Hon. the Premier.

(Enclosures.)

(From Wellington, 20/9/79.)

VOGEL, London.

Government considered letter June seventeen. Still holds former opinion. Now requests you resign office director, Agricultural Company, at once. Reply yes or no by telegram. Government cannot allow Agent-General take any part in politics at Home, or in private business.

GREY.

(Received 9/10/79.)

PREMIER, New Zealand.

Some members Government knew I was assisting organize company, and I find shareholders would not think it fair me to resign for some time to come.

VOGEL.
London, 8.

(From Wellington, 3/11/79.)

VOGEL, London.

Wire names late Government knew assisting organize company. Because statement respecting this knowledge, reasonable time be allowed you arrange retire. Present Government agree inexpedient you remain director, or engage Home politics.

HALL.

(Received 7/11/79.)

PREMIER, New Zealand.

Stout certainly, and best my belief Macandrew and Ballance. Cannot name time resign. Shareholders would think unfair entertain such intention now. Am willing take Loan Agency, payment by percentage, and act Agent-General without salary long as suits Government. Reply.

VOGEL.
London, 6.

(Telegram dated 10/11/79.—Received 11/11/79.)

To VOGEL, London.

Agency-General incompatible other business. Government considering expediency relieving therefrom, appointing you Agent Inscribed Stock, at centage. Report fully by post arrangements you would propose: sketch scheme, estimate annual conversion. We should sociate two agents with you. Anxiously waiting news loan.

HALL.

(Sent 20th February, 1880.)

VOGEL to PREMIER, New Zealand.

At my cost, cable decision concerning my letters November eighteen, December sixteen.

VOGEL.

(Received 23rd February, 1880; dated 23rd.)

To VOGEL.

Will send answer in few days.

HALL.

(Received 26th February, 1880; dated 26th.)

To VOGEL.

Government unable sanction payment to you for last loan. Regarding other loans, will, subject approval Parliament, pay each agent one-twelfth for conversion. Berry's claims settled.

HALL.

(Sent 2nd March, 1880.)

VOGEL to PREMIER, New Zealand.

For reasons stated, still consider should be paid negotiation last loan. Content leave to Parliament; kindly refer it. Willing accept proposal for future, which understand means commission one-twelfth on all loans, including late loan, as converted, which probably is all can be done for year. Quite content payment subject approval Parliament. Agents must be paid, and suitable agents not act for less. If other agents paid more, would expect same. Desire commence now, as general election pending. Continue Agent-General till relieved; salary deducted from commission. Reply.

VOGEL.

(Received 4th March, 1880; dated 4th.)

New arrangement excludes late loan, for which work already done. No objection your commencing as agent, subject conditions stated my letter last mail, with understanding you continue act Agent-General until relieved. Terms for any contemplated conversion to be submitted Government before publishing.

HALL.

(Sent 12th March, 1880.)

VOGEL to PREMIER, New Zealand.

Work connected conversion not done. Great judgment, constant care, still required dealing with it. From your telegram November last, naturally thought conversion late loan included. Your proposal now virtually leaves me unpaid for nearly a year. Strongly protest.

VOGEL.

No. 94.

The PREMIER to the AGENT-GENERAL.

SIR,—

Government Offices, Wellington, 5th June, 1880.

I have the honor to acknowledge the receipt of your letter of the 19th April last. It may not be possible for me to answer that letter fully by the outgoing mail; but I think it desirable to reply at once to that part of it which refers to the publication of the correspondence which has passed between us respecting the negotiation of the loan.

2. Although it was probably not so intended, the terms in which you refer to this subject are calculated to create an impression that there may be some indisposition on my part to publish this correspondence. Such an impression would be entirely erroneous.

3. With respect to some of the telegrams referring to the financial necessities of the colony, there may be doubt whether it would be wise to publish them; indeed, this was suggested by the Loan Agents themselves. But with this exception the correspondence had, before the receipt of your letter, been printed for presentation to Parliament. The doubtful telegrams were also in type before that time; and I propose to lay them before the Public Accounts Committee, and invite its opinion as to their publication.

4. You express regret that a part only of your telegram of 6th November was presented to Parliament; and you say you consider that you have thereby been prejudiced. I can see no just ground for such belief. The telegram referred to two subjects: (1.) The question whether some members of the late Government had sanctioned your joining the Board of the New Zealand Agricultural Company (Limited), or knew you were assisting to organize that Company. (2.) The question of your appointment as a Loan Agent, instead of continuing to be Agent-General, and the terms of such appointment. The first question affected members of the late Government, and a request that an answer to it should be obtained had been made in the House. There was no doubt, therefore, that your reply to the question should be communicated to members at once. The second part of your telegram embodied a proposal as to your future position, which was to be considered by the Government—which, after it had received that consideration, would rightly come to be presented to Parliament as part of the materials upon which an offer had been made, or was intended to be made, to you, or as showing terms which the Government did not feel they could recommend Parliament to accept. There was not, so far as I can see, any reason why that portion of your telegram should be published immediately after it was received; but the correspondence generally had, as I have stated, been printed for Parliament prior to the arrival of your letter of 19th April.

I have, &c.,

Sir Julius Vogel, K.C.M.G., Agent-General, &c.

JOHN HALL.

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1880.

