

SESS. II.—1884.
NEW ZEALAND.

INSCRIPTION OF STOCK

(CORRESPONDENCE IN RELATION TO THE).

[In Continuation of Papers B.-11, 1881.]

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

No. 1.

The STOCK AGENTS to the Hon. the PREMIER.

SIR,—

Downing Street, London, 15th July, 1880.

We have the honour to bring under your notice the following suggestions :—

1. Money is so cheap, and there are such reasonable anticipations of improved trade and a good harvest, that we think it very probable a conversion-operation may be profitably arranged about the end of the year.

Holders of debentures of the last loan gain 2s. per cent. by retaining their debentures till the November dividend is due. After that date they may probably convert in increased quantities, and it may very likely be the case that the operation of converting the last loan will be sufficiently matured to remove any objection on that score to a new and separate transaction.

2. In considering the nature of the fresh operation, we may be excused for possibly going over some of the points to which in previous communications we have called attention.

3. That which would leave the largest actual profit, in the way of reduced annual payment for interest, would probably be the conversion of the 5-30 debentures. But this would not supply you with large immediate relief, as there is no sinking fund attached to the 5-30 loan. In the event of your desiring a money return, either immediate or in the shape of large annual relief, the operation most calculated to secure it is one which would set free a considerable portion of the sinking fund. The three loans on which the principal amounts of sinking fund have accrued are the loans of 1856, 1863, and 1867 (the consolidated), as they are designated in your colony, though in the "Investors' Manual," a copy of which we forward to you herewith, they are quoted as the 1857, 1864, and 1868-72 loans, and 1866 and 1866-67 loans respectively.

4. From the last return published in the colony to which we have access, we find that up to the 30th June, 1879, the loan of 1856, amounting to £500,000, had to the credit of sinking fund no less a sum than £338,000. Up to the present date the amount is £371,000, so that there is really only a balance of £129,000 uncovered; and yet, by the terms of the Act, you have still to pay for interest and sinking fund on that loan an annual sum of £30,000, equal to over 20 per cent. on the actual indebtedness. It would, in the way of procuring you money, be a most desirable step to accomplish to convert this loan, but there is no doubt the operation would be surrounded with difficulty. It is a loan guaranteed by the Imperial Government, and is so well held that for months together there are no quotations for it. If we could convert £100,000 of this loan it is clear that you would be able to cease paying the £10,000 a year for sinking fund, for the amount in hand put into consols, with the interest on the sum up to 1888-89, the due date, would be sufficient to cover the balance, and the Imperial Government could not possibly object to such an arrangement. Anything over £100,000 would be so much that might be released for your own purposes. The 1863 loan, according to the return previously quoted, shows to the 30th June, 1879, sinking fund accrued to the amount of £374,000; at the present date it amounts to £414,000. A great deal of this loan has been absorbed into the consolidated. There appears to be left of it about a million, divided into three separately-quoted loans on the Stock Exchange here, and about £1,500,000 absorbed in the colony. According to the "Investors' Manual," already referred to, £488,000 of the portion of the million referred to, quoted as the 1864 loan, yields to investors at present rates £4 12s. 2d. per cent. per annum, whilst the two other portions—namely the 1866 of £201,000, and the 1866-67 loan of £329,000—yield respectively £5 5s. 3d. and £5 6s. 2d. per cent. per annum. The last two being 6-per-cent. loans stand at a large premium, and an allowance has to be made for a yearly amount, to the rate of repayment, to extinguish that premium. We are inclined to doubt the policy of, just at present, offering to convert these three loans, as they may be called here, though with you they appear to stand as one loan. It must be recollected that opportunities of converting into consolidated loan have already been offered to the holders, and the bulk of that which remains is probably held by persons who do not desire to convert. We are not clear also as to the amount of sinking fund, if any, a partial operation might set free; and, on the whole, we think that it would be better to leave these three loans untouched at present, though you might give us the option of dealing with them should variations in the market price, or other circumstances, lead us to alter our present opinion.

5. According to the authority previously quoted, the consolidated loan 1868-72 shows an amount of £6,300,000 unredeemed out of £7,283,000. The same authority gives the rate to investors at present prices as £4 16s. 1d. per cent. per annum. The colonial return before quoted shows that on this loan, up to the 30th June, 1879, sinking fund to the amount of £863,300 had accrued; it is now £979,800. Strictly speaking, however, this is not a sinking fund. The loan is a drawing one, and the amounts mentioned indicate the bonds that have been drawn. If, for example sake, a third of the loan were to be converted, it would not set free a third of the sinking fund; but, nevertheless, the operation would be a very good one for the Government.

We doubt if, under the Act, supposing the debentures to be converted, and for convenience sake cancelled, they yet could be deemed non-existent. Nominally the Government would have to put apart the total amount of interest and sinking fund. But the converted bonds would enjoy interest, and participate in the drawing; and, supposing they averaged with the rest a third of the drawing, and all the interest on the undrawn, would revert to the Government, so that, practically, in reducing the yearly charge for sinking or drawing fund, the effect would be the same.

6. Our present opinion, then, is that, whilst we should have full power to deal with the 1856 loan, our negotiations with respect to it would have to be very quietly set about. But, respecting a public and large operation, we recommend the consolidated loan as the one to first engage our attention.

7. We have previously pointed out that conversion must never be made at such a rate as to flood the market with inscribed stock and cause it to lose its relatively higher value to debentures. To convert at once the whole of the consolidated debentures would have the effect of so increasing the amount of inscribed stock as to probably much reduce its superiority in price to debentures. We believe it would be better not to attempt to convert more than two millions at one operation, possibly not so much. The effect also of inscribing a limited amount will be to create a competition amongst the holders of the debentures to be converted, which may be used in a novel but, we believe, effective manner by letting them compete for conversion at and over a minimum price named, or at a fixed price if, on consideration, it should be found preferable. We cannot bind ourselves to exact details, because to make the inquiry necessary to such details would have a mischievous consequence in giving a clue to our intentions and causing speculation in advance; but we propose some such plan as this: viz., to invite, on a given day, or for a limited and very short period, tenders from holders of consolidated bonds for inscribed stock at and over a minimum; or a fixed price to be named for every hundred of inscribed stock. For example, and without the figures expressing any conclusion, we might fix the minimum at 90 for each hundred of inscribed stock, and invite tenders in debentures, each debenture of 5-per-cent. to represent a fixed value of £103. Of course figures like these would be very profitable, and we do not express the opinion that they can be adopted, but the price can be so fixed as to leave a good profit. The operation must be discreetly managed, and advantage taken of an opportunity when inscribed stock may be high and consolidated debentures low in value. It would clearly be understood that the price of the then conversion would not fix the rates of future conversions.

8. We have been thus explicit in order that you may see what is in our minds, and, as these operations would require great thought and much preparation in advance, we will ask you, if we have your consent to go on with them, to telegraph as soon as you can after the receipt of this letter.

9. It would fatally prejudice the success of our plans that the least inkling of their nature should creep out. If it were suspected, for example, that we were going to operate on the consolidated loan, the price would so rise as to make such action difficult if not impossible. We therefore attach some phrases, with code words to represent them, which we think will enable you to convey to us your wishes free of any risk of premature disclosure, and we need not add that the greatest secrecy should be observed in the colony.

10. We venture to throw out for your consideration another suggestion: Some time since you telegraphed to the Agent-General asking if you could convert some debentures held in the colony for post-office and sinking fund, to which we replied that, if the debentures referred to had not been issued in London, they could not be inscribed here without breaking the promise made not to issue new loans in England for three years, as to all intents and purposes such newly-introduced indebtedness would be a fresh loan. It has, however, occurred to us that your object might be carried out without the objection alluded to by your converting in the colony, or in the Australian Colonies. We believe there is no inscribed stock to any extent at either Melbourne or Sydney, or in New Zealand; and, viewing the risk entailed by the custody of debentures, possibly a limited amount of inscribed stock in the colonies would be favourably received. It is not for us to suggest how you should carry out the operation, but we may be excused for saying that its success will probably depend upon its being judiciously conducted, and especially upon its being kept quite secret at all the places concerned until the whole of the arrangements are made and the issue announced. If the idea were mooted in advance opposition from various influential quarters might be looked for. Another point to which we must specially draw attention is this: No power should be given to transfer from the colonial to the London registry.

11. If you wish us, in respect to the colonial operations, to more fully state our view, and tender advice we will be glad to do so; but you should, in that case, furnish us with detailed particulars of all outstanding debentures in the colony.

We have, &c.,

P. G. JULYAN,

JULIUS VOGEL,

W. C. SARGEANT,

New Zealand Stock Agents.

No. 2.

The AGENT-GENERAL to the Hon. the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 11th August, 1881.

Your telegram of the 3rd instant, relating to the inscription of stock, reached me at a remote place in the Western Highlands of Scotland, and I was only able to get back to London last night. I am therefore unable to send you by the mail leaving to-day the full report which your telegram instructs me to make of the terms I should propose for going on with the conversion of the public debt, especially as the consultations I am to have with Sir Penrose Julyan can only begin to-day, and will necessarily occupy some time.

I have no difficulty, however, in conveying to you without any delay the strong impression I entertain that it would be impossible to send you any plan whatever which you could rely upon being able to have carried out in the same shape as it reached you. Whatever operation is undertaken must depend absolutely for its success upon the state of the money-market at the time, and upon the secrecy with which it could be effected; and a plan which was easy one week might become impossible the next. In order to illustrate this, I should like to bring to your notice the movement in the money-market which has been going on unexpectedly for some days past. On Monday, the 1st instant, the market, which had long been perfectly quiescent, suddenly assumed a condition described by the *Times* as "extremely interesting." The forced currency of Italy having been recently abolished, it had been expected for some time that withdrawals of gold would take place on Italian account, and this expectation became a little more marked towards the end of the week before last. But Lombard Street remained unmoved, and money in the open market was as cheap as it had been at any time since 1879, the discount rate for three months bank bills being only $1\frac{1}{4}$ per cent., or half the Bank of England rate of $2\frac{1}{2}$ per cent., and money at call a mere drug. Nevertheless it was doubted in the city even then whether the extreme ease of money was not anomalous, and was not partly the result of some of the leading banks and discount-houses offering to lend money more freely than they ought. All the financial events of the last twelve months had united to prove beyond doubt that the volume of business had been increasing, gently and insensibly, it is true, but still most materially; while all the signs of the actual time showed this augmentation to be still going on, notwithstanding the fact that there was no pressure, and that every bank and discount-house seemed only anxious to lend an ever-increasing surplus. But the Bank of England reserve had been sensibly diminishing all the time, and was only fifteen millions, against nearly seventeen millions of a year ago. Moreover, the foreign exchanges were for the moment unfavourable, while the open market rates of interest on the Continent were very much higher than in London. So that under all these circumstances it seemed imprudent to rely upon a continuance of the then extreme ease.

This was how last week opened. The next day the bank sold £400,000 in napoleons for Italy, and the diminution in gold during the week was seen to have been altogether more than £600,000 on balance. These withdrawals of gold on Italian account began to cause some anxiety, and consols became weaker, in response to an apparent disposition to look for a change before long in the money-market.

The day after this, upon the issue of a Bank of England return showing the reserve to have gone down to thirteen millions, money began to rise a little, the discount rate for three-months' bank-bills going to $1\frac{1}{2}$ instead of $1\frac{1}{4}$. It was remarked that, although the diminution in the bank reserve was only temporary, yet its having gone down to thirteen millions was most material to every one interested in the money-market, in the face of gold withdrawals for export still going on; and, the margin against contingencies being now very small, it was clearly seen that, although there was no immediate cause for apprehending really dear money, there was a distinctly-upward movement in the market. This immediately caused a weakness in all the stock markets, consols drooping with the rest.

The next day the upward tendency in the money-market was even more pronounced. Bankers were startled by the announcement that Treasury bills had been allotted at a rate which was equivalent to $2\frac{1}{2}$ per cent. per annum, and some of the larger banks immediately raised their rate for three-months' bills to $2\frac{1}{2}$ (Bank of England rate); but, on its being explained that this allotment of the Treasury bills had been caused by the bank taking them itself at the official minimum, the rate in the open market for three-months' bank-bills could not be called higher than $1\frac{3}{4}$. No further withdrawals of gold took place, but it was believed that a good deal more would have to go to Italy this week, unless the Italian Government should hesitate in their action upon seeing the effect which their demands, if pressed, might produce. Meanwhile the expectation of dearer money caused some speculative selling for the fall, and English securities again declined, with an equal decline in all the other stock-markets.

The present week opened with a rate of $1\frac{7}{8}$ to 2 for three-months' bank-bills, with money on short loan still abundant at 1 to $1\frac{1}{2}$ per cent. But the tone of the market was much firmer than it had been the week before, and, the circumstances pointing to a further hardening being unchanged, all the stock-markets remained dull and inactive, with little business, and prices still drooping.

The next day the market was again firmer under the influence of further gold withdrawals for export, and the discount-houses advanced their rate for deposits at call to $1\frac{1}{2}$ per cent., and at notice to $1\frac{3}{4}$. The minimum rate of discount on short bank-bills under three months was 2 per cent., while three-months' bills were 2 to $2\frac{1}{4}$. All the stock-markets were dull, and colonial securities declined.

The day after there was no change in rates, though £300,000 more gold had been taken for Italy, and it was expected that an equal amount would go before this week was over. But part of the gold withdrawn was said to be on American account, and the circumstance of gold going to America at all just now was evidently considered very important; for, as it is to America the

city will most likely have to look for the most important external events that may affect the money-market during the next few months, a quick upward movement must be expected if an American drain sets in before this Italian drain is over. On the other hand, the sharp rise in the value of money brought about a corresponding movement in the exchanges, which became very much in favour of England; and the stock-markets, though irregular and subjected to sharp fluctuations, showed a better tone, speculators for the fall beginning to buy back a little, on finding that the money-market was not hardening so much as was expected, and that the effect on prices generally (of the apprehensions of dearer money) was not turning out as great as had been feared.

Yesterday the events of the preceding few days made an advance rather looked for in the bank rate to-day. The discount rates were firmer, and in some quarters transactions only took place conditionally on their being no advance in the bank rate; but none has been made in the bank parlour to-day. The circumstances, which would have pointed to an advance being made in the bank rate if the drain of gold for export had continued as it had seemed likely to do only a day or two ago, suddenly took a turn for the better: the Italian Government had got what it wanted elsewhere, and the withdrawals which seemed imminent are at any rate postponed, while the Continental exchanges have gone still further in favour of London. But the money-market remains very firm, the discount rate for three-months' bank-bills being now $2\frac{1}{4}$ to $2\frac{1}{2}$ per cent., instead of the $1\frac{1}{4}$ it was ten days ago.

I have troubled you with these details of what has been taking place in the money-market in the course of a single week as the best illustration I could give of what I mean by saying that I could not send you any proposals which you could rely upon being able to carry out. If, for instance, I had been sending you a plan only a week ago, it would certainly have been waste-paper to-day; and I am bound to renew the statement which was contained in my letter to you of 27th May (remuneration of Stock Agents), that, whatever was the limitation of power you might make, a large discretion must inevitably be left to the Agents, and that they must themselves, of necessity, be the people to determine, in the end, both the precise terms and the precise moment of any operation whatever.

The course which I would myself advise is that the Government should only ask Parliament to decide the following points: 1. Which of the loans is to be first dealt with. 2. The least amount of annual saving of interest to the colony which is to be secured by any conversion. 3. The largest sum per cent. which is to be conceded as an inducement to the bondholder to come in. 4. Whether a new conversion-loan is to be issued for the purpose of paying off any of the 5-30s which the holders may not choose to inscribe. 5. The total amount which is to be allowed to come in for inscription during the next three years.

Within the four corners of a decision on these points, I think Parliament might safely and wisely leave the decision of the precise operations to the Agents. Indeed, I do not see how anything else can be done. The most essential thing of all is to keep absolutely secret even the idea of any intention to make a particular operation, for if a suspicion of it were to get abroad all chance of success in it might be destroyed. It is evident to me, in fact, that, if discussions in the New Zealand Parliament disclosed the precise nature of a plan now proposed by me, any decision which was based on these debates, and very likely even the tenor of the debates themselves, would be cabled to London, which would, of course, frustrate any attempt to put the plan into effect at all. For there is no doubt that the inscription of stock has risen in favour, and therefore nothing would be easier than for a financier to make a great sum of money by using his knowledge of what had been done in Parliament to anticipate the action of the Agents during the time that must unavoidably elapse between the receipt of any instructions from the Government and the actual announcement of the operation to be made.

I wish, nevertheless, that you should be pleased to understand that these are my own impressions, which may be modified after consultation with Sir Penrose Julian. Also, that, whatever may, upon that consultation, be our own view of the best course to take, I shall (by the next mail *via* Brindisi, if possible,) comply with your instructions to send you a full statement of our proposals, together with a cipher-code to enable telegraphic orders to be sent by you in reply.

I have, &c.,

F. D. BELL.

The Hon. the Premier, Wellington.

No. 3.

The AGENT-GENERAL to the Hon. the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 12th August, 1881.

After writing my letter to you yesterday respecting the conversion of loans I had a long consultation with Sir Penrose Julian.

I wish to say that I should have been prepared to have sent you a further statement by yesterday's mail if it had not been for the following circumstances:—

My letter to you of 3rd June last showed my own view to be that an advantageous operation could be effected in both the 5-30s and the consols; and I was of opinion, for reasons which I had fully thought over, that it would be the best plan to begin with the 5-30s. At that time I was not aware of the scheme which the Stock Agents had sent you on the 15th July, 1880; and I said to you (16th June) that I must put off any observations on the Stock Agents' letter (enclosed in my despatch of 3rd June until I knew what their scheme really was.

On receiving a copy of that scheme on the 23rd June, I learned for the first time that what the Agents had proposed a year ago was to make a beginning with the consols instead of the 5-30s, and to invite tenders in debentures from holders of consols willing to take inscribed stock.

To both these propositions I had, for my own part, strong objections; but, while it was evident that there was an important difference of opinion between the Agents and myself, I could not tell how far their scheme had been approved by the Government, and I hesitated for some time whether it would be proper for me to interpose views of my own in opposition to theirs, so long as their authority was unrevoked. Nevertheless, I had decided, as you know, to let them know my own opinions, and was on the point of doing so, when I received your telegram notifying the revocation of their appointments; whereupon, as I said to you in my letter of 29th June, I thought the best way would be to let the matter be till I should know your intentions on the general subject; and this was presently confirmed on finding that you had intimated to the Stock Agents that "further inscription of stock would be unadvisable at the present time," and that you apparently confirmed this intimation in your letter to them of the 18th June. So I thought, upon getting that letter on the 2nd August, that the whole question was to be postponed.

Now, when I got your telegram of the 3rd instant the other day I should, for my own part, have had no difficulty in answering it at once by a statement of my own views; but then you had desired me to consult Sir Penrose Julyan, and I could not tell whether he still held the views expressed in the three Agents' scheme of last year, though I supposed he did, because that scheme was confirmed by the letter they wrote to you, in response to my invitation, after our meeting together. At any rate until Sir Penrose and I could meet it might have done more harm than good to say anything on my own account.

You are aware of the reason for our not being able to meet till yesterday. I am now glad to say that the result of our consultation was to remove the disagreement of opinion which I had feared, for Sir Penrose told me that he had (both last year and two months ago) rather yielded his own views to those of Sir Julius Vogel, and had been, in fact, inclined to the ones I held myself. I think this is a very satisfactory point to have gained at the beginning of the new consideration we have to give to the whole question, and it insures our views going out to you in harmony by the next Brindisi mail.

In the meantime the concurrence of opinion between Sir Penrose and myself as to its being best to begin with the 5-30s may enable you to determine at once, in respect to these, the points which I advised you yesterday to settle; and, in case you should desire (as I think may be likely, on account of the session) to settle them without waiting for our letter by the next mail, I wish to point out that the elements of the question (as regards the 5-30s) are very simple. Given the market price of a £100 5-30 bond, and the net value of £100 4-per-cent. inscribed stock, what is the actuarial equivalent to the bondholder of the one compared with the other? Now, to-day the net value of £100 4-per-cent inscribed shows this equivalent to be a fraction over 105. But this exact equivalent will not afford that "inducement" to the "bondholder" which is wanted to produce the "appreciable saving of interest" to the colony, that is only to be got if the bonds are brought in for inscription; so that the point to be really decided is, how far you will allow the equivalent to be exceeded in your offer to the bondholder. We are preparing tables which will give you all the elements of the question at a glance, including the amount of saving in interest to be gained by alternative figures, so as to guide you in deciding upon the figures which we shall finally propose; but in the meantime this letter may perhaps direct your attention to what lies at the root of possible success, and so save your time when our proposal itself is before you, with the cipher code by which you can telegraph your decision upon it.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

No. 4.

The AGENT-GENERAL to the Hon. the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 20th August, 1881.

In continuation of my letter of the 11th instant, transmitting the letter I sent to the Bank of England notifying the revocation of the appointments of the late Stock Agents, I have now the honour to enclose the bank's reply, stating that the notification had been duly recorded.

You will observe that in the last paragraph of their letter the bank assume that the appointments of Sir P. Julyan, Sir J. Vogel, and Mr. Ommanney as Loan Agents under "The Loan Act, 1879," are continued; and I replied (copy also enclosed) that, though no revocation had been made of those appointments, the functions of the Loan Agents had, in fact, ceased upon the loan being issued. Perhaps, however, there may be some reason for the bank referring to the continuance of the appointments; and, in case there is, I would suggest the question of such continuance being considered by the Government.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

Enclosure 1 in No. 4.

The BANK of ENGLAND to the AGENT-GENERAL.

SIR,—

Bank of England, London, E.C., 13th August, 1881.

I beg to acknowledge the receipt of your letter of the 11th instant, enclosing copies of Orders in Council made at the Government House, in Wellington, on the 17th day of June, 1881, and notifying that the appointment of Sir Penrose Goodchild Julyan, Sir Julius Vogel, and William Charles Sargeant, as Agents in England for the purposes of "The New Zealand Consolidated Stock Act, 1877," has been revoked, and to inform you that this notification has been duly recorded.

I presume that Sir Penrose Goodchild Julyan, Sir Julius Vogel, and Montagu Frederic Ommanney, Esq., continue Loan Agents under the authority of the Order in Council dated the 15th August, 1879, made in pursuance of "The New Zealand Loan Act, 1879."

The Agent-General for New Zealand,
7, Westminster Chambers.

I have, &c.,
S. O. GRAY,
Chief Accountant.

Enclosure 2 in No. 4.

The AGENT-GENERAL to the BANK of ENGLAND.

SIR,— 7, Westminster Chambers, London, S.W., 19th August, 1881.

I have the honour to acknowledge the receipt of the Chief Accountant's letter of the 13th instant, acquainting me that the notification I addressed to the bank on the 11th had been duly recorded.

With reference to the last paragraph of Mr. Gray's letter, I have to state that no revocation has been made of the appointments of Sir P. Julyan, Sir J. Vogel, and Mr. Ommanney as Loan Agents under "The New Zealand Loan Act, 1879," but their special functions under that Act ceased upon the completion of the arrangements made for the issue and inscription of the loan.

The Governor of the Bank of England.

I have, &c.,
F. D. BELL,
Agent-General.

No. 5.

The AGENT-GENERAL to the Hon. the PREMIER.

SIR,— 7, Westminster Chambers, London, S.W., 25th August, 1881.

Since writing to you on the 11th and 12th instant on the question of conversion I have had several further consultations with Sir Penrose Julyan.

My letter of the 12th will have informed you of his concurrence in my opinion of the expediency of making the first operation in the 5-30s. It was not that I failed to recognize how much there was to be said in favour of beginning with consols, especially having regard to the relief that would be got by setting free a part of the Sinking Fund; nor was it from any disrespect for the argument contained in the Stock Agents' letters to you of 15th July, 1880, and 2nd June, 1881, that I leaned, for my own part, towards the policy of beginning with the 5-30s; but it may be as well that I should say what the reasons were which, on a balance of considerations, inclined me to that policy.

1. In attempting a conversion of the consols you have no means of forming a reliable judgment beforehand as to the extent to which the operation will succeed. In whatever loan you may be choosing your operation what you seek is to induce the bondholder to give up income for the sake of increased capital. Now, the instinctive tendency of the ordinary investor is against this. He says to himself, "I am asked to give up part of my income: why should I? I want no more capital; I want my income to live upon. What good will it be to me to have an addition to my capital at the end of fifty years? I shall be dead before that." Another form of antagonism is that there will always be a class of holders who prefer the possession of their bonds to any inscribed stock: another class who will not take the trouble to exchange their bonds for stock, even if they got some advantage by it: another who have tied up their securities in some way, and are unwilling to disturb what has been done.

Now, in converting consols, each of these holders has the power to refuse your offer: and his instinctive hesitation soon turns into a refusal, unless he sees a very appreciable bait held out to him. Thus your knowledge that he is sure to hesitate and very likely to refuse tempts you to offer him that bait, because you are afraid that unless you do it only a few of his class will come in.

On the contrary, in converting the 5-30s you know you can force every holder to come in. You would not attempt the operation at all without making sure of being able to sell enough stock to raise the money for paying him off; but, having fixed the minimum at which you will sell it, you know exactly how to measure the inducement which will tempt him to exchange his bond for stock rather than be paid off in cash.

2. Again, if you want to convert a consols debenture, you must calculate its value over the whole period it has still to run; whereas in converting the 5-30 bond you can take its value at £100, simply because its currency can be made to cease at your pleasure.

3. Nor have you, in converting the 5-30s, to take into consideration at all the fact of one bondholder's rate of interest being $4\frac{1}{2}$ while the other's is 5, or to offer them different terms on that account, because each of them alike can only get his £100 if you give him notice to pay off; and therefore, although there is a difference of nearly 2 per cent. in price to-day between the $4\frac{1}{2}$ s and the 5s, they will both be worth exactly the same on the day you fix to pay them off.

4. In their letter of 15th July, 1880, the Stock Agents pointed out that conversion ought not to be made at a rate to flood the market with inscribed stock and make it lose its higher value relatively to debentures, and it was on that account that they advised you not to attempt the conversion of more than two millions of consols at first. Nor would Sir Penrose and I, if we were proposing to deal with any ~~loan~~ but the 5-30s, have now recommended (especially as the money-market is to-day) an operation involving so large an amount as is covered by the 5-30s; but, having in their case the force at your command to make every one come in, you may safely venture to operate on the whole of them at once. Indeed, you could hardly, in their case, properly operate

upon them except as a whole ; for, although your right could not be denied of declaring a maximum to be converted, and of giving priority to those who brought in their bonds first, it would be an invidious thing to do, unless you were going to pay off the rest, as Mr. Windom did when he fixed his maximum in the United States' conversion described in my letter to you of 3rd June. Besides, the object of the Government being to get a really appreciable saving of annual charge, unless the operation secured that it would not be worth doing at all ; so that, while any operation in consols, owing to your not having the power to compel the holders to come in, is so uncertain that you cannot rely on making the saving you want, you know exactly what saving you can make by an operation in the 5-30s, if you will only give the price which makes it better for the holder to come in than to be paid off.

5. One force in operating on the 5-30s consists in the greater likelihood there is of your not displacing investment. The more certainly that you can act upon the holders of 5-30s in comparison with what you can do with the holders of consols the better you are able to insure three things you especially want—namely,—

- (1.) To make as little disturbance as possible in the market.
- (2.) To be obliged to float as little fresh stock as possible in new hands.
- (3.) And to make your operation bring about as much as possible a simple exchange by present *bonâ fide* investors of one form of security for another.

6. Lastly, if an operation in the consols were to fail it would go far to spoil one afterwards in the 5-30s ; whereas, since you cannot fail in the 5-30s, if your credit is good enough to raise the money to pay them off, you can make much surer of success ; and success in an operation for the 5-30s naturally paves the way for another in consols. You would, of course, have to pause between one operation and the other, but the pause would be measureable by the extent to which your stock had been absorbed. To put an extreme case, suppose all the holders of the 5-30s were to come in, the absorption of the stock would take place at once, and, no displacement of investment having been made, you might go on very quickly to consols.

These are, then, some of the reasons which, upon a balance of considerations, have induced Sir Penrose Julyan and myself, in concert, to advise the Government that they may not only best make their first operation in the 5-30s, but may, with considerable advantage, deal with the whole seven millions at once.

Now, we have very carefully considered, over and over again, whether we cannot name at once the exact figures on which we would advise such an operation to rest. We are very sensible of the force of the reasons that have been often adduced why the Government, and not the Agents, should determine the precise time and terms of any operation. Nor do we disguise from ourselves the fact that leading members of the Legislature wish no conversion to be undertaken until the approval of Parliament has been given to the very figures on which it is to be made. But we have come, with absolute certainty in our own minds, to the conviction that it is impossible for us to give any exact figures now. The account I gave you in my letter of the 11th of the movement in the market during that single week could now be enforced by much clearer and more conclusive illustrations of what I was then saying. I enclose you a leading article which appeared in the *Times* three days ago, showing how great and sudden a change there has been, and how uncertain it is whether the market will not soon take an even more stringent turn. Confirming, as I think I may say the article does, the ideas I so imperfectly expressed to you on the 11th, it may perhaps help to strengthen the impression which it is the object of this letter to convey. No figures that we could possibly give you to-day could be for a moment relied upon as being the same we should give you on the day you receive this letter, for the simple reason that what may be very easy in the money-market to-day may be quite impossible to-morrow. To seek, therefore, the approval of Parliament to definite figures for the conversion of the 5-30s would be utterly illusory ; the figures will change in a week, and will, almost certainly, be so changed by the time you are reading what I say that any decision founded upon them would simply be entirely useless.

But, though it is impossible for us to give such figures, there are limits within which the control of the Legislature as well as of the Government over the action of your Agents can be effectually secured, and a margin fixed within which alone they shall be capable of exercising any discretion. These limits may be expressed simply by this formula :—

“The 5-30s shall only be converted into 4-per-cent. inscribed stock on such terms as will lessen the annual charge for interest by at least x per cent., after deducting a sum sufficient, if invested at compound interest in the same stock, to extinguish the augmentation of capital in fifty years, besides paying the expense of the operation.”

Within the four corners of this formula you would be quite certain of neither running the risk of excessive terms being granted by the Agents, nor endangering that perfect secrecy which is indispensable to any operation at all.

Supposing, then, this formula to be the foundation of the operation, let us see how you would give effect to it on your side.

The central figure is, of course, the price at which you can place a conversion-loan : in other words, the price at which you can place seven millions of inscribed stock upon the market on the day your operation is announced. Let us suppose that the highest you can place it at is 95. Then it requires a fraction over £105 of stock to produce the £100 of cash you want. This price of 95, however, is (so to speak) the “wholesale” price at which you can place all the stock required in the conversion. But the market price of the day is a quotation for £500 stock, or (again so to speak) the “retail” price. Now, the net market price of our inscribed fours to the seller was a few days ago a fraction under 96 $\frac{1}{2}$. If, therefore, the bondholder is offered £105 of stock in exchange for his 5-30 bond, there is so much margin of profit to him in accepting it in preference to taking his money. For, when the Government can only place so many millions of stock “wholesale” at 95, he can get for his £100 bond 96 $\frac{1}{2}$ “retail.” This difference is, I need

not say, nothing but the natural difference in any market between dealing with millions and dealing with hundreds.

Now, let us suppose that the whole of the 5-30s are being converted, partly by raising money at 95 to pay off some, and partly by inscribing the rest in 4-per-cent. stock. How are you to decide what offer to make to the holder?

There are six million 4½s and one and a quarter million 5s: together, £7,250,000. The present charge for interest is £332,500. The first thing to do is to have a calculation made at the Treasury showing what, at say £105 of 4-per-cent. inscribed stock issued to pay off or convert a £100 bond, would be the result in—

- (a) Augmentation of debt;
- (b) Annual charge for the augmented debt;
- (c) Gross saving in interest.

Having found this gross saving, the next step is to find the rate per cent. which, if its amount were invested at compound interest in the same stock, would extinguish the augmentation made in the debt at the end of, say, fifty years; and this has to be deducted, with an estimate of the expense of your operation (including the difference between the charges of the Crown Agents and Bank of England), from the gross saving. This will give the net saving made by giving £105 of stock; and this is the figure which, in our opinion, unless a favourable turn should happen in the money-market, denotes the greatest amount of saving you may expect to make.

With this figure before you the Government will then determine the least x per cent. of saving which they are willing to accept; and then, by repeating the same calculation for every $\frac{1}{2}$ per cent. above £105, you reach the point where this "least saving" is shown, which immediately fixes the greatest exchangeable quantity that the Agents may concede to the bondholder. At every stage in the scale the total sum of the saving will appear which each successive $\frac{1}{2}$ th per cent. leaves; and your calculation lets you compare the x per cent. you are inclined to fix with the effect in total sum of saving which it will produce.

Now, we have worked this out ourselves with great care, and our general conclusion may be expressed in this way:—

No operation is possible that depends upon being able to float a 4-per-cent. conversion-loan at a higher price than 95. This price is equivalent to giving the holder a fraction over £105 of stock for his £100 bond.

No operation is worth undertaking that requires more than £108 of stock to be given. Somewhere between £105 and £108 discretion must be left to the Agents.

I have thought it better to put our conclusions in this shape, rather than show them by tables, as I proposed doing in my letter of the 12th. Tables are very good things when one sees exactly what they are meant to prove; but when this is at all obscure or intricate they are only puzzling, and I have preferred to express our advice in terms, and can only hope I have made it plain. At any rate you will perceive that it is only within close limits that we advise an operation at all; and it is only within those limits that we say the Agents should have any discretion. The question remains, how far your determination of the limits, or the Agents' discretion within them, can safely be submitted for the decision of Parliament.

In my letter of the 11th I incautiously placed among the points that might be decided by Parliament the questions of "which loan was to be dealt with first," and "what was the largest percentage to be conceded to the bondholder." Further consideration has shown me that it would be dangerous to take a vote upon either, because a few hours afterwards it would certainly be known here. Once a maximum was voted, no one here would be satisfied with less. We advise, therefore, that neither the maximum of 108, which we have spoken of for the bondholder, nor the minimum of 95, at which we think 4-per-cent. stock can be placed, should be disclosed or made the subject of any vote. On the other hand, there would be no risk in asking Parliament to decide the margin per cent. within which the Agents should be restricted. Thus (supposing our views to be approved), all Parliament would be asked to do is to say that we may act within the narrow limits of 3 per cent. which lies between 105 and 108. Nor would there be any risk in Parliament deciding the net percentage of saving that must be a condition, because it is very improbable that any one would know how to apply that decision so as to find out its relation to the other figures, which were undisclosed.

In addition, however, to the safeguards which are given in our proposition, there is another, which we do not suggest without hesitation, but which, as it would give you that absolute control over the action of your Agents which Parliament may choose that Ministers should exercise, may help you in obtaining the sanction of the Assembly to your proposals.

The complaint has been that the Agents have had too much power. We say they must, at any rate, have power within some limits, because, inasmuch as the operation depends on their judgment of the money-market at a particular moment, and this judgment depends on their means of instantly making intricate calculations up to the very last moment before announcing the terms to be given, it is simply futile to say they shall have no discretion at all. But the Government may do this: They may make sure that no terms shall be announced without their approval. Suppose the Agents to have made up their own minds on a given day to certain figures, they might, by a carefully-devised cipher, communicate these to Ministers, and in a few hours your sanction or prohibition of them might be telegraphed. The parliamentary responsibility of Ministers would then be absolutely saved, and Parliament would know that, although the necessity of the figures being really settled by the Agents cannot be helped, Ministers would have to approve these figures before the Agents could announce them to the public here. I will see at once whether I am able to devise such a cipher.

Having thus examined the general principles which we think must govern a conversion, I turn to a few other points of process on which you will desire to know our opinion.

Whenever it is determined to make the operation, it ought to be announced suddenly, and finished quickly. We think two months quite enough to give the bondholder to come in and exchange his bond for stock, and if circumstances were favourable at the moment we should not give him more than one.

In all probability it would be necessary at some time or other to form a syndicate for obtaining so much money as is required for the operation; but we should be unwilling to attempt its formation before knowing what sum of money we should really want, and this would depend entirely on the prospects apparent at the particular time of the extent to which holders would prefer exchanging to being paid off.

We do not recommend any power to the Agents to delegate their functions to others. I assume it to be your intention, from your telegram of the 3rd instant, to ask Parliament to let the Agent-General (for the time being) and Sir Penrose Julyan be the persons to carry out the Stock Act. Now, the Public Revenues Act insures that there shall always be an Agent-General, and, in case of the death or incapacity of Sir Penrose, the Agent-General would know in a few hours by telegram who had been chosen to succeed him.

In conclusion, I have only to repeat what has been so often urged before, that the first condition of success is secrecy. Nothing would be easier than for capitalists to combine for the purpose of enforcing better terms to the bondholders by "bearing" the inscribed stock. A very few of them would suffice to do it, and that they would do it if they got an inkling of the operation to be effected there is no sort of doubt. If a fall in inscribed stock happened from the natural movement of the market only there would be no harm in it, because all our other securities would most likely participate more or less in it; but a fall caused by a combination to "bear" inscribed stock would paralyse us and make any operation whatever impossible for some time.

I assume that it is unnecessary for me to urge that this despatch should be kept entirely secret, and not be published in any form whatever, until the terms of the conversion had been announced. But, if you should be unable to get the assent of Parliament without the publication of some part of it, at least let the figures not be disclosed. To disclose them would be immediately fatal to any chance of success.

A cipher code is appended, which I hope will effect the object you desire and enable you to telegraph any decision you may come to.

I regret that this letter should have reached such a length, but I felt bound to leave out nothing that seemed likely to help you in the examination of our proposals. I have submitted the letter to Sir Penrose Julyan, and you will please to understand that it expresses our united advice upon the subject.

I have, &c.,
F. D. BELL.

The Hon. the Premier, Wellington.

No. 6.

Mr. SARGEAUNT to the Hon. the PREMIER.

SIR,—

Downing Street, London, 31st August, 1881.

I have the honour to inform you that your letter of the 18th of June last, addressed to Sir Penrose Julyan, Sir Julius Vogel, and myself, stating that the Government of New Zealand had deemed it desirable to revoke the appointment of those gentlemen and myself as Agents under the Consolidated Stock Act, and enclosing copies of the orders giving effect to such decision, has been received, and opened at the Crown Agents' office.

I placed your letter in the hand of Sir Penrose Julyan for his perusal, and I have sent a copy of it to Sir Julius Vogel.

I beg that you will convey to the Government of New Zealand my personal acknowledgments of the marked manner in which they have been good enough to express their thanks for the services which I have, in conjunction with the other Agents, rendered in connection with the financial operations of the colony; and that you will assure them that it has always given me, from time to time, during a period now of about twenty years, very great pleasure to render to the colony my best services.

I have, &c.,
W. C. SARGEAUNT.

The Hon. the Premier, New Zealand.

No. 7.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,—

Government Offices, Wellington, 5th November, 1881.

I have the honour to acknowledge the receipt of your letter of the 25th August respecting operations under "The New Zealand Consolidated Stock Act, 1877," together with a duplicate thereof; and, on behalf of the Government, I beg to thank you for the great care and attention you have given to the subject.

2. It was not found necessary to submit to Parliament any portion of the previous letter, in which you sketched proposals as to inscription; and you may depend upon the letter now under reply being kept secret, as requested by you. The enclosed extract from *Hansard* will show you what passed in Parliament upon the question.

3. The important proposals now made by you, with the elaborate calculations in explanation of them and of their probable working, are being considered by the Government; and I will, as soon as possible, by the aid of the telegraph code appended to your letter, inform you what decisions have been arrived at.

2—B. 4.

4. Meanwhile I forward Orders in Council appointing Sir P. G. Julyan and yourself to be Agents under "The Consolidated Stock Acts, 1877 and 1881," and also under the Imperial Act. The statutory notification to the Bank is enclosed; and I have to request that you will, in conjunction with Sir P. G. Julyan, take any necessary action in relation thereto.

Sir F. Dillon Bell, K.C.M.G.,

Agent-General for New Zealand, London.

I have, &c.,

JOHN HALL.

Enclosure 1 in No. 7.

A. GORDON, Governor.

ORDER IN COUNCIL.

At the Government House, at Wellington, this 5th day of November, 1881.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS by "The New Zealand Consolidated Stock Act, 1877," it is, amongst other things, enacted that the said Act shall not come into operation or be of any force or effect whatever until it shall be declared to be so in operation by a Proclamation issued by the Governor in Council and published in the New Zealand Government *Gazette*: And whereas by a Proclamation issued by the Governor in Council under the hereinbefore in part recited Act, and published in the *New Zealand Gazette* of the ninth day of February, one thousand eight hundred and seventy-eight, it was declared that the said Act should be and come into operation on and after the ninth day of February, one thousand eight hundred and seventy-eight: And whereas by the ninth section of the said Act it is also enacted, among other things, that the Governor in Council shall have power, for the purposes of the said Act, from time to time to appoint three or more persons in England to be Agents for the purposes of the said Act, and may empower such Agents, or any three or more of them, to exercise all or any of the powers by the said Act exercisable by the Governor in Council: And whereas by "The New Zealand Consolidated Stock Act 1877 Amendment Act, 1881," it is enacted that, notwithstanding anything in "The New Zealand Consolidated Stock Act, 1877," contained, the Governor in Council may appoint only two persons to be the Agents for the purposes of such Act, who shall have, exercise, and perform all the powers, authorities, or duties by such Act given to, vested in, or imposed upon the Agents appointed under the ninth section of such Act, and that throughout such Act the words "the Agents" shall be deemed to refer to and include the two persons thereby authorized to be appointed to be the Agents for the purposes of such Act: And whereas there are at present no such Agents under the two hereinbefore recited Acts: And whereas it is expedient that Agents should be appointed in England for the purposes of the said Acts with the powers and in the manner hereinafter set forth:

Now, therefore, His Excellency the Honourable Sir Arthur Hamilton Gordon, the Governor of the Colony of New Zealand, in pursuance and exercise of the power and authority vested in him by the said Acts, and by and with the advice and consent of the Executive Council of the said colony, doth hereby appoint Sir Francis Dillon Bell, of No. 7, Westminster Chambers, Victoria Street, Westminster, K.C.M.G., the Agent-General for the Colony of New Zealand, and Sir Penrose Goodchild Julyan, K.C.M.G., C.B., of London, Gentleman, to be Agents in England for the purposes of the said Acts, with full power and authority to such Agents to exercise all the powers by the said Acts exercisable by the Governor in Council. And it is hereby expressly declared that the said Agents may from time to time delegate the power and authority vested in them as such Agents as aforesaid to any other person or persons in England as Agent or Agents, and that every such delegation shall be made in the manner by the said Act prescribed.

F. P. MURRAY,

Acting Clerk of the Executive Council.

Enclosure 2 in No. 7.

A. GORDON, Governor.

WHEREAS by an Act passed by the General Assembly of the Colony of New Zealand, the short title of which is "The New Zealand Consolidated Stock Act, 1877" (hereinafter termed "the said Act," and a copy whereof is hereto attached), provision is made, amongst other things, under or by virtue of which the Governor in Council is empowered to create capital stock, to be called "New Zealand Consolidated Stock," to be issued as and in manner by the said Act provided; and the said Act also makes provision that the Governor in Council may from time to time declare all or any of the New Zealand loans convertible into stock, and may provide for the creation, exchange, issue, and conversion of stock, as therein particularly set forth; and also that the Governor in Council may from time to time enter into any such agreement with the Bank of England as to the Governor in Council seems fit for inscribing in the books of the bank any stock, for managing the creation, inscription, and issue of stock, and for effecting the conversion of loans into stock and managing transfers thereof, and for other the objects and purposes in the now reciting Act particularly mentioned; and it is further provided that the Governor in Council may from time to time appoint any three or more persons in England to be Agents for the purposes of the said Act, and may empower such Agents or any three or more of them to exercise all or any of the powers by the said Act exercisable by the Governor in Council; and, lastly, it is enacted by the said Act that it shall not come into operation nor be of any force or effect whatever until it shall be declared to be so in operation by a Proclamation issued by the Governor in Council, and published in the New Zealand Government *Gazette*: And whereas by a Proclamation made and issued under the lastly herein-

before recited enactment on the ninth day of February, one thousand eight hundred and seventy-eight, and published in the *New Zealand Gazette* on the same day, the said Act was declared to be in operation on and after the said ninth day of February: And whereas by "The New Zealand Consolidated Stock Act 1877 Amendment Act, 1881," it is enacted that, notwithstanding anything in "The New Zealand Consolidated Stock Act, 1877," contained, the Governor in Council may appoint only two persons to be the Agents for the purposes of such Act, who shall have, exercise, and perform all the powers, authorities, or duties by such Act given to, vested in, or imposed upon the Agents appointed under the ninth section of such Act, and that throughout such Act the words "the Agents" shall be deemed to refer to and include the two persons hereby authorized to be appointed to be the Agents for the purposes of such Act: And whereas by an Order in Council made and issued under the said Acts, of even date herewith, the Governor in Council, in pursuance and exercise of the powers and authorities vested in him by the said Acts, did appoint Sir Francis Dillon Bell, K.C.M.G., and Sir Penrose Goodchild Julian, K.C.M.G., C.B., to be Agents for the purposes of the said Acts, and did empower such Agents to exercise all the powers by the said Acts exercisable by the Governor in Council: And whereas by an Act passed by the Parliament of the United Kingdom of Great Britain and Ireland in the fortieth and forty-first years of the reign of Her Majesty Queen Victoria, and which it is therein declared may be cited as "The Colonial Stock Act, 1877," it is, among other things, enacted that, "where provision has been made by the Legislature of a colony and otherwise for the inscription and transfer in a register kept in the United Kingdom by some bank, colonial officer, or person (which bank, officer, or person is in this Act referred to as 'the Registrar') of any stock forming the whole or part of the public debt of such colony, and the Government of such colony cause a declaration under the seal of such colony, or by some person in that behalf authorized under that seal, stating such provision, and identifying the stock with respect to which it has been made, to be left with the Commissioners of Inland Revenue, those Commissioners, upon payment of the proper fee, shall record the same, and such record and declaration shall be open to inspection at all reasonable times, in manner directed by the said Commissioners, upon payment of the proper fee:" And whereas the said General Assembly of the Colony of New Zealand is the Legislature of the laid colony within the meaning of "The Colonial Stock Act, 1877," and it is expedient that Agents should be appointed for the purpose of making the declaration required by the hereinbefore in part recited provision of that Act, and otherwise as hereinafter mentioned:

Now, therefore, His Excellency the Honourable Sir Arthur Hamilton Gordon, the Governor of the Colony of New Zealand, in pursuance and exercise of every power and authority enabling him in that behalf, and by and with the advice and consent of the Executive Council of the said colony, doth, by this instrument issued under the seal of the said colony, authorize and empower the said Sir Francis Dillon Bell, K.C.M.G., and Sir Penrose Goodchild Julian, K.C.M.G., C.B., as and to be the Agents to make the declaration required by the provisions of "The Colonial Stock Act, 1877," and in and about such declaration, and the leaving and record thereof with the Commissioners of Inland Revenue, to do all such necessary acts as might or could have been done by or on behalf of the Government of the colony to give effect to the provisions of the last-mentioned Act.

Given under the hand of His Excellency the Honourable Arthur Hamilton Gordon, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Her Majesty's High Commissioner for the Western Pacific, Governor and Commander-in-Chief in and over Her Majesty's Colony of New Zealand and its Dependencies, and Vice-Admiral of the same; and issued under the Seal of the said Colony, at the Government House, at Wellington, this fifth day of November, in the year of our Lord one thousand eight hundred and eighty-one.

F. P. MURRAY,
Acting Clerk of the Executive Council,

Enclosure 3 in No. 7.

A. GORDON, Governor.
ORDER IN COUNCIL.

At the Government House at Wellington, this 5th day of November, 1881.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS by "The New Zealand Consolidated Stock Act, 1877," it is, among other things, enacted that the said Act shall not come into operation, nor be of any force or effect whatever, until it shall be declared to be so in operation by a Proclamation issued by the Governor in Council and published in the *New Zealand Government Gazette*: And whereas by Proclamation issued by the Governor in Council under the hereinbefore in part recited Act, and published in the *New Zealand Gazette* of the ninth day of February, one thousand eight hundred and seventy-eight, it was declared that the said Act should be and come into operation on and after the ninth day of February, one thousand eight hundred and seventy-eight: And whereas by the said Act it is also enacted, among other things, that the Governor shall have power, for the purposes of the said Act, from time to time to appoint three or more persons in England to be Agents for the purposes of the said Act, and may empower such Agents, or any three or more of them, to exercise all or any of the powers by the said Act exercisable by the Governor in Council: And whereas by "The New Zealand Consolidated Stock Act 1877 Amendment Act, 1881," it is enacted that, notwithstanding anything in "The New Zealand Consolidated Stock Act, 1877," contained, the Governor in Council may appoint only two persons to be the Agents for the purposes of such Act, who shall have, exercise, and perform all the powers,

authorities, or duties by such Act given to, vested in, or imposed upon the Agents appointed under the ninth section of such Act, and that throughout such Act the words "the Agents" shall be deemed to refer to and include the two persons thereby authorized to be appointed to be the Agents for the purposes of such Act: And whereas by an Order in Council made under the authority of the said Acts bearing even date herewith (and a copy of which said Order in Council is hereto annexed), His Excellency the Governor of the Colony of New Zealand, by and with the advice and consent of the Executive Council of the said colony, did appoint Sir Francis Dillon Bell, of No. 7, Westminster Chambers, Victoria Street, Westminster, K.C.M.G., the Agent-General for the colony, and Sir Penrose Goodchild Julyan, K.C.M.G., C.B., of London, Gentleman, to be Agents in England for the purposes of the said Act, with full power and authority to such Agents to exercise all the powers by the said Act exercisable by the Governor in Council; and the now reciting Order in Council also contains a declaration that the said Agents may from time to time delegate the power and authority vested in them as such Agents as aforesaid to any other person or persons in England as Agent or Agents, and that every such delegation shall be made in the manner by the said Act prescribed: And whereas by the said firstly recited Act it is also enacted that the Governor in Council shall notify the appointment of Agents appointed for the purposes of the said Act to the Bank of England, and the power and authority of the Agents shall continue in full force until the Governor notifies the contrary, and that notification is received by the Bank of England:

Now, therefore, His Excellency the Honourable Sir Arthur Hamilton Gordon, Governor of the Colony of New Zealand, in pursuance of the requirements of the said Act, and by and with the advice and consent of the Executive Council of the said colony, doth hereby notify to the Bank of England that the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan have been appointed to be Agents for the purposes and in the manner in the hereinbefore in part recited Order in Council particularly mentioned.

F. P. MURRAY,
Acting Clerk of the Executive Council.

No. 8.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,—

Government Offices, Wellington, 7th October, 1881.

Your letters of the 11th and 12th August, respecting a proposed operation under the Consolidation Stock Acts, 1877 and 1881, the former stating the steps you took on receipt of the Premier's telegram of the 3rd August, and the latter describing an interview with Sir Penrose Julyan, chiefly in relation to proposals made some time ago by the late Agents, have been received.

2. The Government await with much interest the further report, which, according to your telegram of the 25th August, left London upon that day; and, upon its receipt, they will at once enter on the consideration of the subject.

3. A copy of the amendment Act, passed during the late session, is enclosed for your information.

Sir F. Dillon Bell, K.C.M.G.,
Agent-General for New Zealand, London.

I have, &c.,
H. A. ATKINSON,
In the absence of the Premier.

No. 9.

The AGENT-GENERAL to the Hon. the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 3rd November, 1881.

The paragraph in your cablegram of the 31st October, which related to inscribed stock, recalled to my mind that a considerable time had elapsed since I had given you news of the state of the money market, and of its bearing on the question of conversion; whereas it had been my intention to keep you informed on the subject more regularly than I have done.

The fluctuations in the market, however, have been really in the direction which I ventured last August to indicate as being probable; and you will have gathered, from the occasional Press cablegrams which have doubtless appeared in the colony about those fluctuations, that what I had said was turning out to be pretty correct. The effect which the course of the market has had on the question of inscription may be put in a very few words, by saying that at no time since I was writing in August has the market been steady enough to allow of any operation at all, and that, though it is certainly improving, some time will elapse yet before it is steady enough. But, as I mentioned in my cablegram answering yours, the real point is that we could not think of making any operation whatever while the public mind is affected with the notion that there may be Native disturbances on the West Coast; and time must be given for the events on the coast to develop themselves before anything can be done.

All this, of course, makes me only regret the more that so fine an opportunity as we certainly had could not be seized at the right time; but that cannot now be helped.

The Hon. the Premier, Wellington.

I have, &c.,
F. D. BELL.

No. 10.

The AGENT-GENERAL to the Hon. the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 28th November, 1881.

I have the honour to acknowledge the receipt of your letter of the 7th October, transmitting a copy of the amending Act of last session relating to the inscription of stock.

It will not have escaped your notice that I have not yet sent you the cipher code of which I spoke in my letter of the 25th August; but the market has been ever since in a state which precluded the idea of any operation in conversion, to say nothing of the apprehension which was created, though only for a short time, of a Native disturbance. I am inclined to think, however, that the causes for the disquietude of the market we have seen during the last three months are now tending to a change for the better, and I will presently address myself again to the cipher. But I am sorry to say that I see no prospect of such a change in the market as will encourage a very early operation being attempted, still less bring back the fine opportunity which, through no fault of the Government, we unfortunately lost.

The Hon. the Premier, Wellington.

I have, &c.,

F. D. BELL.

No. 11.

The AGENT-GENERAL to the Hon. the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 6th February, 1882.

Adverting to my letter of the 31st December last (No. 923), in which I acknowledged the various Orders in Council constituting Sir Penrose Julyan and myself Agents for the purposes therein mentioned, I have now to inform you that Sir Penrose has returned from Nice, and that we have resumed the examination of the conversion question, and are preparing the steps to be taken at the Bank of England.

The agitation caused on the Stock Exchange here by the events that have happened on the Paris Bourse, with the effect on the money market and the increase of the Bank of England rate to 6 per cent., have necessarily occupied our close attention. We are not at present inclined to think the position, on the whole, an adverse one to a conversion operation, but it is too early yet to judge with sufficient clearness to enable us to express a decided opinion, and I am delaying a general letter, which I should otherwise have sent you, till I see my own way better.

The Hon. the Premier, Wellington.

I have, &c.,

F. D. BELL.

No. 12.

The AGENT-GENERAL to the Hon. the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 8th March, 1882.

Upon receiving the Orders in Council issued in pursuance of the amended Stock Act, it became necessary for me, among other things, to notify them to Mr. Sargeaunt, as one of the original Stock Agents.

I did so in the letter of which I now beg to transmit a copy, together with the reply, in which Mr. Sargeaunt, while desiring to convey his thanks to the Government for their appreciation of his past services, states that in point of fact the Secretary of State's decision of May, 1881 (as to the future employment of the Crown Agents), had not precluded a Crown Agent from acting for the New Zealand Government under the Stock Acts. I thereupon thought it right to send the answer to Mr. Sargeaunt, which I also enclose, and presently I shall seek a further interview with Lord Kimberley, in order to remove any possible misconception of his Lordship's meaning in the matter. I feel sure, however, that there has been none.

The Hon. the Premier, Wellington.

I have, &c.,

F. D. BELL.

Enclosure 1 in No. 12.

The AGENT-GENERAL to Mr. W. C. SARGEAUNT.

SIR,—

7, Westminster Chambers, London, S.W., 17th February, 1882.

Adverting to the letter of the 18th June last, which was addressed by the Premier of New Zealand to the then Stock Agents, informing them of the revocation of the Orders in Council under which their appointments had been made, I have now the honour to state that an amending Act was passed in the last session of the New Zealand Parliament for the purpose of reducing the number of Agents to two, and that, in exercise of the powers conferred by the Act, the Governor was pleased, by Order in Council on the 5th November last, to appoint the Agent-General of the colony, together with Sir Penrose Julyan, to be the Agents in England for the purposes of the Stock Acts.

It was with much regret that, remembering the long and valued services you had rendered to the colony, the Government found themselves obliged to omit your own name from the above appointment, in consequence of the Secretary of State having given directions that the Crown Agents should in future cease to be engaged in financial operations for colonies under Responsible Government. You will not, therefore attribute that omission to any want of appreciation for your services, which, indeed, were fully recognized by the Government in the Premier's letter.

W. C. Sargeaunt, Esq., C.M.G.

I have, &c.,

F. D. BELL.

Enclosure 2 in No. 12. ..

Mr. W. C. SARGEAUNT to the AGENT-GENERAL.

SIR,—

Downing Street, London, 6th March, 1882.

I have to acknowledge the receipt of your letter of the 17th ultimo, in which you are so good as to inform me that, in exercise of the powers conferred by an Act passed in the last session

of the New Zealand Parliament, the Governor of that colony was pleased, by Order in Council on the 5th November last, to appoint the Agent-General of the colony together with Sir Penrose Goodchild Julyan to be Agents in England for the purposes of the Stock Acts.

You also are so good as to inform me further that it was with much regret the Government found themselves obliged to omit my name from the above appointment in consequence of the Secretary of State having given directions that the Crown Agents should in future cease to be engaged in financial operations for colonies under Responsible Government.

Understanding that the kind and flattering terms in which this information is conveyed to me emanated from the Government of New Zealand, I would venture to request you to convey to that Government my thanks; but at the same time I would remark that the Secretary of State's directions to which reference is made did not preclude the Crown Agents from acting for the Government of New Zealand under the Stock Acts.

Lord Kimberley's despatch dated the 19th May, 1881, concludes thus: "While I have no desire to interfere with arrangements under which the Crown Agents are charged with the payment of interest on loans already issued by them, or with the redemption of those loans, or their conversion into inscribed stock, I shall be glad to learn that your Ministers are able without difficulty to make other provision for the transaction of all the business connected with any future New Zealand loans."

I have, &c.,

Sir F. D. Bell, K.C.M.G., &c., 7, Westminster Chambers, S.W.

W. C. SARGEANT.

Enclosure 3 in No. 12.

The AGENT-GENERAL to Mr. W. C. SARGEANT.

SIR,—

7, Westminster Chambers, London, S.W., 8th March, 1882.

I have to acknowledge and thank you for your letter of the 6th instant.

You will allow me to remark that the New Zealand Government did not give to the Earl of Kimberley's despatch of the 19th May, 1881, the interpretation which you now do, and I hasten therefore to say that, as at present advised, I am not able to concur in the view I understand you to take yourself, that the Crown Agents were not precluded by his Lordship's decision from continuing to act for my Government under the Stock Acts.

There were two classes of debentures, amounting together to about fifteen millions, in which the Government contemplated an early operation of conversion, namely, the consols and the 5-30s. In both of these, as you are aware, the object was to exchange bonds bearing $4\frac{1}{2}$ per cent. and 5 per cent. interest for 4-per-cent. stock. Now, it was of course impossible that this should be done at all without creating an increase of the capital debt; and the creation of that new debt, as well as the determination of its amount, were new financial operations of a large and complicated kind, in which, as the Government understood the Secretary of State, it was certainly not his intention that the Crown Agents should engage for us. Moreover, in the case of the 5-30s, there was this other point: that, in order to effect any conversion at all, it was inevitable that provision should be made for paying off, whether to a large amount or a small, any holders who should elect to be paid off rather than receive stock; and this might at any moment involve the raising of a large sum of money by the sale of capital stock, as well as getting temporary advances in anticipation of such issue. Now, we never understood that Lord Kimberley intended the Crown Agents to do that.

But we were not left in doubt in the matter. In the latter part of last year I asked Lord Kimberley to give me an interview on this very question of the extent and effect of the new relations which his Lordship had laid down for the Crown Agents; and I certainly then understood distinctly that the Crown Agents would no longer be permitted to engage, on behalf of a Responsible-Government colony, in any such financial operations as I have described, but were to be restricted to the payment of interest and management of sinking fund in respect of loans actually existing prior to May, 1881.

If this was not the Secretary of State's meaning, we have all been under a misunderstanding; and, as it would obviously be very inconvenient to have any doubt on such a point, I propose to bring it before his Lordship at an early date.

I have, &c.,

W. C. Sargeant, Esq., C.M.G.

F. D. BELL.

No. 13.

The AGENT-GENERAL to the Hon. the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 5th April, 1882.

It seems to me worth while to call your attention to the enclosed article in last week's *Economist*, referring to the "Profitableness of Colonial Railways."

Although the *Economist* does not omit its usual comment on the "extravagance of New Zealand," you will see that this is neutralized by the favourable reference to the improvement that has taken place in the paying character of your railways. The material points in the article, however, are the indication of a growing opinion that, before long, a good colonial $3\frac{1}{2}$ -per-cent. stock would be worth nearly par in this market; and the further statement that "the time has certainly arrived" when the leading colonies could, with advantage to themselves, issue even a 3-per-cent. loan.

This may be of some interest to you in the consideration of your financial proposals this year.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

No. 14.

The Hon. the COLONIAL TREASURER to the STOCK AGENTS.

GENTLEMEN,—

The Treasury, Wellington, 4th November, 1882.

I have the honour to transmit to you herewith copies of "The Treasury Bills Act, 1879," and "The Treasury Bills Act, 1880," relating to Treasury bills now afloat, amounting in the whole to £1,832,000, particulars of which are given in the enclosed statement.

In both Acts provision is made for taking up the bills at their due dates by borrowing upon debentures, with a currency of not more than three years from the date of issue, such sums of money as may be required for the purpose; the Government, when introducing the two measures in question to Parliament, having intimated their intention to convert the debentures ultimately into stock under "The New Zealand Consolidated Stock Act, 1877," with a view to adding the amount to the permanent debt of the colony.

You will observe, on referring to the 11th section of each Act, that the Colonial Treasurer is empowered to delegate to Agents in Great Britain or elsewhere the powers vested in him to create and issue the debentures; and I may inform you that these powers have been delegated to Sir P. G. Julian and Sir F. D. Bell, whom I have appointed Agents in London under the sections quoted.

One instrument, delegating these powers to the extent of creating debentures to take up £942,000 of the Treasury bills, was despatched to the Agents on the 9th September last, and two further instruments, with respect to the remainder of the bills, amounting to £890,000, are being despatched by the present opportunity.

Bills to the amount of £942,000 are now in London; there are on the way £180,000, and £710,000 are now being forwarded; all of which, it is anticipated, will be exchanged on the 31st December next for three years' debentures to be created by the Agents I have named above. On that date the bills will be in the hands of the persons named in the enclosed statement, ready to be exchanged for the like amount of debentures.

I have now, therefore, to inform you that, in order to give effect to the intention of the Government, referred to in the second paragraph of this letter, it is their desire that the debentures in question should be converted into 4-per-cent. stock as soon after their creation as, in your opinion, it would be prudent to move in the matter, due regard being had to the desirability of abstaining from any action calculated to interfere with the successful floating of the million loan authorized last session of Parliament, which, it is anticipated, will be offered to the public in January. It is the wish of the Government that these three years' debentures should be thus early converted into stock, as it is considered very undesirable that so large a sum as £1,832,000 should be retained any longer than is necessary in the form of what is practically a floating debt.

I may state that I have reason to know that, with the exception of the Trustees of the Sinking Fund of the loan of 1863, with whom I have not yet had an opportunity of communicating on the subject, and who hold £367,000 of the Treasury bills, all the holders of bills about to be exchanged for debentures are desirous that the latter should be converted into 4-per-cent. New Zealand Stock.

As regards the terms on which the conversion should take place, the Government, after careful consideration, have decided that the amount of 4-per-cent. stock to be offered for every 5-per-cent. debenture of £100 with a currency of three years should not exceed £102, the exact terms within that limit being left to your discretion. With respect to the question of the currency, &c., of the stock the matter is left entirely in your hands, to act as you may deem best for the colony.

I may add that the Government are disposed to proceed with the conversion of the 4½- and 5-per-cent. 5-30 debentures on equivalent terms; but on this subject I will address you in a separate letter.

I have, &c.,

H. A. ATKINSON.

The New Zealand Stock Agents, London.

Enclosure in No. 14.

TREASURY BILLS, £1,832,000.

By whom held.	Treasury Bills Act, 1879; due Dec. 31, 1882.	Treasury Bills Act, 1880; due June 30, 1883.	Total.
	£	£	£
Bank of New South Wales	500,000*	...	500,000
Postmaster-General	108,900	159,200	268,100
Trustees of Sinking Fund of Loan of 1863	367,000	...	367,000
Commissioners of Public Debt Sinking Funds	17,700	33,000	50,700
Public Trustee	50,200	4,000	54,200
Government Insurance Commissioner	98,200	211,500	309,700
Bank of New Zealand	100,000	180,000	280,000
Colonial Treasurer for—			
Armed Constabulary Reward Fund ... ..	...	2,000	2,000
Nelson Rifle Prize Fund ... ..	...	300	300
	1,242,000	590,000	1,832,000

* The debentures to be issued under the Act to take up these will be held: £380,000 by the Postmaster-General, 120,000 by the Colonial Treasurer, as an investment of the Public Works Fund.

By whom held.	Now in London.	On the way.	Now being despatched.
	£	£	£
Bank of New South Wales	500,000	...	...
Agent-General for—			
Postmaster-General	75,000	...	193,100
Commissioners of Public Debt Sinking Funds ...	...	...	50,700
Public Trustee ... ..	...	...	54,200
Government Insurance Commissioner ...	...	...	309,700
Colonial Treasurer for—			
Armed Constabulary Reward Fund ... ..	...	...	2,000
Nelson Rifle Prize Fund ... ..	...	...	300
Bank of New Zealand ... ..	...	180,000	100,000
Trustees of Sinking Fund Loan, 1863	367,000	...	...
	942,000	180,000	710,000

No. 15.

The Hon. the COLONIAL TREASURER to the STOCK AGENTS.

GENTLEMEN,—

The Treasury, Wellington, 4th November, 1882.

The Government have had under consideration the question of proceeding with the conversion of the New Zealand debentures, known as the 5-30s, into inscribed stock, under "The New Zealand Consolidated Stock Act, 1877."

In my letter (No. 1) of even date herewith, you have been authorized to convert into 4-per-cent. stock 5-per-cent. debentures for £1,832,000, to be issued under the Treasury Bills Acts 1879 and 1880, the terms being that the amount of stock to be issued for every debenture of £100 is not to exceed £102, the precise terms within that limit being left to your discretion; and if, in your opinion, there is a prospect of the 5-30 debentures being converted on terms equivalent to the above, you are hereby authorized by the Government to proceed with their conversion whenever, in your estimation, it may be possible to do so.

I have, &c.,

Sir P. G. Julyan, K.C.M.G., C.B.,

H. A. ATKINSON.

Sir F. D. Bell, K.C.M.G.,

Agents under "The New Zealand Consolidated Stock Act, 1877."

No. 16.

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

SIR,—

The Treasury, Wellington, 4th November, 1882.

In connection with the conversion of the three years' debentures for £1,832,000, and the terms to be offered to the holders, I think it well to remind you that the Treasury bills in exchange for which these debentures are to be issued are chiefly held as securities for investments of the Government Insurance Department, the Post Office Savings Bank, the Commissioners of the Public Debts Sinking Fund, &c.; and that it has been decided on the conversion of the debentures to sell a considerable portion of the stock from time to time as opportunity may offer, with the view of making other investments.

I did not deem it necessary to refer to this matter in my letter to the Stock Agents; but, as it is intended, as I have stated, to sell a large portion of the stock at an early date, that circumstance should, with others, be taken into consideration in fixing the terms of conversion within the limit named by the Government, as it is desirable that the stock should sell at about par.

I have, &c.,

The Agent-General for New Zealand, London.

H. A. ATKINSON.

No. 17.

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

SIR,—

The Treasury, Wellington, 4th November, 1882.

I have the honour to enclose herewith, under cover addressed to the Agents under "The New Zealand Consolidated Stock Act, 1877," the authority of the Government to proceed, under certain conditions, with the conversion of the New Zealand debentures known as the 5-30s into 4-per-cent. stock.

I have, &c.,

The Agent-General for New Zealand, London.

H. A. ATKINSON.

No. 18.

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

SIR,—

7, Westminster Chambers, London, S.W., 28th December, 1882.

I duly received your letter of the 4th November enclosing, under cover to the Stock Agents, the authority to proceed, under certain conditions, with the conversion of the 5-30 debentures into inscribed stock.

I am very glad the Government have come to the decision that it would be advisable to convert the 5-30s, but an operation under the conditions named (if I rightly understand them) is one that will require most careful consideration, and at this moment I cannot say that I feel very sanguine of being able to effect it.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

No. 19.

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

SIR,—

7, Westminster Chambers, London, S.W., 28th December, 1882.

I have to acknowledge the receipt of your letter of the 4th November (No. 218), reminding me that the Treasury bills in exchange for which the new short-dated debentures will be immediately issued to the amount of £1,832,000 are chiefly held as securities for investments of funds belonging to the Government departments you enumerate; and informing me that it is the intention, on the conversion of these debentures into inscribed stock, to sell a considerable part of the stock with the view of making other investments.

Such an intention must not only, as you point out, be taken into consideration in fixing the terms of that conversion itself, but will have of course a most material bearing on all future financial operations of the Government in relation to the Three-Million Loan, on the general price of the stock to be looked for in the market, and on the conversion of the 5-30s. I shall endeavour, at the earliest moment I can, to point out how far this bearing might turn out to be adverse to your finance, and the precautions which would have to be taken in the matter.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

No. 20.

The STOCK AGENTS to the Hon. the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 28th December, 1882.

We have the honour to acknowledge the receipt of your letter of the 4th November, marked No. 1, addressed to us as Agents under the Stock Act, and containing the instructions of the Government on the subject of the Treasury bills to the amount of £1,832,000, to be taken up by debentures having a currency of three years.

You have already received due acknowledgment of the safe arrival of the formal instrument delegating to the Agents therein named the authority to create debentures to take up £942,000 of these bills; and the two further instruments delegating power to create the remaining £890,000 have also been safely received by the Agents. The various Treasury bills transmitted to the Agent-General by the respective public officers and others holding the same, as well as the bills transmitted to the Bank of New Zealand, have been also received.

In your letter now under acknowledgment you intimate the desire of the Government, and of the persons to whom the debentures will be issued, that these debentures should be converted into 4-per-cent. stock as soon after their creation as will be prudent; and you convey to us the decision of the Government as to the terms on which such conversion may be effected. We are giving careful attention to the subject, and shall, by an early mail, address you again upon the mode which, after full consideration, we may think best adapted to give effect to your instructions.

We have, &c.,

F. D. BELL,

P. G. JULYAN,

Agents under "The New Zealand Consolidated Stock Act, 1877."

The Hon. the Colonial Treasurer, Wellington.

No. 21.

The STOCK AGENTS to the Hon. the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 28th December, 1882.

We have the honour to acknowledge the receipt of your letter of the 4th November, addressed to us as Stock Agents, conveying the authority of the Government to proceed, on the conditions therein mentioned, with the conversion of the 5-30 debentures into inscribed stock whenever a favourable time for that operation shall arrive.

We shall shortly address you on the subject, and be able to state the course we would advise to be taken.

We have, &c.,

P. G. JULYAN.

F. D. BELL.

The Hon. the Colonial Treasurer, Wellington.

No. 22.

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

SIR,—

7, Westminster Chambers, London, S.W., 24th January, 1883.

I transmit herewith copies of the deed-poll, executed by Sir Penrose Julyan and myself, creating the £1,000,000 of stock for the new loan, and of the declaration made by us under the Imperial Stock Act, and duly lodged with the Commissioners of Inland Revenue.

I have, &c.

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

Enclosure 1 in No. 22.

To all to whom these presents shall come, we, Sir PENROSE GOODCHILD JULYAN, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, and a Companion of the Most Honourable Order of the Bath, and Sir FRANCIS DILLON BELL, a Knight Commander of the said Most Distinguished Order of Saint Michael and Saint George, the Agent-General for the Colony of New Zealand, send greeting :

WHEREAS, by an Act of the General Assembly of New Zealand intituled "The New Zealand Consolidated Stock Act, 1877," it was, among other things, enacted that, for the purpose of raising any sum or sums of money under the authority of any Act that might be passed by the said General Assembly in any future session of the General Assembly authorizing the Governor in Council to raise, by way of loan, any sum of money for the public service of the colony, it should be lawful for the Governor in Council to create capital stock, to be called "New Zealand Consolidated Stock," such stock to be issued in such amounts and manner, at such price and times, on such terms and subject to such conditions, with such dividends, and redeemable at par at such times and on such conditions, as the Governor in Council might, before the creation thereof, from time to time determine ; and by the said Act it was further enacted that the Governor in Council might from time to time appoint three or more persons in England to be Agents for the purposes of the said Act, and might empower such Agents, or any three or more of them, to exercise all or any of the powers by the said Act exercisable by the Governor in Council ; and, further, that the said Act should not come into operation, nor be of any force and effect whatever, until it should be declared to be so in operation by a Proclamation issued by the Governor in Council and published in the *New Zealand Gazette* : And whereas, by a Proclamation made and issued by the Governor in Council on the 9th day of February, 1878, and published in a Supplement to the *New Zealand Gazette* of the same date, the Governor, with the advice and consent of the Executive Council of the said colony, did proclaim and declare that "The New Zealand Consolidated Stock Act, 1877," should be and come into operation on and after the 9th day of February, 1878 : And whereas, by a deed-poll under the hands and seals of me, the said Sir Penrose Goodchild Julyan, and of Sir Julius Vogel, a Knight Commander of the said Most Distinguished Order of St. Michael and St. George, and of Montagu Frederic Ommanney, Esquire, after reciting, among other things, that the Governor in Council had, by an Order in Council made on the 27th day of February, 1878, appointed me, the said Sir Penrose Goodchild Julyan, and William Charles Sargeant, therein described, the said Montagu Frederic Ommanney, and the Hon. William James Mudie Larnach, therein described, to be Agents in England for the purposes of the said Act, with full power and authority to such Agents, or any three of them, to exercise all the powers by the said Act exercisable by the Governor in Council ; and that the Governor in Council, by an Order in Council made on the 17th day of April, 1879, had appointed the said Sir Julius Vogel to be an Agent in England for the purposes of the said Act so long as he should hold the office of Agent-General for the Colony of New Zealand, to have and exercise, in conjunction with the said Agents so appointed as aforesaid, all such powers, duties, functions, and authorities as by the said Order in Council of the 27th day of February, 1878, were given to or invested in the Agents therein named, as fully and effectually as if the said Sir Julius Vogel had originally been appointed thereby to be an Agent for the purposes therein mentioned : And further reciting that, by "The New Zealand Loan Act, 1879," being another Act of the said General Assembly, it was enacted that it should be lawful for the Governor in Council to appoint any two or more persons he might think fit to be Agents, who should have full power and authority to borrow and raise any sum or sums not exceeding five million pounds sterling in the whole for all and any of the purposes expressed in the Schedule of the Act ; and that such Agents should have power and authority to prescribe the rate of interest on such loan, and might agree that debentures issued by them might be converted into stock created or issued under "The New Zealand Consolidated Stock Act, 1877," and might specify the terms of such conversion : And further reciting that I, the said Penrose Goodchild Julyan, and the said Sir Julius Vogel, and Montagu Frederic Ommanney, as such Agents as aforesaid, were about to borrow a sum or sums of money by issuing debentures or scrip for the sum of five millions sterling : It was witnessed, and I, the said Sir Penrose Goodchild Julyan, and the said Sir Julius Vogel, and Montagu Frederic Ommanney did thereby declare, that a capital stock called "The New Zealand Consolidated Stock" had been created, and that it had been determined that an amount not exceeding six millions sterling of such stock should be issued at the rate therein mentioned for every amount of £100 represented by scrip or a debenture which should be issued for any part of the said sum or sums so intended and about to be borrowed and raised as aforesaid to any holder of such scrip or debenture who should desire to convert such scrip or debenture into such stock at any time between the 16th day of March, 1880, and the 16th day of March, 1881, and that the interest or dividend to be paid on the said amount of six millions sterling, or such lesser amount as should be so issued, should be at the rate of 4 per cent. per annum, payable half-yearly, at the Bank of England, on the 1st day of May and the 1st day of November in each year until the 1st day of November, 1929, and that on the said 1st day of November, 1929, the capital should be repaid at par at the same place :

And whereas, in accordance with the terms and conditions in the said deed-poll mentioned, New Zealand Consolidated Stock was issued to the amount of £5,371,200 in exchange for scrip or debentures issued in respect of the said loan, and such amount of stock and no more now stands inscribed in the books of the Governor and Company of the Bank of England in the names of the several persons respectively entitled thereto :

And whereas, by another Act of the said General Assembly of New Zealand intituled "The New Zealand Consolidated Stock Act 1877 Amendment Act, 1881," it was enacted that, notwithstanding anything in "The New Zealand Consolidated Stock Act, 1877," contained, the Governor in Council might appoint only two persons to be the Agents for the purposes of such Act, who should have, exercise, and perform all the powers, authorities, or duties by such Act given to, vested in, or imposed upon the Agents appointed under the ninth section of such Act, and that throughout such Act the words "the Agents" should be deemed to refer to and include the two persons thereby authorized to be appointed to be the Agents for the purposes of such Act: And whereas all previous appointments of Agents having been duly revoked, the Governor in Council did, by an Order in Council made on the 5th day of November, 1881, in pursuance and exercise of the power and authority vested in him by the said Acts of 1877 and 1881, appoint us, the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell, to be Agents in England for the purposes of such Acts, with full power and authority to us, as such Agents, to exercise all the powers of such Acts exercisable by the Governor in Council :

And whereas, by another Act of the said General Assembly of New Zealand intituled "The New Zealand Loan Act, 1882" (hereinafter called "the Loan Act"), it was enacted that it should be lawful for the Governor in Council to appoint any two or more persons, as he might think fit, to be Agents for the purpose of raising and managing the loan authorized to be raised under such Act, with all such powers as might be necessary to carry into effect the purposes of such Act, and in their appointments to define the relative powers of such Agents, and that such Agents should 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 three million pounds sterling in the whole, as the Governor in Council might from time to time or at any time direct or determine, for all and any of the purposes expressed in the Schedule to such Act, or any other purposes thereby authorized: Provided that no greater sum than one million pounds sterling of the said three million pounds sterling should be raised in any one year, commencing with the year 1883; and that such Agents should 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 should be made payable, but it was enacted that the annual charge to be imposed on the consolidated revenue under the provisions of the Loan Act should not exceed for interest the sum of £5 for every £100 expressed to be borrowed :

And whereas, by an Order in Council made and issued on the 3rd day of October, 1882, under the hand of the Administrator of the Government of New Zealand in Council, after reciting, among other things, that it had been deemed expedient that a portion of the loan authorized to be raised under the Loan Act should be raised under that Act for the purposes therein mentioned, and that Agents should be appointed for that purpose as was therein provided, the Administrator of the Government, in exercise and pursuance of the powers and authorities vested in him by the Loan Act, and by and with the advice and consent of the Executive Council of the colony, did, among other things, direct and determine that the sum of one million pounds sterling, being part of the said loan of three million pounds sterling authorized to be raised under the Loan Act, should be borrowed and raised under the provisions of that Act: And in further exercise and pursuance of the powers and authorities aforesaid, and with the like advice and consent as aforesaid, the said Administrator of the Government did appoint us, the above-named Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell, to be the Agents for the purpose of raising and managing the portion of the said loan by the said Order in Council ordered and determined to be raised, with full power and authority to us, as such Agents, in and during the year 1883, to borrow and raise, by bonds, debentures, scrip, or otherwise, the said sum of one million pounds sterling as aforesaid, and with full power and authority to us, as such Agents, to prescribe the mode and conditions of the repayment of such sum, and the time of such repayment, and (subject to the provisions of the Loan Act) the rate of interest thereon, and the time and place or places when and where such principal and interest should be made payable, and generally to have, hold, and exercise all such powers and authorities as by the Loan Act might be had, held, and exercised by the Agents appointed thereunder in respect of the moneys authorized by the Order in Council now in recital to be borrowed and raised :

And whereas we, the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell, intend and are about, under and in pursuance of the power and authority in that behalf conferred on us by the said last-mentioned Order in Council of the 3rd October, 1882, to borrow and raise in Great Britain, for the purposes expressed in the Schedule to the Loan Act, or some of them, a sum or sums of money, by the creation and issue of a further amount not exceeding one million pounds sterling of New Zealand Consolidated Stock, to be in addition to, and to rank *pari passu* with, the said amount of £5,371,200 now inscribed at the Bank of England as aforesaid, such stock to bear interest at the rate of four pounds per cent. per annum: And whereas we have further determined that such further issue of stock shall be created, issued, and inscribed under the said "New Zealand Consolidated Stock Act, 1877," and we have also determined the amount, manner, price, time, terms, and conditions on, at, and subject to which such stock shall be issued and inscribed, and the dividends thereon be payable, and the principal thereof be redeemable, such amount, manner, price, time, terms, dividends, and conditions being those hereinafter mentioned: And whereas we deem it expedient that our determination to create such additional amount of £1,000,000 of New Zealand Consolidated Stock to be so issued and redeemable shall be declared and manifested under our hands and seals :

Now therefore these presents witness, and we, the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell, in exercise and pursuance of the powers by the said Orders in Council or either of them vested in us, do by these presents declare, that we have created a further amount of one million pounds sterling of capital stock, to be called "The New Zealand Consolidated Stock," in addition to, and to rank *pari passu* with, the said amount of £5,371,200 of New Zealand Consolidated Stock heretofore created and issued as aforesaid; and we have determined that such stock shall be issued at the rate of £100 of stock for every nominal amount of £100 which shall be represented by the scrip certificates or letters of allotment respectively to be issued to subscribers for any part of the said sum—or sums intended to be and about to be borrowed and raised by us as aforesaid, when the instalments payable thereon shall have been fully paid; and that the interest or dividend to be paid on the said amount of one million pounds sterling of stock so created by us as aforesaid, or any lesser amount which shall be issued, shall be at the rate of 4 per cent. per annum, and shall be payable half-yearly, at the Bank of England, on the first day of May and the first day of November in each year until the first day of November, 1929, and that the first half of a year's interest or dividend shall be payable on the 1st day of May, 1883; and further that on the said 1st day of November, 1929, the capital shall be repaid at par at the same place.

And lastly we do further declare that the revenues of the Colony of New Zealand alone are liable in respect of the stock hereinbefore described and the dividends thereon, and that the Consolidated Fund of the United Kingdom, and the Commissioners of Her Majesty's Treasury, are not directly or indirectly liable or responsible for the payment of the stock or of the dividends thereon, or for any matter relating thereto.

In witness whereof we have hereunto set our hands and seals this 1st day of January, 1883.

(L.S.) P. G. JULYAN.
(L.S.) F. D. BELL.

Signed, sealed, and delivered by the above-named Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell, in the presence of—Jno. MACKRELL, Solicitor, 21 Cannon Street, London.

Enclosure 2 in No. 22.

It is hereby declared that, by "The New Zealand Consolidated Stock Act, 1877," being Act 41 Vict., No. 33, of the Legislature of the Colony of New Zealand, provision is made in the terms following, that is to say,—

Section 2 Whenever, in any Act heretofore passed by the General Assembly, or that may be passed in the present or any future session of the General Assembly, authority is given to the Governor, or to the Governor in Council, to raise by way of loan any sum of money for the public service of the colony, then, unless there be some provision to the contrary in the Act by which such authority is given, such sum may be raised in the manner hereinafter provided.

Section 3. For the purpose of raising such sum or sums of money under the authority of any such Act as aforesaid, it shall be lawful for the Governor in Council to create capital stock, to be called "The New Zealand Consolidated Stock" (hereinafter referred to as "stock"), subject to the provisions of this Act, to be issued in such amounts and manner, at such price and times, on such terms, and subject to such conditions, with such dividends, and redeemable at par at such times and on such conditions, as the Governor in Council may before the creation thereof from time to time determine.

Section 7. The Governor in Council may from time to time enter into any such agreement with the Bank of England as to the Governor in Council seems fit, providing for all or any of the following things (*inter alia*):—

- (1.) For inscribing in the books of the bank any stock;
- (2.) For managing the creation, inscription, and issue of stock;
- (3.) For effecting the conversion of loans into stock and managing transfers of stock;
- * * * * *
- (5.) For issuing stock certificates to bearer, and, as often as occasion shall require, reissuing or reinscribing stock and reissuing stock certificates;
- * * * * *
- (10.) Generally, conducting all business connected with stocks or loans;
- * * * * *

For the purposes of this Act the expression "Bank of England" means the Governor and Company of the Bank of England, and includes their successors.

Section 8. Every agreement made with the Bank of England in pursuance of this Act shall be as valid and effectual as if the terms thereof had been set forth in and enacted by this Act.

Section 9. The Governor in Council shall have the powers and duties, and may do the following things (*inter alia*), for the purposes of this Act:—

- (1.) He may from time to time appoint three or more persons in England to be Agents for the purposes of this Act (which Agents for the time being are in this Act referred to as "the Agents"), and may empower such Agents or any three or more of them to exercise all or any of the powers by this Act exercisable by the Governor in Council.

Section 14. This Act shall not come into operation nor be of any force or effect whatever until it shall be declared to be so in operation by a Proclamation issued by the Governor in Council and published in the *New Zealand Government Gazette*.

And it is hereby further declared that, by a Proclamation made and issued by the Governor in Council on the 9th day of February, 1878, and published in a Supplement to the *New Zealand*

Government *Gazette* of the same date, it was declared that the said Act should be and come into operation on and after the said 9th day of February, 1878.

And it is hereby further declared that Sir Penrose Goodchild Julyan, K.C.M.G., C.B., Sir Julius Vogel, K.C.M.G., and Montagu Frederic Ommanney, who were then the Agents duly appointed by the Governor in Council under the provisions of the said Act, did by a deed-poll, under their hands and seals bearing date the 1st December, 1879, declare that a capital stock, called "The New Zealand Consolidated Stock," had been by them created, and that they had determined that an amount not exceeding six millions sterling of such stock should be raised at a rate therein mentioned for every amount of £100 represented by scrip or debenture, which should be issued by them for any part of a sum or sums intended and about to be borrowed and raised by them as Agents appointed under and in pursuance of the provisions of "The New Zealand Loan Act, 1879," being 43 Vict., No. 2, of the Legislature of the said colony, to any holder of such scrip or debenture who should desire to convert the same into such stock at any time between the 16th day of March, 1880, and the 16th day of March, 1881, and that the interest or dividend to be paid on the said amount of six millions sterling, or such lesser amount as should be so issued, should be at the rate of 4 per cent. per annum, payable half-yearly at the Bank of England, on the 1st day of May and the 1st day of November in each year until the 1st day of November, 1929, and that on the said 1st day of November, 1929, the capital should be repaid at par at the same place. And they did, by the said deed-poll, further declare that they had, as such Agents as aforesaid, borrowed and raised certain sums of money on the terms therein set forth.

And it is hereby further declared that the said Sir Penrose Goodchild Julyan, Sir Julius Vogel, and Montagu Frederic Ommanney entered into an agreement with the Governor and Company of the Bank of England providing, among other things, for the inscription in a register kept in England by the said bank of the said stock.

And it is hereby further declared that, in accordance with the terms and conditions in the said deed-poll mentioned, New Zealand Consolidated Stock was issued to the amount of £5,371,200 in exchange for scrip or debentures issued in respect of the said loan, and such amount of stock and no more now stands inscribed in the books of the Governor and Company of the Bank of England in the names of the several persons respectively entitled thereto.

And it is hereby declared that, by an Act of the General Assembly of New Zealand intituled "The New Zealand Consolidated Stock Act 1877 Amendment Act, 1881," being Act 45 Vict., No. 44, it was enacted that, notwithstanding anything in "The New Zealand Consolidated Act, 1877," contained, the Governor in Council might appoint only two persons to be the Agents for the purposes of such Act, who should have, exercise, and perform all the powers, authorities, or duties by such Act given to, vested in, or imposed upon the Agents appointed under the ninth section of such Act; and that throughout such Act the words "the Agents" should be deemed to refer to and include the two persons authorized by the Act now in recital to be appointed to be the Agents for the purpose of "The New Zealand Consolidated Stock Act, 1877."

And it is hereby further declared that, in pursuance of the power and authority vested in him by the said Acts (all previous appointments of Agents having been revoked), the Governor of New Zealand did, by an Order in Council bearing date the 5th day of November, 1881, appoint Sir Francis Dillon Bell, of No. 7, Westminster Chambers, Victoria Street, Westminster, K.C.M.G., the Agent-General for the Colony of New Zealand, and the said Sir Penrose Goodchild Julyan, to be Agents in England for the purposes of the said Acts of 1877 and 1881, with full power and authority to them, as such Agents, to exercise all the powers by such Acts exercisable by the Governor in Council.

And it is hereby further declared that the Governor of New Zealand did, by another Order in Council also bearing date the 5th day of November, 1881, and issued under the seal of the said colony, empower the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan to make the declaration required by the provisions of "The Colonial Stock Act, 1877," and in and about such declaration, and the leaving and record thereof with the Commissioners of Inland Revenue, to do all such necessary acts as might or could have been done by or on behalf of the Government of the said colony to give effect to the provisions of the last-mentioned Act.

And it is hereby further declared that, by another Act of the said General Assembly of New Zealand intituled "The New Zealand Loan Act, 1882" (hereinafter called "the Loan Act"), being Act 46 Vict., No. 6, provision is, among other things, made in the following terms:—

Section 2. 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 this Act, with all such powers as may be necessary to carry into effect the purposes of this Act, and in their appointments to define the relative powers of such Agents.

Section 3. 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 three million pounds sterling in the whole as the Governor in Council may from time to time or at any time direct and determine, for all and any of the purposes expressed in the Schedule hereto: Provided that no greater sum than one million pounds sterling of the said three million pounds sterling shall be raised in any one year, commencing with the year one thousand eight hundred and eighty-three.

Section 4. 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.

Section 5. In addition to the general powers by this Act conferred upon such Agents, they shall have and may exercise the following special powers as often as occasion may require: They may agree that debentures issued by them shall be converted into stock created or issued under "The New Zealand Consolidated Stock Act, 1877," and may either specify the terms of such conversion or arrange that such terms shall be subsequently agreed upon.

And it is hereby further declared that, in pursuance of the power and authority vested in him by the Loan Act, the Administrator of the Government of New Zealand in Council did, by and with the advice and consent of the Executive Council of the said colony, by an Order in Council bearing date the 3rd day of October, 1882, direct and determine that the sum of one million pounds sterling, being a part of the said loan of three million pounds sterling authorized to be raised under the Loan Act, should be borrowed and raised under the provisions of such Act; and did, by the same Order in Council, appoint the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell to be the Agents for the purpose of raising and managing the portion of the said loan by the said Order in Council ordered and determined to be raised, with full power and authority to such Agents, in and during the year one thousand eight hundred and eighty-three, to borrow and raise, by bonds, debentures, scrip, or otherwise, the said sum of one million pounds sterling as aforesaid, and with full power and authority to such Agents to prescribe the mode and conditions of the repayment of such sum, and the time of such repayment, and (subject to the provisions of the Loan Act) the rate of interest thereon, and the time and place or places when and where such principal and interest should be made payable, and generally to have, hold, and exercise all such powers and authorities as by the Loan Act might be had, held, and exercised by the Agents appointed thereunder in respect of the moneys by the said Order in Council authorized to be borrowed and raised.

And it is hereby further declared that, by a deed-poll bearing date the 1st day of January, 1883, under the hands and seals of the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell, after reciting that, as such Agents as aforesaid, they were about to borrow and raise in Great Britain, for the purposes expressed in the Schedule to the Loan Act or some of them, a sum or sums of money by the creation and issue of a further amount, not exceeding one million pounds sterling, of New Zealand Consolidated Stock, to be in addition to, and to rank *pari passu* with, the said amount of £5,371,200, then inscribed at the Bank of England as aforesaid, such stock to bear interest at the rate of 4 per cent. per annum, the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell did declare that they had created a further amount of one million pounds sterling of capital stock to be called "The New Zealand Consolidated Stock," in addition to, and to rank *pari passu* with, the said amount of £5,371,200 of New Zealand Consolidated Stock theretofore created and issued as aforesaid, and had determined that such stock should be issued at the rate of £100 of stock for every nominal amount of £100, which should be represented by the scrip certificates or letters of allotment respectively to be issued to subscribers for any part of the sum or sums intended to be and about to be borrowed and raised by them as aforesaid, when the instalments thereon should have been fully paid, and that the interest or dividend to be paid on the said amount of one million pounds sterling of stock so created by them as aforesaid, or any lesser amount which should be issued, should be at the rate of four pounds per cent. per annum, and should be payable half yearly, at the Bank of England, on the 1st day of May and the 1st day of November in each year until the 1st day of November, 1929, and that the first half of a year's interest or dividend should be payable on the 1st day of May, 1883, and, further, that on the said 1st day of November, 1929, the capital should be repaid at par at the same place.

And it is hereby further declared that the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell have, in pursuance of the said Loan Act and of the said Order in Council dated the 3rd day of October, 1882, borrowed and raised, for the purposes mentioned in the Schedule to the Loan Act, or some of them, a sum or sums of money (being the sum or sums recited in the said last-mentioned deed-poll as intended and about to be borrowed), by issuing or agreeing to issue scrip certificates or letters of allotment for the total amount of one million pounds sterling, by the Loan Act and the said Order in Council authorized and directed to be borrowed and raised; such scrip certificates or letters of allotment respectively to be converted into New Zealand Consolidated Stock at the rate of £100 of such stock for every nominal amount of £100 represented by a scrip certificate or letter of allotment.

And it is hereby further declared that, in further pursuance of the said "New Zealand Consolidated Stock Act, 1877," and "The New Zealand Consolidated Stock Act 1877 Amendment Act, 1881," and of the said Order in Council of the 5th November, 1881, the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell have entered into an agreement with the Governor and Company of the Bank of England, providing, among other things, for the inscription, in a register kept in England by the said bank, of the said stock mentioned in the said last-mentioned deed-poll, and for the transfer of such stock.

And it is hereby further declared that the stock to be inscribed and transferred in conformity with such provision is "The New Zealand Consolidated Stock," mentioned in the said last-mentioned deed-poll.

And it is hereby further declared that the revenues of the Colony of New Zealand alone are liable in respect of the stock hereinbefore described and the dividends thereon, and that the Consolidated Fund of the United Kingdom, and the Commissioners of Her Majesty's Treasury, are not directly or indirectly liable or responsible for the payment of the stock or of the dividends thereon, or for any matter relating thereto.

In witness whereof the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell have hereunto set their hands, this twelfth day of January, one thousand eight hundred and eighty-three.

Witness—JNO. MACKELL, Solicitor, 21 Cannon Street, London.

P. G. JULYAN.
F. D. BELL.

No. 23.

The STOCK AGENTS to the Hon. the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 25th January, 1883.

We have now the honour to address you more fully on the questions of the conversion

into 4-per-cent. inscribed stock of the short-dated debentures for £1,832,000 just created by your delegates, and also of a similar conversion of that part of the public debt known as the 5-30s.

Your letter to the Agent-General, under date the 7th October last, gave a timely intimation of the decisions to which the Government were likely to come, and these have since been formally communicated to ourselves in your two letters of the 4th November last, addressed to us in our character of Stock Agents under the Acts of 1877 and 1881.

In the first of these letters, referring to the intended creation of the short-dated debentures, you informed us that when the Treasury Bills Acts were being passed an intimation was made to the New Zealand Parliament that such debentures were meant to be ultimately converted into stock, with the view of their removal from the floating debt, and their addition to the permanent debt of the colony. You intimated to us the desire of the Government that this conversion should take place as soon after the creation of the debentures as we should think prudent, due regard being had to the necessity of abstaining from any action calculated to interfere with the success of the million loan; and you instructed us at the same time that the amount of stock to be given for every £100 of debentures was not to exceed £102; the exact terms within that limit being left to our discretion, as well as period of currency and other formal details.

In the second of the two letters we are reciting, you instructed us that if, in our opinion, there was a prospect of our being able to convert the 5-30s on terms equivalent to those you had fixed for the short-dated debentures, we were to proceed with such conversion whenever, in our estimation, it was possible to do so.

The position was made still clearer by your letter to the Agent-General, also bearing date the 4th November last, in which you reminded him that the Treasury bills in substitution for which the short-dated debentures were to be created had been chiefly held as securities for the investment of Public Trust Funds; and you informed him that it was intended, upon the debentures being converted, to sell a large portion of the stock at an early date, with the view of making other investments; further, you desired him to bear in mind that this intention of making sales of the stock was one of the things to be taken into consideration by the Stock Agents in fixing the terms of conversion, because it was desirable that the stock should sell at about par.

In our letters to you of the 28th December last, Nos. 321 and 322, acknowledging the receipt of yours of the 4th November, we confined ourselves to assuring you that the whole subject should receive our most careful consideration. But the Agent-General, in a letter by the same mail (28th December), thought it his duty to point out at once, as that mail was the first leaving after the receipt of your instructions, that the intention of selling the inscribed stock into which the short-dated debentures were to be converted involved questions materially affecting not only all the operations to be made for the Three-Million Loan, but the market price of the whole of the inscribed stock, and also any conversion of the 5-30s; nor will you have failed to gather from his letter that our first impression was that these conversion operations, under the circumstances announced to us by the Government, might turn out to be so adverse to their finance that we could not feel sanguine of being able to carry them into effect.

This first impression has ripened into a clear conviction that there are grave difficulties in the way, which must receive your consideration before any conversion whatever is attempted.

It is true that as regards the 5-30s our views were so fully explained in the Agent-General's letter of the 25th August, 1881, that if only a 5-30 conversion were now the question we should have little to say beyond bringing the figures, which were of course based upon the market-rates of that time, into harmony with the prices of to-day. But the aspect of all the questions affecting the 5-30s is entirely changed, when it is proposed to make a conversion of the short-dated bonds; and it is practically this latter conversion which we propose to examine in this letter. Now, we are met at the threshold of the matter by the consideration that nothing can be done in a conversion of the short-dated bonds without full publicity of the conversion; and the best way to test the result of making an announcement of such a conversion is to look at what we have just had to do, in our character of Loan Agents, in regard to the million loan. The Agent-General, when preparing his statement to accompany the Bank of England's prospectus of the loan, proposed at first to insert a paragraph, in the nature of a preliminary notice, that the short-dated bonds were to be converted. But, as Loan Agents, we had to request him to strike out any reference of the kind, for the simple reason that it would most likely have been disastrous to the loan. New stock to the extent of £1,832,000 would have had to be created for the conversion, and this creation would to all intents and purposes have been, so far as the market was concerned, exactly the same thing as if a new issue to the same amount was being launched without the market being told of it; for of course the fact of such a conversion having been intimated to the New Zealand Parliament would not for a moment be accepted here as an intimation of it to the market in London. The conversion of the Treasury bills into stock is really what would have been effected, though passed through the conduit-pipe of the short-dated bonds; and this would have been looked upon by the market in the light of what is called a "forced loan," which would not only have inflicted a serious blow on the credit of the colony, but have so much depreciated the possible price of any new loan, as to more than counterbalance any possible advantage to be derived from the conversion. The Stock Exchange would instinctively have seen in such an announcement the sudden creation of a new class of holders, who were in fact to be more or less sellers, and who would throw an amount of new stock upon the market, which the market itself could not measure, but which might, for aught it knew, extend to the whole inscription of £1,832,000. The chance, therefore, of the market being able to get any considerable portion of its subscriptions to the million loan absorbed by the public would have been lessened to an indefinite degree; and the same effect would have been produced as the one which so damaged the Victorian loan, namely, the creation of a vague dread that new stock in large quantities would be hanging over the market, waiting only a favourable moment for effecting sales. The market, therefore, which had been well-disposed towards the loan, would have turned

against it; and, if the result had been that the loan was not written for by the market, it would certainly have failed.

Whether, as Loan Agents, we were right or wrong in taking so serious a view of the danger, we, at any rate, were so persuaded of it that (as we have said) any reference to the conversion of the short-dated bonds was deliberately avoided. The consequence of this is obvious. Not having made the announcement then in the character of Loan Agents, it is evident we cannot make it now in the character of Stock Agents. It was not made then, because it would have prevented the market from subscribing; and it should not be made now, because the market has given subscriptions, which it would certainly have withheld if the announcement had been made before. Nor does this only apply to the present moment. The same danger will arise when the second and third millions come to be asked for, so that the dilemma is not one that can be escaped by being put off. Whenever the next demand is made, the Loan Agents (whoever they may be) will inevitably have to do just the same thing as we have had to do now. They will not be able to make any conversion of the short-dated debentures into stock without the fullest publicity, yet (when it comes to the point) they will be obliged to abandon all idea of making the announcement of it, exactly as we have had to abandon it ourselves.

This being the case, we hardly think it necessary to refer to your limit of 102; but obviously, if we are not altogether mistaken in what we have said, the market for inscribed stock must fall, on any announcement whatever of a conversion of the short-dated debentures, to a point that would make the exchange of bonds for stock, on such terms, an unfavourable operation for all the custodians of the funds, whether in England or New Zealand.

Of course, the whole aspect of the question would be changed in a moment if the custodians of the funds could make up their minds to keep their investments in the short-dated debentures for such a period, at any rate, as would allow of the absorption of the Three-Million Loan by the public. There is no question of good faith to the public, because the public has had full notice of the total amount of the public debt including Treasury bills in circulation; and, whenever there is no longer a danger of subscriptions by the market itself being refused to your second and third millions, the custodians might convert the short-dated debentures, and stand, as to sales of stock, in the same position as any other holder of part of the public debt. Or the aspect would be equally changed by any substantial rise in price, which should make the market itself bare of inscribed stock; but this, we are bound to add, we see no prospect whatever of in the face of the conversions and inscriptions already announced by the Cape and by Victoria, as well as New South Wales.

The Government will have expected us to speak with perfect frankness, in return for the wide discretion they have given us; and, all the more, because of this discretion, have we felt it specially incumbent on us to be plain. We do not, however, think it is our province to write to the custodians of the funds direct, because the question we are dealing with is so momentous to the Government, that they alone can make such communication to the custodians as the public interests require. It only remains to say that, after what we have here submitted to you, we shall wait until the subject in all its bearings has been again considered by the Cabinet.

We have, &c.,

F. D. BELL,

P. G. JULYAN,

The Hon. the Colonial Treasurer,
Wellington.

Stock Agents under the Stock Acts, 1877 and 1881.

No. 24.

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

SIR,—

The Treasury, Wellington, 16th June, 1883.

The question of converting into inscribed stock the short-dated debentures for £1,832,000, created the 31st December last under the Treasury Bills Acts of 1879 and 1880, and thereby constituting them a part of the permanent debt of the colony, has again been under the careful consideration of the Government.

The currency of these debentures was advisedly limited upon the advice of the then Loan Agents, Sir P. G. Julyan and Sir Julius Vogel, to the short term of three years, with the avowed intention of converting them into inscribed stock before their due date. The finance of the colony since 1879, so far as making permanent provision for the deficiency of that period, has been based on the assumption that these debentures would be inscribed at an early date after their creation.

You are aware that, with the exception of £400,000, the debentures in question are held as securities of the Government Insurance Department, the Post Office Savings Bank, the Public Trust Office, and the sinking funds of the public debt; and I need not point out to you how desirable it is that some of these bonds should be exchanged for a form of security more readily convertible into cash.

Of the total amount, £832,000 represents a debt which has accumulated from year to year since 1866 by the issue of Treasury bills, which continued to be renewed from time to time as they matured. The remaining million represents the deficit of the period ending the 31st March, 1880, which, owing to the then bad state of our credit, could only be met out of the balance of the Public Works Fund, this fund being recouped from time to time as was found necessary from the so-called trust funds requiring investment. No other course than the one followed was or has been open to the Government, as you are aware.

As I understand from you that the objections which the Stock Agents take to the conversion of the debentures into inscribed stock are not of a temporary character, but will hold good so long as the colony continues to resort to the London market for further loans for public works, and as it is very undesirable, for reasons with which you are no doubt well acquainted, that so large a

sum as we have invested in these debentures should remain a floating debt, the Government think it better to face the difficulty at once, and to submit, if necessary, to any reasonable reductions in the price of such of the inscribed stock as it may be determined to sell, unless other arrangements can be made for a time sufficient to enable inscription to take place before the debentures mature.

If you think that before the debentures mature there would be any better prospect of a favourable operation than at present, and if you can obtain an advance of, say, five or six hundred thousand pounds from the London and Westminster Bank, upon security of a portion of the debentures, for a term extending beyond the time when you think you might be able to inscribe, then inscription might stand over until that time; but if you do not see your way to this course the Government propose that the debentures shall be inscribed at the beginning of next year, either before or after the floating of the second instalment of the loan of three millions, unless you think the operation might be sooner effected; and that when the debentures are inscribed the Stock Agents shall be authorized to make arrangements with the brokers for the sale from time to time of from five to eight hundred thousand pounds of the stock, the Government giving a pledge that no further amount than that agreed upon to be sold should be placed on the market. It would not be necessary to dispose of more than the amount I have named, the object of the Government being to invest from four to five hundred thousand pounds of the Savings Bank deposits in the 4-per-cent Imperial Government debentures, and to invest the money belonging to the Insurance Department in securities in the colony.

The Agent-General for New Zealand, London.

I have, &c.,

H. A. ATKINSON.

No. 25.

The AGENT-GENERAL to the Hon. the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 31st May, 1883.

I have to inform you that the Chancellor of the Exchequer received, on the 25th instant, a deputation of all the Agents-General, for the purpose of bringing before him the question of reducing the composition stamp duty on inscribed stock, from the 12s. 6d. per cent. fixed by the Stamp Act of 1880, to the 7s. 6d. which existed prior to that date.

Mr. Childers received us very courteously, and discussed the question with us from various points of view; but it was clear to me from the first that we had no strong point to urge, considering that the experience of the New Zealand and Victoria inscription has proved the large extent to which transfers of stock are made in the course of a year. Mr. Childers requested that the views of the deputation might be put in writing; but, after the argument which took place, I am not myself of opinion that the matter will be carried any further. On this point, as well as the subject generally, I shall shortly have to address you again.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

No. 26.

The AGENT-GENERAL to the Hon. the PREMIER.

London, 20th September, 1883.

CONVERSION announced to-day, by Bank of England, at following rates:—

Five-per-cent. 5-30s	...	...	...	...	103½
Four-and-a-half-per-cent. 5-30s	...	...	...	...	103
Short-dated debentures	...	...	...	...	Par.

Applications received until 30th November.

No. 27.

The STOCK AGENTS to the Hon. the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 21st September, 1883.

We have the honour to state that, upon receiving the approval of the Government to the proposals we lately made (by cable messages through the Agent-General) for a combined operation to convert into 4-per-cent. inscribed stock that part of the New Zealand debt known as the 5-30s, and also the short-dated debentures created under the Treasury Bills Acts, we took the necessary steps for carrying that operation into early effect.

The terms of the proposed conversion, which have received for some time past the most careful consideration, were finally settled in conference at the Bank of England yesterday, and we transmit herewith a copy of the formal announcement of the same by the bank, on behalf of the Stock Agents, which appears in to-day's newspapers.

You will observe that the rates for the respective conversions have been determined as follows:—

1. £6,000,000 4½-per-cent. 5-30 debentures will be inscribed at the rate of £103 of stock for every £100 in debentures;
2. £1,250,000 5-per-cent. 5-30 debentures, at the rate of £103 10s. of stock for every £100 in debentures; and
3. £1,832,000 5-per-cent. debentures, issued under the Treasury Bills Acts, at the rate of £100 of stock for every £100 in debentures.

We shall transmit to you by next mail a letter explaining the grounds for fixing these rates, and for interposing the issue of a scrip certificate between the surrender of debentures brought in

for conversion and the actual inscription of stock to be given in exchange ; but, meanwhile, you will expect us not to delay reporting the terms of the operation itself, and its announcement by the Bank of England on our behalf.

We enclose herewith copy of the correspondence that took place with the bank.

Immediately after the conference at the bank we sent you a cablegram,* copy of which is appended, informing you of the operation being announced.

We have, &c.,
F. D. BELL,
P. G. JULYAN,
Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Enclosure 1 in No. 27.

PUBLIC DEBT of NEW ZEALAND.—Conversion of Further Portions of the Debt of the Colony into 4-per-cent. Consolidated Stock.

THE Governor and Company of the Bank of England give notice that, on behalf of the Agents appointed by the Governor of New Zealand in Council, under "The New Zealand Consolidated Stock Act, 1877," and Amendment Act, 1881 (Sir Francis Dillon Bell, K.C.M.G., and Sir Penrose Goodchild Julyan, K.C.M.G., C.B.), they are authorized to invite holders of debentures of the following issues, being loans which formed part of the public debt of the colony prior to the 30th September, 1880, to bring in their bonds for conversion into 4-per-cent. consolidated stock, inscribed at the Bank of England, with interest payable half-yearly on the 1st May and 1st November.

Applications for conversion will be received at the Chief Cashier's Office, Bank of England, up to noon on Friday, the 30th day of November next, and the conversion of the respective debentures will be made on the terms following, that is to say,—

1. £6,000,000 4½-per-cent. 5-30 debentures (1904–1905), at the rate of £103 of stock for every £100 in debentures ;
2. £1,250,000 5-per-cent. 5-30 debentures (1906), at the rate of £103 10s. of stock for every £100 in debentures ;
3. £1,832,000 debentures issued under "The New Zealand Treasury Bills Acts, 1879 and 1880," at the rate of £100 of stock for every £100 in debentures.

The coupon for the current half-year on debentures which may be sent in for conversion will be paid in full, and holders will receive interest at 4 per cent. per annum, calculated on the amount of stock, from the date on which debenture-interest ceases : thus, interest on the 5-30 debentures (1904–1905) will be paid at 4½ per cent. up to the 1st February, 1884 ; that on the 5-30 debentures (1906) will be paid at 5 per cent. up to the 15th January, 1884 ; and that on the debentures issued under the Acts of 1879 and 1880 at 5 per cent. up to the 1st January, 1884.

The stock will be inscribed on or after the 1st May, 1884, and will then rank *pari passu* with the 4-per-cent. consolidated stock already created and issued, and, as in the case of that stock, will be repayable at par on the 1st November, 1929.

The debentures—from which the current half-year's coupon should be detached—must be left at the bank three clear days for verification. Holders will receive in exchange scrip certificates with a coupon attached for interest for the broken period to the 1st May, 1884 : these certificates must be surrendered when the stock is inscribed.

The stock registers are kept at the Bank of England, where all assignments and transfers are made ; and holders of the stock may (on payment of the usual fee) take out stock certificates to bearer, with coupons attached, which certificates may be re-inscribed into stock at the will of the holder.

The bank will transmit dividend warrants through the post, if desired.

All transfers and stock certificates are free of stamp duty.

By the Act 40 and 41 Vict., c. 59, the revenues of the Colony of New Zealand alone will be liable in respect of the stock and the dividends thereon ; and the Consolidated Fund of the United Kingdom, and the Commissioners of Her Majesty's Treasury, will not be directly or indirectly liable or responsible for the payment of the stock or of the dividends thereon, or for any matter relating thereto.

Applications must be made on the printed forms, which may be obtained at the Chief Cashier's Office, Bank of England ; of Messrs. Mullens, Marshall, and Co., 4, Lombard Street ; Messrs. J. and A. Scringeor, 18, Old Broad Street ; and at the office of the Agent-General for New Zealand, 7, Westminster Chambers, where also copies of the above-named Acts and Orders in Council may be seen.

Bank of England, 20th September, 1883.

Enclosure 2 in No. 27.

THE STOCK AGENTS to the BANK OF ENGLAND.

GENTLEMEN,—

7, Westminster Chambers, London, S.W., 19th September, 1883.

It will be in your recollection that, on the 12th April, 1881, the Agent-General for New Zealand informed you that the New Zealand Government had then, for some time, under their consideration the question of converting a further portion of the existing public debt of the colony into 4-per-cent. inscribed stock. Circumstances delayed from time to time the fulfilment of their inten-

tion in this respect, but it has now been decided to proceed at once with the conversion of the debentures of the £6,000,000 4½-per-cent. and £1,250,000 5-per-cent. loans, commonly known as the 5-30s, as well as of the debentures for £1,832,000 created in redemption of Treasury bills formerly in circulation to the same amount.

By the Order in Council dated the 5th November, 1881, of which a copy was transmitted to you in the Agent-General's letter of the 18th February, 1882, the Governor of New Zealand duly notified to the Bank of England that the Agent-General and Sir Penrose G. Julyan had been appointed Agents under the New Zealand Consolidated Stock Acts, with full authority to us to exercise all the powers vested in His Excellency by those Acts; and we now wait upon you to inform you that, in pursuance of the powers so conferred upon us, we have decided to invite the holders of the debentures of the above-mentioned loans to bring in their bonds for conversion. We have now the honour to request that, pursuant to the agreement subsisting between the Bank of England and the New Zealand Government, you will be pleased to take the necessary steps for announcing that you are authorized to receive applications from the bondholders, and to inscribe them for the stock to which they will respectively be entitled in exchange for their debentures.

We enclose the draft of an announcement to that effect for your consideration, and shall be glad if it meets your approval.

We shall take the necessary steps at once for the formal creation of such a total amount of stock as will be sufficient to cover the whole operation, and to allow of all the debentures of the above-named issues being converted at once, if the holders are willing to come in on the terms offered. We need not point out to you that we are not now proposing to exercise the power which exists in the case of the 5-30s, of paying off the debentures at six months' notice; preferring rather, for the present, to take the course of inviting them to bring in their bonds for conversion, and leaving it optional with them to do so if they think fit.

We shall be glad if the Governors will appoint a time when we can wait upon them to have a conference before finally deciding upon the rate of conversion of the 5-30s.

We have, &c.,

F. D. BELL,

P. G. JULYAN,

Stock Agents.

The Governor and Company of the Bank of England.

Enclosure 3 in No. 27.

GENTLEMEN,—

Bank of England, 20th September, 1883.

I am directed by the Governor to acknowledge the receipt of your letter of the 19th instant, with reference to the conversion of a further portion of the public debt of New Zealand into 4-per-cent. consolidated stock, upon which subject you have to-day had an interview with the Governor.

In reply, I am to say, as intimated to you, that the bank will be happy to undertake all the duties necessary to the conversion of the several debentures specified by you, except advertising and stamping of the scrip, for the sum of £600—say six hundred pounds—per million of debentures converted.

The advertisement announcing the conversion, a draft of which you enclosed, has been formally settled and approved. I enclose a few copies herein. It is hoped that the advertisement may appear in the papers to-morrow.

I am, &c.,

Sir F. D. Bell, K.C.M.G., and Sir Penrose G. Julyan,
K.C.M.G., C.B., Stock Agents for the New Zealand Government, 7, Westminster Chambers, S.W.

F. MAY,

Chief Cashier.

No. 28.

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

SIR,—

7, Westminster Chambers, London, S.W., 29th September, 1883.

I understand that the Stock Agents will hardly be able to send you by the present mail a further letter on the conversion of the 5-30s and short-dated debentures in continuation of the one they addressed to you on the 21st instant, the day the operation was announced. But I may as well anticipate their statement by a few observations of my own.

The long letter which I sent you under date the 25th August, 1881, explained the principles on which I thought any conversion of the 5-30s ought to proceed, and I have really nothing to add to that statement now. Two things must of course be noted: one, that the figures of that time have had to be brought into harmony with the prices of to-day; the other, that there is a material difference between a conversion such as I was then speaking of, where force was to be applied, and one where an option, as in the present case, was to be given to the bondholder of coming in or not. But the leading factors had in any case to be the same, for any operation, in order to succeed, must necessarily combine an appreciable saving to the colony with a fair inducement to the bondholder; and I am inclined to think it will turn out that we hit the mark in the prices we fixed for the conversion, though this of course remains to be seen, it being much too early yet for any confident anticipation.

You will notice that we only made a difference of ½ per cent. between the conversion rate for the 4½ per cents., 5-30s, and the 5 per cents. We should, indeed, as I pointed out in my letter above mentioned, have been justified in treating them entirely alike; but, as it is very material to bring in the 5 per cents. as much as possible, we thought it advisable to give this slight advantage, which will enlist the brokers with us, and be really inappreciable in the creation of new stock for the cost of the operation.

You will have seen that the Bank of England insisted on making an initial charge of £600 per million on the amount brought in for conversion, just as they had insisted on the $\frac{1}{2}$ per cent. for bringing out the loan last January. I cannot myself read the agreement of 1875 as allowing such an initial charge to be made; but, as the bank contended that it was the true interpretation of the agreement, I need not say that there was nothing to do but to submit with a good grace, for the cost was not to be put for a moment in comparison with the advantage of the bank's name and sponsorship to the operation, including as it did the short-dated debentures. All the same, we tried very hard, at our conference with the Governor, to get a reduction from the bank of their charge for management; but after a discussion, which I must say was conducted on the part of the Governor and Chief Cashier with much courtesy and patience, we received a definite refusal to our request, coupled, however, with the assurance that no other constituent of the bank had better terms than New Zealand, and that if any reduction was ever made to anybody it should be made to us. This, of course, we knew to be meant with special reference to the other colonial loans now domiciled at the bank.

It is unnecessary to say that we have allowed the inevitable brokerage of $\frac{1}{2}$ per cent. to brokers and bankers on the amount of bonds they may send in for conversion: this will of course come in, like the bank's "initial charge," payment of stamp duty, and so forth, among the expenses of the operation to be covered by the issue of new stock.

The Stock Agents had no time, in their letter of the 21st September, to explain the intermediate process of issuing "conversion scrip," into which the debentures are to be exchanged before the stock itself is actually inscribed. The necessity for this intermediate process arose from the simple fact that the three classes of bonds to be converted had varying dates of interest-payment, which would have obliged the bank, if the debentures were to be inscribed before the next inscribed-stock dividend-day, to create an entirely new set of registers. To this they naturally objected, and for other reasons it was very desirable to avoid it. The alternative was ingeniously presented to us, on behalf of the market, of simply making a present to the bondholders of the interest after the 1st November, and inscribing the stock for them as from that dividend-day: this suggestion, however, we declined.

As regards the stock for the bondholders of the 5-30s, and all that part of the total issue of stock which the custodians of the several funds will hold instead of their short-dated debentures, the time lost by the intermediate process will not be of any consequence. And as regards the short-dated debentures the process is distinctly an advantage to you. If the stock had been inscribed at once we should have proceeded to make the gradual sales of it as we promised you, and however carefully we might have done this it would, to some extent, have put down the stock in the market. Now any drop in the market-price before the 30th November would, of course, have injured the conversion of the 5-30s. As it is, by the intermediate process of scrip, we obtain a "marketable" thing, which the short-dated debentures were not; and upon which, therefore, we can get advances which we could not have done on the debentures. I have arranged with the Bank of England that there shall be no difficulty about these advances when we want them. Besides this, however, I hope there will be another advantage by-and-by in the intermediate process, as it may enable us, when we make our sales, to let the stock be inscribed direct into the actual buyers' names. Nor will the pledge I have had to give, that not more half a million of the stock would actually come upon the market until after the third million of the loan is floated, prevent you from dealing as you wish with from £200,000 to £300,000 more of the scrip, besides that half-million, in the course of 1884; because, as you will be quite free to sell in 1885, when the third million of the loan has been raised, whatever amount may be desired of the total sum of £1,832,000, there will be no serious difficulty in the way of obtaining advances during 1884 to the amount of the difference between the £500,000 we shall presently sell, and the £800,000 you wish to clear out of, on the security of the stock which will be in our hands; the lenders knowing that, upon the third million being safe, the stock they have advanced upon can be put upon the market and their advances be repaid. All this is occupying the careful attention of the Stock Agents, and will be duly reported to you in its order, so that I say no more now on that point.

It is doubtful whether we can get the bank to issue stock certificates direct, without first inscribing the stock in some definite names. I am, indeed, inclined to think they cannot do it. But the Stock Agents are unwilling, if it can be helped, to adopt the alternative of inscribing in their own names, in the first instance, the entire amount of the stock exchanged for the short-dated debentures. In any case, powers of attorney will probably be wanted from the custodians of the funds to the Stock Agents; but of this you will be advised in due time.

With regard to the Bank of New Zealand's £400,000, I stated in my cablegram of the 28th September that I proposed to place scrip to that amount in the hands of the London office; but perhaps a better course will be for me to hold the scrip until complete inscription, giving them due intimation that it is held by the Agent-General for their account pending the actual inscription, and that when the stock certificates are issued by the Bank of England these will be handed to them at once.

We are now engaged, with Mr. Mackrell, in the preparation of the legal instruments necessary for the creation of the stock, declaration for the Inland Revenue, and so forth. We shall, of course, take care to create such a total amount of stock as will cover the combined operation, as well as all the expenses of the operation.

The day after the announcement of the conversion, there appeared in the *Times* a letter from a person signing himself a "Holder of Inscribed Stock," which I enclose for your perusal; and the money article, while calling attention to the letter, referred to complaints of a similar kind being in existence, to the effect that the Government were under large advances, and were seeking, under cover of a conversion scheme, to clear themselves by a large issue of stock; adding that some explanation seemed to be required.

For a moment it seemed likely there would be serious mischief; and, as it was necessary to give some kind of answer without delay, I sent the enclosed letter to the *Times*, which seems to have served its purpose, for, since then, I have not seen any hostile comment on the operation. With that exception, indeed, the comments of the Press have been favourable; and the inscribed 4s, which had been put down 1 per cent. on the appearance of the hostile letter, recovered themselves immediately after mine, and are back again to-day at 101-102.

The conversion, if it is successful in the case of the 5-30s (of course it will succeed in the case of the short-dated debentures), will benefit the holders of the 4 per cents., and tend to strengthen the price of inscribed stock, so that it will be of service when we come to issue the second million of the loan. It is a novel and very acceptable feature that colonial stocks are now dealt with in the consol market, which raises their status by association with the two highest English securities, Imperial consols and London Metropolitan stocks; and the largely increased market which the present conversion must create will make our inscribed stock an even more marketable security than it is now.

I annex copies of the cablegrams relating to the conversion, which have passed between us since those which were appended to my letter of the 3rd September.

The Hon. the Colonial Treasurer, Wellington.

I have, &c.,
F. D. BELL

Enclosure in No. 28.

[Extract from *The Times*, Saturday, 22nd September, 1883.]

THE following refers to the prospectus issued yesterday by the Bank of England for the conversion of a portion of the public debt of New Zealand:—

SIR,—By the enclosed prospectus I find that the New Zealand Government proposes to give £1,832,000 new 4-per-cent. stock, to replace debentures issued under the New Zealand Treasury Bills Act, &c.

I have inquired, but cannot find any one who is a London holder of these securities. Virtually, therefore, this conversion is an unblushing attempt to float £1,832,000 more 4-per-cent. stock on the London market.

Perhaps you can elicit from the Crown Agents an answer as to who are the holders of these Treasury bills.

Yours truly,

A HOLDER OF FOUR-PER-CENT. STOCK.

[Extract from *The Times*, Monday, 24th September, 1883.]

THE following is in answer to the letter of "A Holder of Four-per-cent. Stock," which appeared in yesterday's Money Article:—

22nd September.

SIR,—I am very glad of an opportunity to give the explanation you invite of the conversion of debentures issued by the New Zealand Government under the Treasury Bills Acts of 1879-80.

It is well known to the market that the finances of the colony were in a position of serious danger in 1879. The railways, on which so many millions had been spent, were at that time paying only a little over 2 per cent. A sudden falling-off in the revenue had taken place, by the cessation of the large purchases of Crown land which had been going on for several years. The effect of those sales had been to pass a large extent of the best land, to which the railways had given special value, into the hands of capitalists. Nothing would have been easier than for the Government to get in money by parting with its land; sales of the pastoral country would have been eagerly welcomed by every squatter, and large sums would have come into the Treasury that way, as was the case in New South Wales. But this was deliberately rejected by the New Zealand Parliament, in favour of a policy of which the objects were to cease letting the Government depend on land sales for revenue, to reserve agricultural land as far as possible for actual occupation and settlement, and to prevent the alienation of the pastoral estate. This policy, however, could only be carried out by doing two things: first, by considerably increasing the floating debt in the shape of Treasury bills, redeemable by debentures having a short currency; and, secondly, by the imposition of large additional taxation. The position was fully explained at the time in the financial statements of the Treasurer presented to the New Zealand Legislature, and a distinct intimation then given that the floating debt would be converted as soon as practicable into inscribed stock and be added to the permanent debt of the colony. The tables of the debt published every year have always included this floating debt in the total amount of our liabilities; and I expressly referred to the Treasury bills in circulation, in the statement which I published last January, when the loan of a million was placed upon the market; this statement being circulated as widely as the announcement of the loan itself.

The short-currency debentures issued in redemption of the Treasury bills are chiefly held as investments of certain funds belonging to the colony, having the character of public trusts, such as the sinking funds of several of our loans, Post Office Savings Bank, Government Insurance, and so forth; and the total amount now held by the custodians of those funds exceeds a million. There is no intention whatever of flooding the market with the stock into which the debentures will be converted; on the contrary, I am able to give the assurance that not more than half a million of the stock will come upon the market at all, until after the third million of the loan announced last January has been raised in 1885.

The holders of our 4 per cents. will, I feel sure, see, upon reflection, that is much better for them that this floating debt should be converted, as is now proposed, than that the New Zealand

Government should have to come upon the market for a new loan to pay it off. In whatever form of security the colony's indebtedness is expressed, the total is the same; but there is a recognized advantage in bringing its securities, as far as possible, into one denomination. It is obviously the highest interest of the colony to do nothing that shall harm the investors to whom it owes so much money; and the present conversion, so far from being one that can be hurtful to holders, is one which, since it gets rid of the incubus of a large floating debt, and gains at the same time a very appreciable saving in yearly interest over more than £9,000,000 of our public debt, must surely tend to strengthen the credit of the colony, and therefore to improve rather than impair the marketable value of all its securities.

I trust that the importance of the matter to investors will be my apology for so long a letter.

I have, &c.,

F. D. BELL,
Agent-General.

No. 29.

The AGENT-GENERAL to the Hon. the PREMIER.

London, 1st December, 1883.

CONVERSION 5-per-cent. 5-30s, five hundred thousand pounds; 4½-per-cent. 5-30s, three million fifty-five thousand pounds: total, including short-dated debentures, five millions three hundred and ninety thousand.

No. 30.

The STOCK AGENTS to the Hon. the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 18th October, 1883.

In our letter of the 21st ultimo we promised to explain our reasons for fixing the rates we did for the conversion of the 5-30 debentures. A few words will suffice for the purpose.

In deciding upon the terms on which any conversion of the 5-30s might be expected to have a fair chance of success, it was always clear that we should have to be governed by the relative prices which inscribed stock and the 5-30 debentures bore to each other in this market at the moment of our decision. The calculation we had to make was this: Suppose the holder of a 5-30 bond wished to sell his bond in order to reinvest in inscribed stock, how much net cash would he get for it, and how much inscribed stock could he buy with the money—allowing, of course, in both cases for accrued interest? Now, when we fixed the rates, a 5-30 bondholder could have bought a fraction less than £100 10s. of inscribed stock for the money he would get for a 4½-per-cent. bond, and a fraction less than £102 of inscribed stock for the money he would get for a 5-per-cent. bond, at the market prices of the day. This equation being found, the question was what should be thrown into the scale to induce a bondholder to come in.

On the one hand, the fact that the Government could force him to come in at six months' notice from any dividend-day would necessarily exert some pressure on him in favour of converting, because, if the notice were given, his bond would immediately fall to par (plus difference of interest for the half-year between bond-rate and stock-rate). On the other hand, he might expect that the sudden creation of seven millions of stock would lower the market value of what he was to get in exchange for his bond, in which case it would be better for him to realize his capital in the open market than to accept the offered conversion; and, again, as he could shrewdly suspect there was not much chance of seven millions being called in by the Government, with a contingent liability of having to pay a large part off in cash, he might hope, by remaining passive, to continue enjoying for perhaps a long time the higher rate of interest carried by his bond.

These are only a few of the points we had to take into consideration. There were many others connected with the tone of the market: the probabilities of how an inducement might be expected to operate with each class of 5-30 holders, the relative bulk of the bonds in the two classes in case a future operation should have to be made, and so forth. We fixed the rates in each class which we judged likely to make the operation a success without causing an undue augmentation of the capital of the debt. We need not point out that they are more favourable to the colony than we thought, in 1881, you might expect. And you will remember that the primary object of the combined operation was not so much the conversion of the 5-30s, as the inscription of the short-dated debentures. This, of course, has been effectually gained.

We have, &c.,

P. G. JULYAN,
F. D. BELL,

Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

No. 31.

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

SIR,— 7, Westminster Chambers, S.W., 28th November, 1883.

The deed-poll and declaration relating to the creation of the stock for the conversion of the 5-30 and short-dated bonds have now been signed, and I transmit copies herewith.*

Having regard to the future, I requested Mr. Mackrell to take care that the terms of these instruments should not preclude the Government from offering new terms up to, say, the 30th

* Not come from the printer 30th November; will go by the San Francisco mail.

September, 1884, to bring in any outstanding bonds which are not sent in for conversion by the 30th instant. This has been attended to, and you will accordingly be free to act in that direction when you know what amount is sent in by the 30th, without the necessity of any fresh instrument being executed.

I found there were difficulties in the way of trustees being able to make actual deposit of their debentures at the Bank of England within the date limited, by reason either of delay in getting the sanction of the Court, or of absence of co-trustees, or of some other *bona fide* cause. After consulting with the bank and Mr. Mackrell, it was agreed that I should issue a notice to trustees as Agent-General, of which I enclose a copy, extending the time for depositing debentures, provided application to that effect be lodged with me before the 30th instant.

I have, &c.,
F. D. BELL.

The Hon. the Colonial Treasurer, Wellington.

Enclosure 1 in No. 31.

NEW ZEALAND GOVERNMENT 4½-PER-CENT 5-30 DEBENTURES, expiring 1904-95, for Conversion into New Zealand 4-per-cent. Consolidated Stock.

To the Agent-General for New Zealand,
7, Westminster Chambers, S.W.

SIR,— _____ 1883.

beg to inform you that that the sum of £ _____ of the above debentures is held by the undermentioned parties, who desire to convert the same into New Zealand Consolidated Stock, but are unable, for the reason stated at foot, to comply with the requirements of the advertisement issued by the Bank of England to lodge the same with them before noon of the 30th instant, and therefore request you will allow the requirements of the Bank of England to be complied with on or before the 31st January next.

Names and addresses of the parties holding the debentures :

The following are the numbers and amounts of the debentures in numerical order :—

For £100.	For £200.	For £500.	For £1,000.
Nos.	Nos.	Nos.	Nos.
Recapitulation :			
_____	_____ of £100		
_____	_____ of £200		
_____	_____ of £500		
_____	_____ of £1000		
£ _____			

Here state *bona fide* reason for debentures not being lodged with the Bank of England before 30th November.

Sir,
Your obedient servant,

No. 32.

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

SIR,— _____ 7, Westminster Chambers, London, S.W., 1st December, 1883.

The deed-poll and declaration mentioned in my letter of the 28th November did not come from the printer's in time to be enclosed at that time. I now transmit them herewith. I shall probably have to address you on several points connected with commutation of stamp duty, &c., which are still under the consideration of the Stock Agents.

I have, &c.,
F. D. BELL.

The Hon. the Colonial Treasurer, Wellington.

Enclosure 1 in No. 32.

DECLARATION FOR LAND REVENUE COMMISSIONERS.

It is hereby declared that, by "The New Zealand Consolidated Stock Act, 1877," being Act 41 Vict., No. 33, of the Legislature of the Colony of New Zealand, provision is made in the terms following, that is to say,—

Section 2. Whenever, in any Act heretofore passed by the General Assembly, or that may be passed in the present or any future session of the General Assembly, authority is given to the Governor, or to the Governor in Council, to raise by way of loan any sum of money for the public service of the colony, then, unless there be some provision to the contrary in the Act by which such authority is given, such sum may be raised in the manner hereinafter provided.

Section 3. For the purpose of raising such sum or sums of money under the authority of any such Act as aforesaid, it shall be lawful for the Governor in Council to create capital stock, to be called "The New Zealand Consolidated Stock" (hereinafter referred to as "stock"), subject to the provisions of this Act, to be issued in such amounts and manner, at such price and times, on such terms, and subject to such conditions, with such dividends, and redeemable at par at such times and on such conditions, as the Governor in Council may before the creation thereof from time to time determine.

Section 4. The Governor in Council shall have and may exercise the following powers and authorities, or any of them:—

- (1.) He may from time to time declare all or any of the New Zealand loans, whether existing in the form of stock or not, to be convertible into stock of such denominations, with such conditions and with such dividends, and redeemable at par at such times and on such conditions, as he may before the creation thereof from time to time determine.
- (2.) He may authorize the creation and issue of such an amount of such stock in exchange for the securities held for such loans as may be necessary.
- (3.) He may authorize the creation and sale of any such stock for the purpose of raising money for redeeming any outstanding stock or securities, and of paying any expenses in the creation of stock, and otherwise carrying out the provisions of this Act on such conditions as he may determine.
- (4.) Any conversion so authorized may be effected either by arrangement with the holders of existing securities, or by purchase thereof out of moneys raised by a sale of new stock, or partly in one way and partly in the other.

Section 7. The Governor in Council may from time to time enter into any such agreement with the Bank of England as to the Governor in Council seems fit, providing for all or any of the following things (*inter alia*):—

- (1.) For inscribing in the books of the bank any stock;
- (2.) For managing the creation, inscription, and issue of stock;
- (3.) For effecting the conversion of loans into stock and managing transfers of stock;
- (5.) For issuing stock certificates to bearer, and, as often as occasion shall require, reissuing or reinscribing stock and reissuing stock certificates;
- (10.) Generally conducting all business connected with stock or loans.

For the purposes of this Act the expression "Bank of England" means the Governor and Company of the Bank of England, and includes their successors.

Section 8. Every agreement made with the Bank of England in pursuance of this Act shall be as valid and effectual as if the terms thereof had been set forth in and enacted by this Act.

Section 9. The Governor in Council shall have the powers and duties, and may do the following things (*inter alia*), for the purposes of this Act:—

- (1.) He may from time to time appoint three or more persons in England to be Agents for the purposes of this Act (which Agents for the time being are in this Act referred to as "the Agents"), and may empower such Agents, or any three or more of them, to exercise all or any of the powers by this Act exercisable by the Governor in Council.

Section 14. This Act shall not come into operation nor be of any force or effect whatever until it shall be declared to be so in operation by a Proclamation issued by the Governor in Council and published in the New Zealand Government *Gazette*.

And it is hereby further declared that, by a Proclamation made and issued by the Governor in Council on the 9th day of February, 1878, and published in a Supplement to the New Zealand Government *Gazette* of the same date, it was declared that the said Act should be and come into operation on and after the said 9th day of February, 1878.

And it is hereby further declared that Sir Penrose Goodchild Julyan, K.C.M.G., C.B., Sir Julius Vogel, K.C.M.G., and Montagu Frederic Ommañney, who were then the Agents duly appointed by the Governor in Council under the provisions of the said Act, did, by a deed-poll under their hands and seals, bearing date the 1st December, 1879, declare that a capital stock, called "The New Zealand Consolidated Stock," had been by them created, and that they had determined that an amount not exceeding six millions sterling of such stock should be raised at a rate therein mentioned for every amount of £100 represented by scrip or debenture which should be issued by them for any part of a sum or sums intended and about to be borrowed and raised by them as Agents appointed under and in pursuance of the provisions of "The New Zealand Loan Act, 1879," being 43 Vict., No. 2, of the said Legislature, to any holder of such scrip or debenture who should desire to convert the same into such stock at any time between the 16th day of March, 1880, and the 16th day of March, 1881, and that the interest or dividend to be paid on the said amount of six millions sterling, or such lesser amount as should be so issued, should be at the rate of 4 per cent. per annum, payable half-yearly, at the Bank of England, on the 1st day of May and the 1st day of November in each year until the 1st day of November, 1929, and that on the said 1st day of November, 1929, the capital should be repaid at par at the same place; and they did by the said deed-poll further declare that they had, as such Agents as aforesaid, borrowed and raised certain sums of money on the terms therein set forth.

And it is hereby further declared that the said Sir Penrose Goodchild Julyan, Sir Julius Vogel, and Montagu Frederic Ommañney entered into an agreement with the Governor and Company of

the Bank of England, providing, among other things, for the inscription in a register kept in England by the said bank of the said stock.

And it is hereby further declared that, in accordance with the terms and conditions in the said deed-poll mentioned, New Zealand consolidated stock was issued to the amount of £5,371,200 in exchange for scrip or debentures issued in respect of the said loan, and was duly inscribed in the books of the Governor and Company of the Bank of England in the names of the several persons respectively entitled thereto.

And it is hereby further declared that, by "The New Zealand Consolidated Stock Act 1877 Amendment Act, 1881," being Act 45 Vict., No. 44, of the said Legislature, it was enacted that, notwithstanding anything in "The New Zealand Consolidated Stock Act, 1877," contained, the Governor in Council might appoint only two persons to be the Agents for the purposes of such Act, who should have, exercise, and perform all the powers, authorities, or duties by such Act given to, vested in, or imposed upon the Agents appointed under the ninth section of such Act; and that throughout such Act the words "the Agents" should be deemed to refer to and include the two persons authorized by the Act now in recital to be appointed to be the Agents for the purpose of "The New Zealand Consolidated Stock Act, 1877."

And it is hereby further declared that, in pursuance of the power and authority vested in him by the said Acts (all previous appointments of Agents having been revoked), the Governor of New Zealand did, by an Order in Council bearing date the 5th day of November, 1881, appoint Sir Francis Dillon Bell, of No. 7, Westminster Chambers, Victoria Street, Westminster, K.C.M.G., the Agent-General for the Colony of New Zealand, and the said Sir Penrose Goodchild Julyan, to be Agents in England for the purposes of the said Acts of 1877 and 1881, with full power and authority to them, as such Agents, to exercise all the powers by such Acts exercisable by the Governor in Council.

And it is hereby further declared that the Governor of New Zealand did, by another Order in Council also bearing date the 5th day of November, 1881, and issued under the seal of the said colony, empower the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan to make the declaration required by the provisions of "The Colonial Stock Act, 1877," and in and about such declaration, and the leaving and record thereof with the Commissioners of Inland Revenue, to do all such necessary acts as might or could have been done by or on behalf of the Government of the said colony to give effect to the provisions of the said last-mentioned Act.

And it is hereby further declared that, by "The New Zealand Loan Act, 1882," being Act 46 Vict., No. 7, of the said Legislature (hereinafter called "the Loan Act"), it was enacted that it should be lawful for the Governor in Council to appoint any two or more persons as he might think fit to be Agents for the purpose of raising and managing the loan authorized to be raised under such Act, with all such powers as might be necessary to carry into effect the purposes of such Act, and that such Agents should 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 three million pounds sterling in the whole, as the Governor in Council might from time to time or at any time direct or determine, for all and any of the purposes expressed in the Schedule to such Act, or any other purposes thereby authorized: Provided that no greater sum than one million pounds sterling of the said three million pounds sterling should be raised in any one year, commencing with the year 1883.

And it is hereby further declared that, by an Order in Council made and issued on the 3rd day of October, 1882, the Administrator of the Government of the said colony, in exercise and pursuance of the powers and authorities vested in him by the Loan Act, and by and with the advice and consent of the Executive Council of the colony, did, among other things, direct and determine that the sum of one million pounds sterling, being part of the said loan of three million pounds sterling authorized to be raised under the Loan Act, should be borrowed and raised under the provisions of that Act; and did appoint the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell to be the Agents for the purpose of raising and managing the same.

And it is hereby further declared that, by a deed-poll bearing date the 1st day of January, 1883, under the hands and seals of the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell, after reciting to the effect hereinbefore mentioned, and that in exercise and, in pursuance of the power and authority in that behalf conferred on them, they were about to borrow a sum of money by the creation and issue of a further amount of not exceeding one million pounds sterling of New Zealand Consolidated Stock, it was witnessed that they, in exercise and pursuance of the powers by the said Orders in Council, or either of them, vested in them, did, by the said deed-poll, declare that they had created a further amount of one million pounds sterling of capital stock, to be called "The New Zealand Consolidated Stock," in addition to, and to rank *pari passu* with, the said amount of £5,371,200 of New Zealand Consolidated Stock theretofore created and issued as aforesaid, and had determined that such stock should be issued at the rate of £100 of stock for every nominal amount of £100 which should be represented by the scrip certificates or letters of allotment respectively to be issued to subscribers for any part of the said sum or sums about to be borrowed and raised by them as aforesaid, when the instalments payable thereon should have been fully paid, and that the interest or dividend to be paid on the said amount of one million pounds sterling of stock so created by them as aforesaid, or any lesser amount which should be issued, should be at the rate of 4 per cent. per annum, and should be payable half-yearly at the Bank of England on the 1st day of May and 1st day of November in each year until the 1st day of November, 1929, and that on the said 1st day of November, 1929, the capital should be repaid at par at the same place.

And it is hereby further declared that, in accordance with the terms and conditions in the same deed-poll mentioned, New Zealand Consolidated Stock was issued to the further amount of one million pounds sterling, in exchange for scrip certificates or letters of allotment issued in respect of the said sums raised by the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell as

aforesaid, and the sum of £6,371,200 of New Zealand Consolidated Stock, and no more, now stands inscribed in the books of the Governor and Company of the Bank of England in the names of the several persons respectively entitled thereto.

And it is hereby further declared that, under and by virtue of and in exercise of the powers conferred upon the Governor in Council by "The Immigration and Public Works Loan Act, 1870," being Act 33 and 34 Vict., No. 80, of the said Legislature, a loan was raised by the issue of debentures for sums amounting to £500,000, secured upon the Consolidated Fund of the colony, repayable in the year 1904, or earlier, at the option of the said Government, which debentures are for the amounts and are numbered as follows, that is to say: 297 debentures for £1,000 each, numbered 2,304 to 2,600, both inclusive; 227 debentures for £500 each, numbered 5,124 to 5,350, both inclusive; 170 debentures for £200 each, numbered 6,081 to 6,250, both inclusive; and 555 debentures for £100 each, numbered 13,106 to 13,660, both inclusive: And under and by virtue of and in exercise of the powers conferred upon the Governor in Council by "The Immigration and Public Works Loan Act, 1873," being Act 37 Vict., No. 49, of the said Legislature, a loan was raised by the issue of debentures for sums amounting to £1,500,000, also secured upon the Consolidated Fund of the colony, also repayable in the year 1904, or earlier, at the option of the said Government, which debentures are for the amounts and are numbered as follows, that is to say: 800 debentures for £1,000 each, numbered 2,601 to 3,400, both inclusive; 800 debentures for £500 each, numbered 5,351 to 6,150, both inclusive; 500 debentures for £200 each, numbered 6,251 to 6,750, both inclusive; and 2,000 debentures for £100 each, numbered 13,661 to 15,660, both inclusive: And under and by virtue of and in exercise of the powers conferred upon the Governor in Council by "The Immigration and Public Works Loan Act, 1874," being Act 38 Vict., No. 25, of the said Legislature, a loan was raised by the issue of debentures for sums amounting to four million pounds, also secured upon the Consolidated Fund of the colony, payable in the year 1905, or earlier, at the option of the said Government, which debentures are for the amounts and are numbered as follows, that is to say: 2,000 debentures for £1,000 each, numbered 3,481 to 5,480, both inclusive; 2,350 debentures for £500 each, numbered 6,151 to 8,500, both inclusive; 1,450 debentures for £200 each, numbered 6,751 to 8,200, both inclusive; and 5,350 debentures for £100 each, numbered 15,661 to 21,010, both inclusive: which said debentures amount together to the sum of six million pounds, and carry interest at the rate of 4½ per cent. per annum, and are known as "The New Zealand Government 4½-per-cent. 5-30 Debentures (1904-5)."

And it is hereby further declared that, under and by virtue of and in exercise of the powers conferred upon the Governor in Council by "The Defence and Other Purposes Loan Act, 1870," being Act 33 and 34 Vict., No. 81, of the said Legislature, a loan was raised by the issue of debentures for sums amounting to £250,000, secured upon the Consolidated Fund of the colony, payable in the year 1906, or earlier, at the option of the said Government, which debentures are for the amounts and are numbered as follows, that is to say: 50 debentures for £1,000 each, numbered 1 to 50, both inclusive; 160 debentures for £500 each, numbered 1 to 160, both inclusive; 400 debentures for £200 each, numbered 1 to 400, both inclusive; and 400 debentures for £100 each, numbered 1 to 400, both inclusive: And under and by virtue of and in exercise of the powers conferred upon the Governor in Council by "The Immigration and Public Works Loan Act, 1873," being Act 37 Vict., No. 49, of the said Legislature, a loan was also raised by the issue of debentures for sums amounting to £500,000, also secured upon the Consolidated Fund of the colony, also payable in the year 1906, or earlier, at the option of the said Government, which debentures are for the amounts and are numbered as follows, that is to say: 100 debentures for £1,000 each, numbered 51 to 150, both inclusive; 320 debentures for £500 each, numbered 161 to 480, both inclusive; 800 debentures for £200 each, numbered 401 to 1,200, both inclusive; and 800 debentures for £100 each, numbered 401 to 1,200, both inclusive: And under and by virtue of and in exercise of the powers conferred upon the Governor in Council by "The General Purposes Loan Act, 1873," being Act 37 Vict., No. 54, of the said Legislature, a loan was raised by the issue of debentures for sums amounting to £500,000, also secured upon the Consolidated Fund of the colony, also payable in the year 1906, or earlier, at the option of the said Government, which debentures are for the amounts and are numbered as follows, that is to say: 250 debentures for £1,000 each, numbered 151 to 400, both inclusive; 440 debentures for £500 each, numbered 481 to 920, both inclusive; and 300 debentures for £100 each, numbered 1,201 to 1,500, both inclusive: which said debentures amount together to the sum of £1,250,000, and carry interest respectively at the rate of 5 per cent. per annum, and are known as "The New Zealand Government 5-per-cent. 5.30 Debentures (1906)."

And it is hereby further declared that, under and by virtue of and in exercise of the powers conferred upon the Treasurer of the said colony by "The Treasury Bills Act, 1879," being Act 43 Vict., No. 46, of the said Legislature, a loan was raised by the issue of debentures for sums amounting to £942,000, secured upon the Consolidated Fund of the colony, which debentures are payable on the 1st day of January, 1886, and are for the amounts and are numbered as follows, that is to say: 80 debentures for £5,000 each, numbered 1 to 80, both inclusive; 500 debentures for £1,000 each, numbered 81 to 580, both inclusive; and 84 debentures for £500 each, numbered 581 to 664, both inclusive: And a further loan was raised by the issue of like debentures for sums amounting to £300,000, the amounts and numbers of which are as follows, that is to say: 50 debentures for £5,000 each, numbered 665 to 714, both inclusive; 96 debentures for £500 each, numbered 715 to 810, both inclusive; and 20 debentures for £100 each, numbered 811 to 830, both inclusive: And under and by virtue of and in exercise of the powers conferred upon the said Treasurer by "The Treasury Bills Act, 1880," being Act 44 Vict., No. 5, of the said Legislature, a loan was raised by the issue of like debentures for sums amounting to £590,000, which debentures are for the amounts and are numbered as follows, that is to say: 100 debentures for £5,000 each, numbered 831 to 930, both inclusive; 88 debentures for £1,000 each, numbered 931 to 1,018, both inclusive; and 20 debentures for £100 each, numbered 1,019 to 1,038, both inclusive: which said debentures amount

together to £1,832,000, and carry interest at the rate of 5 per cent. per annum, and are known as "The New Zealand Treasury Bills Acts (1879-80) Debentures."

And it is hereby further declared that, by a deed-poll bearing date the 30th day of October, 1883, under the hands and seals of the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan, after reciting that, acting under instructions from the Governor of New Zealand in Council, and in exercise and in pursuance of the powers and authorities in that behalf conferred upon them as aforesaid, they had determined to invite holders of the debentures in the three last preceding recitals mentioned to bring in their debentures to the Bank of England within the times thereafter mentioned for conversion, on and after the 1st day of May, 1884, into New Zealand Consolidated Stock, on the following terms, that is to say: the sum of £103 of New Zealand Consolidated Stock for every £100 represented by the said debentures, amounting together to the sum of £6,000,000, and known as "The New Zealand Government 4½-per-cent. 5-30 Debentures (1904-5);" the sum of £103 10s. of New Zealand Consolidated Stock for every £100 represented by the said debentures, amounting together to the sum of £1,250,000, known as "The New Zealand Government 5-per-cent. 5-30 Debentures (1906)," and the sum of £100 of New Zealand Consolidated Stock for every £100 represented by the said debentures, amounting together to the sum of £1,832,000, known as "The New Zealand Treasury Bills Acts (1879-80) Debentures," for which purpose, and for the purpose of raising money for the payment of the expenses of and attending such conversion as aforesaid, and the creation and issue of New Zealand Consolidated Stock as thereafter mentioned, they had determined to create and issue a further amount of not exceeding £9,400,000 New Zealand Consolidated Stock, to be in addition to, and to rank *pari passu* with, the said amount of £6,371,200 New Zealand Consolidated Stock now inscribed at the Bank of England as aforesaid: And had further determined that such further issue of stock should be created, issued, and inscribed under the said "New Zealand Consolidated Stock Act, 1877," and had also determined the amount, manner, price, time, terms, and conditions on, at, and subject to which such stock should be issued and inscribed, and the dividends thereon be payable, and the principal thereof be redeemable, such amount, manner, price, time, terms, dividends, and conditions being those thereafter mentioned: And reciting that they, the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan, had made arrangements with the Governor and Company of the Bank of England that, in exchange for any of the said debentures which might be lodged with them on or before or up to noon of the 30th day of November next, or which might, by arrangement between them and the holders thereof, be so lodged on or before the 30th day of September next, for conversion into stock, the Bank of England should issue to the holders of such debentures, and in exchange for the same, a scrip certificate, and stating the amount of New Zealand Consolidated Stock to which the holder of such certificate would upon surrendering the same be entitled on and after the 1st day of May next, the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan, in exercise and pursuance of the powers by the said Orders in Council, or either of them, vested in them, did, by the now reciting deed-poll, declare that they had created a further amount of nine millions four hundred thousand pounds sterling of capital stock, to be called "The New Zealand Consolidated Stock," in addition to, and to rank *pari passu* with, the said amount of six millions three hundred and seventy-one thousand two hundred pounds of New Zealand Consolidated Stock theretofore created and issued as aforesaid: And had determined that so much of such capital stock as it should be necessary to issue to the holders of the said scrip certificates should, on and after the 1st day of May, 1884, be issued to the holders of such scrip certificates in exchange for the same, at the rates and according to the amounts of such stock in such scrip certificates respectively mentioned: And that so much of the residue of such stock as it should be necessary to sell for the purpose of raising money for the payment of such expenses as aforesaid should be sold and issued to the purchasers thereof or their respective nominees: And that the interest or dividend to be paid on the said amount of nine millions four hundred thousand pounds sterling of stock so created by them as aforesaid, or any lesser amount which should be issued, should be at the rate of four pounds per centum per annum, and shall be payable half-yearly, at the Bank of England, on the 1st day of May and the 1st day of November in each year until the 1st day of November, 1929, and that the first half of a year's interest or dividend should be payable on the 1st day of November, 1884: And, further, that on the said 1st day of November, 1929, the capital should be repaid at par at the same place.

And it is hereby further declared that, in further pursuance of the said "New Zealand Consolidated Stock Act, 1877," and "New Zealand Consolidated Stock Act 1877 Amendment Act 1881," and of the said Order in Council of the 5th November, 1881, the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan have entered into an agreement with the Governor and Company of the Bank of England, providing, among other things, for the inscription, in a register kept in England by the said bank, of the said stock mentioned in the said last-mentioned deed-poll, and for the transfer of such stock.

And it is hereby further declared that the stock to be inscribed and transferred in conformity with such provision is "The New Zealand Consolidated Stock," mentioned in the said last-mentioned deed-poll.

And it is hereby further declared that the revenues of the Colony of New Zealand alone are liable in respect of the stock hereinbefore described, and the dividends thereon, and that the Consolidated Fund of the United Kingdom, and the Commissioners of Her Majesty's Treasury, are not directly or indirectly liable or responsible for the payment of the stock or of the dividends thereon, or for any matter relating thereto.

In witness whereof the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan have hereunto set their hands this 31st day of October, 1883.

Witness—JOHN MACKRELL, Solicitor, 21, Cannon Street, London.

F. D. BELL.
P. G. JULYAN.

Enclosure 2 in No. 32.

DEED-POLL.

To all to whom these presents shall come, We, Sir FRANCIS DILLON BELL, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, the Agent-General for the Colony of New Zealand, and Sir PENROSE GOODCHILD JULYAN, a Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, and a Companion of the Most Honourable Order of the Bath, send greeting:

WHEREAS by an Act of the General Assembly of New Zealand intituled "The New Zealand Consolidated Stock Act, 1877," it was, among other things, enacted that, for the purpose of raising any sum or sums of money under the authority of any Act that might be passed by the said General Assembly in any future session of the General Assembly authorizing the Governor in Council to raise by way of loan any sum of money for the public service of the colony, it should be lawful for the Governor in Council to create capital stock, to be called "New Zealand Consolidated Stock," such stock to be issued in such amounts and manner, at such price and times, on such terms and subject to such conditions, with such dividends, and redeemable at par at such times and on such conditions, as the Governor in Council might before the creation thereof from time to time determine; and by the said Act it was further enacted that the Governor in Council might from time to time declare all or any of the New Zealand loans, whether existing in the form of stock or not, to be convertible into stock of such denominations, with such conditions, and with such dividends, and redeemable at par at such times and on such conditions, as he might before the creation thereof from time to time determine, and might authorize the creation and issue of such an amount of such stock in exchange for the securities held for such loans as might be necessary, and might authorize the creation and sale of any of such stock for the purpose of paying any expenses in the creation of stock and otherwise carrying out the provisions of the said Act on such conditions as he might determine, and any conversion so authorized might be effected either by arrangement with the holders of the existing securities, or by purchase thereof out of moneys raised by a sale of the new stock, or partly in one way and partly in the other; and by the said Act it was further enacted that the Governor in Council might from time to time appoint three or more persons in England to be Agents for the purposes of the said Act, and might empower such Agents, or any three or more of them, to exercise all or any of the powers by the said Act exercisable by the Governor in Council; and, further, that the said Act should not come into operation nor be of any force and effect whatever until it should be declared to be so in operation by a Proclamation issued by the Governor in Council and published in the *New Zealand Gazette*: And whereas, by a Proclamation made and issued by the Governor in Council on the 9th day of February, 1878, and published in a Supplement to the *New Zealand Gazette* of the same date, the Governor, with the advice and consent of the Executive Council of the said colony, did proclaim and declare that "The New Zealand Consolidated Stock Act, 1877," shall be and come into operation on and after the 9th day of February, 1878: And whereas by a deed-poll bearing date the 1st day of December, 1879, under the hands and seals of me, the said Sir Penrose Goodchild Julyan, and of Sir Julius Vogel, a Knight Commander of the said Most Distinguished Order of Saint Michael and Saint George, and of Montagu Frederic Ommanney, Esquire, after reciting, among other things, that the Governor in Council had, by an Order in Council made on the 27th day of February, 1878, appointed me, the said Sir Penrose Goodchild Julyan, and William Charles Sargeant therein described, the said Montagu Frederic Ommanney, and the Hon. William James Mudie Larnach therein described, to be Agents in England for the purposes of the said Act, with full power and authority to such Agents, or any three of them, to exercise all the powers by the said Act exercisable by the Governor in Council; and further reciting that the Governor in Council, by an Order in Council made on the 17th day of April, 1879, had appointed the said Sir Julius Vogel to be an Agent in England for the purposes of the said Act, so long as he should hold the office of Agent-General for the Colony of New Zealand, to have and exercise, in conjunction with the said Agents so appointed as aforesaid, all such powers, duties, functions, and authorities as by the said Order in Council of the 27th day of February, 1878, were given to or vested in the Agents therein named, as fully and effectually as if the said Sir Julius Vogel had originally been appointed thereby to be an Agent for the purposes therein mentioned: And further reciting that, by "The New Zealand Loan Act, 1879," being another Act of the said General Assembly, it was enacted that it should be lawful for the Governor in Council to appoint any two or more persons he might think fit to be Agents, who should have full power and authority to borrow and raise any sum or sums not exceeding five million pounds sterling in the whole for all and any of the purposes expressed in the Schedule of the Act; and that such Agents should have power and authority to prescribe the rate of interest on such loan, and might agree that debentures issued by them might be converted into stock created or issued under "The New Zealand Consolidated Stock Act, 1877," and might specify the terms of such conversion: And further reciting that I, the said Sir Penrose Julyan, and the said Sir Julius Vogel and Montagu Frederic Ommanney, as such Agents as aforesaid, were about to borrow a sum or sums of money by issuing debentures or scrip for the sum of five millions sterling: It was witnessed, and I, the said Sir Penrose Goodchild Julyan, and the said Sir Julius Vogel and Montagu Frederic Ommanney, did thereby declare, that a capital stock called "The New Zealand Consolidated Stock" had been created, and that it had been determined that an amount not exceeding six millions sterling of such stock should be issued at the rate therein mentioned for every amount of £100 represented by scrip or a debenture which should be issued for any part of the said sum or sums so intended and about to be borrowed and raised as aforesaid to any holder of such scrip or debenture who should desire to convert such scrip or debenture into such stock at any time between the 16th day of March, 1880, and the 16th day of March, 1881, and that the interest or dividend to be paid on the said amount of six millions sterling, or such lesser amount as should be so issued, should be at the rate of 4 per cent. per annum, payable half-yearly, at the Bank of England, on the 1st day of

May and the 1st day of November in each year until the 1st day of November, 1929, and that on the said 1st day of November, 1929, the capital should be repaid at par at the same place :

And whereas, in accordance with the terms and conditions in the said deed-poll mentioned, New Zealand Consolidated Stock was issued to the amount of £5,371,200 in exchange for scrip or debentures issued in respect of the said loan, and was duly inscribed in the books of the Governor and Company of the Bank of England in the names of the several persons respectively entitled thereto :

And whereas, by another Act of the said General Assembly intituled "The New Zealand Consolidated Stock Act 1877 Amendment Act, 1881," it was enacted that, notwithstanding anything "The New Zealand Consolidated Stock Act, 1877" contained, the Governor in Council might appoint only two persons to be the Agents for the purposes of such Act, who should have, exercise, and perform all the powers, authorities, or duties by such Act given to, vested in, or imposed upon the Agents appointed under the ninth section of such Act, and that throughout such Act the words "the Agents" should be deemed to refer to and include the two persons thereby authorized to be appointed to be the Agents for the purposes of such Act : And whereas all previous appointments of Agents having been duly revoked, the Governor in Council did, by an Order in Council made on the 5th day of November, 1881, in pursuance and exercise of the power and authority vested in him by the said Acts of 1877 and 1881, appoint us, the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan, to be Agents in England for the purposes of such Acts, with full power and authority to us, as such Agents, to exercise all the powers of such Acts exercisable by the Governor in Council :

And whereas, by another Act of the said General Assembly intituled "The New Zealand Loan Act, 1882" (hereinafter called "the Loan Act"), it was enacted that it should be lawful for the Governor in Council to appoint any two or more persons, as he might think fit, to be Agents for the purpose of raising and managing the loan authorized to be raised under such Act, with all such powers as might be necessary to carry into effect the purposes of such Act, and that such Agents should 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 three million pounds sterling in the whole, as the Governor in Council might from time to time or at any time direct or determine, for all and any of the purposes expressed in the Schedule to such Act, or any other purposes thereby authorized : Provided that no greater sum than one million pounds sterling of the said three million pounds sterling should be raised in any one year, commencing with the year 1883 :

And whereas, by an Order in Council made and issued on the 3rd day of October, 1882, the Administrator of the Government of the said colony, in exercise and pursuance of the powers and authorities vested in him by the Loan Act, and by and with the advice and consent of the Executive Council of the colony, did, among other things, direct and determine that the sum of one million pounds sterling, being part of the said loan of three million pounds sterling authorized to be raised under the Loan Act, should be borrowed and raised under the provisions of that Act ; and did appoint us, the above-named Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell, to be the Agents for the purpose of raising and managing the same :

And whereas, by a deed-poll bearing date the 1st day of January, 1883, under the hands and seals of us, the said Sir Penrose Goodchild Julyan and Sir Francis Dillon Bell, after reciting to the effect hereinbefore recited, and that, in exercise and in pursuance of the power and authority in that behalf conferred on us, we were about to borrow a sum of money by the creation and issue of a further amount of not exceeding one million pounds sterling of New Zealand Consolidated Stock, it was witnessed that we, in exercise and pursuance of the powers by the said Orders in Council, or either of them, vested in us, did, by the said deed-poll, declare that we had created a further amount of one million pounds sterling of capital stock, to be called "The New Zealand Consolidated Stock," in addition to, and to rank *pari passu* with, the said amount of £5,371,200 of New Zealand Consolidated Stock theretofore created and issued as aforesaid, and had determined that such stock should be issued at the rate of £100 of stock for every nominal amount of £100, which should be represented by the scrip certificates or letters of allotment respectively to be issued to subscribers for any part of the said sum or sums about to be borrowed and raised by us as aforesaid, when the instalments payable thereon should have been fully paid, and that the interest or dividend to be paid on the said amount of one million pounds sterling of stock so created by us as aforesaid, or any lesser amount which should be issued, should be at the rate of 4 per cent. per annum, and should be paid half-yearly, at the Bank of England, on the 1st day of May and 1st day of November in each year until the 1st day of November, 1929, and that on the said 1st day of November, 1929, the capital should be repaid at par at the same place :

And whereas, in accordance with the terms and conditions in the same deed-poll mentioned, New Zealand Consolidated Stock was issued to the further amount of £1,000,000 in exchange for scrip certificates or letters of allotment issued in respect of the said sums raised by us as aforesaid, and the sum of £6,371,200 of New Zealand Consolidated Stock, and no more, now stands inscribed in the books of the Governor and Company of the Bank of England in the names of the several persons respectively entitled thereto :

And whereas, under and by virtue of and in exercise of the powers conferred upon the Governor in Council by another Act of the said General Assembly intituled "The Immigration and Public Works Loan Act, 1870," a loan was raised by the issue of debentures for sums amounting to £500,000, secured upon the Consolidated Fund of the colony, repayable in the year 1904, or earlier, at the option of the said Government, which debentures are for the amounts and are numbered as follows, that is to say : 297 debentures for £1,000 each, numbered 2,304 to 2,600, both inclusive ; 227 debentures for £500 each, numbered 5,124 to 5,350, both inclusive ; 170 debentures for £200 each, numbered 5,081 to 6,250, both inclusive ; and 555 debentures for £100 each, numbered 13,106 to 13,660, both inclusive : And under and by virtue of and in exercise of the powers conferred upon the Governor in Council by another Act of the said General Assembly intituled "The

Immigration and Public Works Loan Act, 1873," a loan was raised by the issue of debentures for sums amounting to £1,500,000, also secured upon the Consolidated Fund of the colony, also repayable in the year 1904, or earlier, at the option of the said Government, which debentures are for the amounts and are numbered as follows, that is to say: 800 debentures for £1,000 each, numbered 2,601 to 3,400, both inclusive; 800 debentures for £500 each, numbered 5,351 to 6,150, both inclusive; 500 debentures for £200 each, numbered 6,251 to 6,750, both inclusive; and 2,000 debentures for £100 each, numbered 13,661 to 15,660, both inclusive: And under and by virtue of and in exercise of the powers conferred upon the Governor in Council by another Act of the said General Assembly intituled "The Immigration and Public Works Loan Act, 1874," a loan was raised by the issue of debentures for sums amounting to £4,000,000, also secured upon the Consolidated Fund of the colony, payable in the year 1905, or earlier, at the option of the said Government, which debentures are for the amounts and are numbered as follows, that is to say: 2,000 debentures for £1,000 each, numbered 3,481 to 5,480, both inclusive; 2,350 debentures for £500 each, numbered 6,151 to 8,500, both inclusive; 1,450 debentures for £200 each, numbered 6,751 to 8,200, both inclusive; and 5,350 debentures for £100 each, numbered 15,661 to 21,010, both inclusive: which said debentures amount together to the sum of £6,000,000, and carry interest at the rate of $4\frac{1}{2}$ per cent. per annum, and are known as "The New Zealand Government $4\frac{1}{2}$ -per-cent. 5-30 debentures (1904-5):"

And whereas, under and by virtue of and in exercise of the powers conferred upon the Governor in Council by another Act of the said General Assembly intituled "The Defence and other Purposes Loan Act, 1870," a loan was raised by the issue of debentures for sums amounting to £250,000, secured upon the Consolidated Fund of the colony, payable in the year 1906, or earlier, at the option of the said Government, which debentures are for the amounts and numbered as follows, that is to say: 50 debentures for £1,000 each, numbered 1 to 50, both inclusive; 160 debentures for £500 each, numbered 1 to 160, both inclusive; 400 debentures for £200 each, numbered 1 to 400, both inclusive; and 400 debentures for £100 each, numbered 1 to 400, both inclusive: And under and by virtue of and in exercise of the powers conferred upon the Governor in Council by another Act of the said General Assembly intituled "The Immigration and Public Works Loan Act, 1873," a loan was also raised by the issue of debentures for sums amounting to £500,000, also secured upon the Consolidated Fund of the colony, also payable in the year 1906, or earlier, at the option of the said Government, which debentures are for the amounts and are numbered as follows, that is to say: 100 debentures for £1,000 each, numbered 51 to 150, both inclusive; 320 debentures for £500 each, numbered 161 to 480, both inclusive; 800 debentures for £200 each, numbered 401 to 1,200, both inclusive; and 800 debentures for £100 each, numbered 401 to 1,200, both inclusive: And under and by virtue of and in exercise of the powers conferred upon the Governor in Council by another Act of the said General Assembly intituled "The General Purposes Loan Act, 1873," a loan was raised by the issue of debentures for sums amounting to £500,000, also secured upon the Consolidated Fund of the colony, also payable in the year 1906, or earlier, at the option of the said Government, which debentures are for the amounts and are numbered as follows, that is to say: 250 debentures for £1,000 each, numbered 151 to 400, both inclusive; 440 debentures for £500 each, numbered 481 to 920, both inclusive; and 300 debentures for £100 each, numbered 1,201 to 1,500, both inclusive: which said debentures amount together to the sum of £1,250,000, and carry interest respectively at the rate of 5 per cent. per annum, and are known as "The New Zealand Government 5-per-cent. 5-30 Debentures (1906):"

And whereas, under and by virtue of and in exercise of the powers conferred upon the Treasurer of the said colony by another Act of the said General Assembly intituled "The Treasury Bills Act 1879," a loan was raised by the issue of debentures for sums amounting to £942,000, secured upon the Consolidated Fund of the colony, which debentures are payable on the 1st day of January, 1886, and are for the amounts and are numbered as follows, that is to say: 80 debentures for £5,000 each, numbered 1 to 80, both inclusive; 500 debentures for £1,000 each, numbered 81 to 580, both inclusive; and 84 debentures for £500 each, numbered 581 to 664, both inclusive: And a further loan was raised by the issue of like debentures for sums amounting to £300,000, the amounts and numbers of which are as follows, that is to say: 50 debentures for £5,000 each, numbered 665 to 714, both inclusive; 96 debentures for £500 each, numbered 715 to 810, both inclusive; and 20 debentures for £100 each, numbered 811 to 830, both inclusive: And under and by virtue of and in exercise of the powers conferred upon the said Treasurer by another Act of the said General Assembly intituled "The Treasury Bills Act, 1880," a loan was raised by the issue of like debentures for sums amounting to £590,000, which debentures are for the amounts and are numbered as follows, that is to say: 100 debentures for £5,000 each, numbered 831 to 930, both inclusive; 88 debentures for £1,000 each, numbered 931 to 1,018, both inclusive; and 20 debentures for £100 each, numbered 1,019 to 1,038, both inclusive: which said debentures amount together to £1,832,000, and carry interest at the rate of 5 per cent. per annum, and are known as "The New Zealand Treasury Bills Acts (1879-80) Debentures:"

And whereas we, the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julyan, acting under instructions from the Governor of New Zealand in Council, and in exercise and in pursuance of the powers and authorities in that behalf conferred upon us as aforesaid, have determined to invite holders of the debentures in the three last preceding recitals mentioned to bring in their debentures to the Bank of England, within the times hereinafter mentioned, for conversion, on and after the 1st day of May, 1884, into New Zealand Consolidated Stock, on the following terms, that is to say: the sum of £103 of New Zealand Consolidated Stock for every £100 represented by the said debentures, amounting together to the sum of £6,000,000, and known as "The New Zealand Government 4-per-cent. 5-30 Debentures (1904-5);" the sum of £103 10s. of New Zealand Consolidated Stock for every £100 represented by the said debentures, amounting together to the sum of £1,250,000, known as "The New Zealand Government 5-per-cent. 5-30 Debentures (1906);" and £100 of New Zealand Consolidated Stock for every £100 represented by the said debentures:

amounting together to the sum of £1,832,000, known as "The New Zealand Treasury Bills Acts (1879-80) Debentures;" for which purpose, and for the purpose of raising money for the payment of the expenses of and attending such conversion as aforesaid, and the creation and issue of New Zealand Consolidated Stock as hereinafter mentioned, we have determined to create and issue a further amount of not exceeding £9,400,000 New Zealand Consolidated Stock, to be in addition to, and to rank *pari passu* with, the said amount, £6,371,200 New Zealand Consolidated Stock now inscribed at the Bank of England as aforesaid, such stock to bear interest at the rate of 4 per cent. per annum: And we have further determined that such further issue of stock shall be created, issued, and inscribed under the said "New Zealand Consolidated Stock Act, 1877;" and we have also determined the amount, manner, price, time, terms, and conditions on, at, and subject to which such stock shall be issued and inscribed, and the dividends thereon be payable, and the principal thereof be redeemable, such amount, manner, price, time, terms, dividends, and conditions being those hereinafter mentioned:

And whereas we deem it expedient that our determination to create such additional amount of New Zealand Consolidated Stock to be so issued and redeemable shall be declared and manifested under our hands and seals:

And whereas we have made arrangements with the Governor and Company of the Bank of England that, in exchange for any of the said debentures which may be lodged with them on or before or up to noon of the 30th day of November next, or which may, by arrangement between us and the holders thereof, be so lodged on or before the 30th day of September next, for conversion into stock, the Bank of England shall issue to the holders of such debentures, and in exchange for the same, a scrip certificate stating the amount of New Zealand Consolidated Stock to which the holder of such certificate will, upon surrendering the same, be entitled on and after the 1st day of May next:

Now, therefore, these presents witness, and we, the said Sir Francis Dillon Bell and Sir Penrose Goodchild Julian, in exercise and pursuance of the powers by the said Orders in Council, or either of them, vested in us, do by these presents declare, that we have created a further amount of nine million four hundred thousand pounds sterling of capital stock, to be called "The New Zealand Consolidated Stock," in addition to, and to rank *pari passu* with, the said amount of £6,371,200 of New Zealand Consolidated Stock heretofore created and issued as aforesaid; and we have determined that so much of such capital stock as it shall be necessary to issue to the holders of the said scrip certificates shall, on and after the 1st day of May, 1884, be issued to the holders of such scrip certificates in exchange for the same, at the rates and according to the amounts of such stock in such scrip certificates respectively mentioned; and that so much of the residue of such stock as it shall be necessary to sell for the purpose of raising money for the payment of such expenses as aforesaid shall be sold and issued to the purchasers thereof or their respective nominees; and that the interest or dividends to be paid on the said amount of nine millions four hundred thousand pounds sterling of stock so created by us as aforesaid, or any lesser amount which shall be issued, shall be at the rate of 4 per cent. per annum, and shall be payable half-yearly, at the Bank of England, on the 1st day of May and the 1st day of November in each year until the 1st day of November, 1929, and that the first half of a year's interest or dividend shall be payable on the 1st day of November, 1884; and further that on the said 1st day of November, 1929, the capital shall be repaid at par at the same place.

And lastly we do further declare that the revenues of the Colony of New Zealand alone are liable in respect of the stock hereinbefore described and the dividends thereon, and that the Consolidated Fund of the United Kingdom, and the Commissioners of Her Majesty's Treasury, are not directly or indirectly liable or responsible for the payment of the stock or of the dividends thereon, or for any matter relating thereto.

In witness whereof we have hereunto set our hands and seals this 30th day of October, 1883.

(L.S.) F. D. BELL.
(L.S.) P. G. JULYAN.

Signed, sealed, and delivered by the above-named Sir Francis Dillon Bell and Sir Penrose Goodchild Julian, in the presence of—JNO. MACKRELL, Solicitor, 21, Cannon Street, London.

No. 33.

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

Sir,— 7, Westminster Chambers, London, S.W., 5th December, 1883.

I have the honour to acquaint you that the conversion of the 5-30 debentures and short-dated bonds was completed at the Bank of England on the 30th ultimo, according to announcement, and that the total amounts sent in for conversion were as follows, viz. :—

1. 4½ per cent. 5-30s (1904 and 1905)	£3,053,000
2. 5 per cent. 5-30s (1906)	503,700
3. Short-dated debentures	1,832,000
Total	£5,388,700

Of this total amount, debentures for the following sums were deposited at the Bank of England, viz. :—

Four-and-a-half per cent. 5-30s	£2,901,100
Five-per-cent. 5-30s	475,000
Short-dated bonds	1,832,000
	£5,208,100

And notices as to the following amounts were sent in to me under the notice to trustees referred to in my letter of the 28th November, viz. :—

Four-and-a-half per cent. 5-30s	...	...	...	£151,900
Five-per-cent. 5-30s	...	...	...	28,700
				180,600
Making altogether the total of	...	...	...	£5,388,700

On the 12th November, being anxious to ascertain as nearly as possible what would be the net result of the conversion, I wrote to Mr. Bailey and Mr. Hardy, the eminent actuaries, who determined the position of the Government Insurance Fund two years ago, requesting them to make an actuarial determination of the value of the operation to the colony; and I now enclose herewith the correspondence which has passed between us on the subject.

You will observe that in my letter of the 12th November I asked the actuaries to make their computations so as to determine—first, the net annual saving to the colony which would be effected by the conversion if all the debentures were sent in; and, secondly, what would be the present net capital value of the operation to the colony. These computations appear in the table annexed to their letter of the 24th November; by which it is shown that, if all the bonds of the three respective series had been sent in for conversion, the net annual saving in interest to the colony would have amounted to £44,625, and the present capital value of the operation to the colony would have been a little over £239,000.

I also told the actuaries in my letter of the 12th November that, when the operation should be completed at the Bank of England, I should ask them to apply their computations so as to determine the net results upon the facts. Accordingly, on the 1st instant, I wrote them a letter, of which a copy is also enclosed, and you will observe by the table appended to their reply that the net result has turned out to be as follows, viz. :—

Net annual saving	...	...	...	...	£29,669
Present capital value of the operation	...	...	...	...	108,298

The two tables supplied by the actuaries give such complete details as to the effect of the operation that I feel it to be unnecessary to make any observation upon them myself. I think, however, that the Government has reason to be satisfied with the result.

A number of applications are still coming in from persons who allege that their failure to avail themselves of the conversion within the limited period was due to accidental causes; and in regard to these cases the Stock Agents are considering the course they should advise you to take. There are also several larger questions concerned, with regard to the future, upon which they will have to address you on a future occasion. In the meantime I confine myself to one remark. Assuming that the Government were to determine upon issuing a conversion loan to pay off the 5-per-cent. 5-30 bonds which have not been sent in for conversion, and assuming that the credit of the colony is the same as it is now (viz., that the market price of the 4-per-cent. inscribed stock should not be below par), the Government could easily raise a loan sufficient to pay off the bonds. It would pay the Government, in fact, to give the market, say, £103 in inscribed stock for every £100 of cash subscribed in a conversion loan; and, as I need not say that it would not require £103 of stock to obtain £100 cash from the market, I look upon it as probable that the Stock Agents will recommend you by telegraph to authorize their taking steps to call in the residue of the 5-per-cent. 5-30s (which have not been sent in for conversion) on the best terms they can.

The Hon. the Colonial Treasurer, Wellington.

I have, &c.,
F. D. BELL.

NOTE.—For enclosures see enclosures to No. 36.

No. 34.

MEMORANDUM by the SECRETARY to the TREASURY.

Results of the Recent Conversion of Debentures into 4-per-cent. Inscribed Stock.

					Stock.
5-30 years, 4½ per cent.	...	...	...	£3,053,000, at 103	= £3,144,590
5-30 ,, 5 ,,	...	...	...	503,700, at 103½	= 521,329
					3,556,700
3 years, 5 per cent.	...	...	...	1,832,000, at par	= 1,832,000
					5,497,919
Expenses	...	...	...	...	50,896*
				£5,388,700	= £5,548,815

Increase of capital is therefore £160,115.

* £5,497,919, at £600 per million, £8,208; £5,497,919, at 12s. 6d. per cent., £34,361; £3,556,700, at ½ per cent., £8,892; advertising, &c., £4,000: total, £50,551. £50,551, at 12s. 6d., £315; total, £50,866. £50,866, at £600, £30. Grand total, £50,896.

Present annual charge :			
Interest on	... ..	£1,832,000	
		503,700	
		<hr/>	
		2,335,700, at 5 per cent.	£116,785
		3,053,000, at 4½ „	137,385
		<hr/>	
		5,388,700	254,170
Crown Agents' commission	... ..	at ¼ per cent.	635
			<hr/>
			254,805
Future annual charge :			
Interest on	... ..	5,548,815, at 4 per cent.	221,952
Bank of England, at £550 per million		3,051	
Less	... ..	319*	
		<hr/>	
			2,732
			<hr/>
			224,684
Saving per annum			30,121
But this saving is reducible by the amount required to be invested annually at 4 per cent. compound interest to produce the amount of the increased capital by the due date of the stock in 1929			1,323
			<hr/>
The net saving per annum is therefore			£28,798

No. 35.

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

SIR,— 7, Westminster Chambers, London, S.W., 14th December, 1883.

Adverting to the conversion scrip belonging to the custodians of the various funds, it has seemed to me necessary to take care that no risk is incurred to the funds by the necessity (which could not be avoided) of first inscribing the stock in the names of the persons among whom I had to divide the various holdings upon surrendering the debentures. I accordingly instructed Messrs. Mackrell to prepare declarations of trust, certifying that we hold the scrip in trust for the custodians; and I shall soon be able to send you those instruments.

Upon looking at the Imperial Act, it appeared to me that the custodians might be debarred from taking out stock certificates in the way they instructed me to do for the stock inscribed in their names. I, therefore, brought this question before Messrs. Mackrell, under whose consideration it still is, and steps will be taken to meet the difficulty.

The Hon. the Colonial Treasurer, Wellington.

I have, &c.,

F. D. BELL.

No. 36.

The STOCK AGENTS to the Hon. the COLONIAL TREASURER.

SIR,— 7, Westminster Chambers, London, S.W., 14th December, 1883.

We have now the honour to inform you that the conversion of the 5-30s and short-dated debentures was completed, according to announcement, at the Bank of England on the 30th November. The following are the amounts sent in for conversion, viz. :—

1. 4½-per-cent. 5-30s (1904 and 1905)	... ..	£3,053,000
2. 5-per-cent. 5-30s (1906)	... ..	503,700
3. Short-dated debentures	... ..	1,832,000
		<hr/>
Total	... ..	£5,388,700

Of this total amount, debentures for the following sums were deposited at the Bank of England, viz. :—

4½-per-cent. 5-30s	... ..	£2,901,100
5-per-cent. 5-30s	... ..	475,000
Short-dated bonds	... ..	1,832,000
		<hr/>
		£5,208,100

And notices as to the following amounts were sent in under the notice to Trustees referred to in the Agent-General's letter of the 28th November, viz. :

4½-per-cent. 5-30s	... ..	£151,900
5-per-cent. 5-30s	... ..	28,700
		<hr/>
		180,600

Making altogether the total of £5,388,700

We suggested to the Agent-General that it would be advisable to obtain an actuarial computation of the value of the operation to the colony; and we now have the honour to transmit herewith

* The sum of £319 represents the saving of £50 per million now effected in the Bank of England's charge on the amount of the stock before the above conversion took place, viz., £6,371,200; new stock, £5,548,815: total stock, £11,920,015.

acopy of the correspondence which has taken place between the Agent-General and Mr. Bailey and Mr. Hardy, in which that computation is described.

We trust that the results of the operation will be considered satisfactory by the Government.

We have, &c.,

F. D. BELL,

P. G. JULYAN,

Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Enclosure 1 in No. 36.

CONVERSION OF NEW ZEALAND DEBENTURES.

The AGENT-GENERAL to Mr. BAILEY and Mr. HARDY.

GENTLEMEN,—

7, Westminster Chambers, 12th November, 1883.

I have the honour to request your valued assistance to the New Zealand Government in the following matter.

It will be in your recollection that when I had the pleasure of seeing you some time ago in connection with your inquiry into the affairs of the Government Insurance, we had some conversation about a large financial operation then contemplated by my Government, in the conversion of a further part of the public debt of the colony into 4-per-cent. stock.

The operation was postponed at that time for various reasons; but it is now in the course of being effected under the conditions expressed in a notice issued by the Bank of England, of which I enclose a copy. The object with which I now address you, is to ask you to favour me with an actuarial determination of the value of the operation to the colony.

You will observe that the proposal is to convert altogether rather more than £9,000,000 of the debt. This amount consists of three several series of stock, as follows:—

1. £1,250,000, bearing 5 per cent. interest	} These two are commonly called "the 5-30s."
2. £6,000,000 " 4½ " " "	
3. £1,832,000 " 5 " " "	... Short-dated bonds.

Total, £9,082,000

In the third series the offer is to exchange at par; but in the other two series the offer is £103 of stock for a £100 4½-per-cent. bond, and £103 10s. for a £100 5-per-cent bond. The first question is what saving will be got in annual interest by reducing the rates of interest to a uniform one of 4 per cent. But there are several other points to be considered.

The currency of the three series is as follows:—

5-30 4½ per cents.,	£2,000,000,	currency extending to	February 1, 1904.
" " "	£4,000,000	" "	February 1, 1905.
" 5 " "	£1,250,000	" "	July 15, 1906.
Short-dated bonds,	£1,832,000	" "	January 1, 1886.

As regards the two series of 5-30s, the Government has the right to pay off the bonds on giving six months' notice from any dividend day.

The inscribed stock into which the bonds will be converted is to be paid off at par on the 1st November, 1929.

There is a considerable difference between the cost of managing the debenture debt and managing the inscribed stock. The charge of the Crown Agents and the London and Westminster Bank for management of the debenture debt is ¼ per cent. on the amount of interest paid; the Bank of England charge for managing the inscribed stock, over a total exceeding ten millions, is £550 per million. The difference, therefore, between the two charges has to be set against the gross saving in interest effected by the conversion. The charge for paying off the debt being the same in all cases, neither saving nor loss results in that respect.

The conversion, however, causes a saving in the management of other stock inscribed at the Bank of England. There are £6,371,200 of stock already inscribed at the bank, the management of which now costs (being under ten millions) £600 per million; but as the present operation will bring up the total amount of stock beyond ten millions, and thereby bring down the charge to £550 per million over the whole sum, its effect is to make a saving of the difference between £550 per million and £600 in the annual cost of managing the £6,371,200. This has to be added to the saving effected by the conversion itself.

On the other hand, the cost of making the conversion has to be taken into consideration in estimating its value to the colony; because this cost of conversion will be paid out of stock to be created for the purpose, and the stock so created has to be added to the augmentation of debt which the operation itself involves. Now this cost may be taken as consisting of the following items:—

1. An initial charge of £600 per million made by the Bank of England; and ¼ per cent. to brokers on the amount of 5-30 bonds sent in by them for conversion;
2. Commuted stamp duty at 12s. 6d. per cent.;
3. Advertising and other contingencies, which for convenience I will take at £4,000.

The computation, therefore, which I am asking you to make of the net value of the operation to the colony requires in the first instance to bring out the following result:—

The total amount of debentures to be converted being as above stated, £9,082,000, what is the effect of the conversion:—

1. Augmentation of debt;
2. Annual charge for the augmented debt
3. Gross saving in annual interest?

Then after finding these, it is necessary to find the sum which, if it were invested at compound interest in the same 4-per-cent. stock, would extinguish the augmentation made to the debt in 1929; and this has to be deducted from the gross saving.

If there are any other points which you think ought to enter into the calculation, they will be such as are familiar to your experience, and you will of course include them. After all the factors have received your consideration, you will be able to determine, first, the net annual saving to the colony; and, secondly, the present net capital value of that saving.

You will observe that the time fixed for receiving applications expires on the 30th instant and I am anxious to be in possession of your computation before that date. Then, after the 30th November, when the amount actually converted is a known quantity, I shall ask you to apply your computation, and so determine the net result upon the facts.

A. H. Bailey, Esq., and Ralph P. Hardy, Esq.

I have, &c.,
F. D. BELL.

Enclosure 2 in No. 36.

The ACTUARIES to the AGENT-GENERAL.

SIR,—

London, 24th November, 1883.

We have the honour to acknowledge the receipt of your letter of the 12th instant, requesting us to make some computations as to the financial effect of the proposed conversion of further portions of the public debt of New Zealand into 4-per-cent. consolidated stock. We have accordingly made several calculations, the results of which are embodied in the table appended to this letter, which will, we trust, afford the information you desire.

If the whole of the bonds which form the subject of the present operation be converted into stock in the manner proposed, the general result will be as follows, viz. :—

The capital of the debt will be increased from £9,082,000 to £9,392,212; the increase arising from—

Premium on conversion	...	...	...	...	£223,750
Initial expenditure on operation	...	...	...	...	86,462
					<hr/>
					£310,212

On the other hand the annual charge will be diminished by £44,625, viz. :—

Reduction of interest	...	...	...	...	£48,412
Less, increased expenses	...	...	...	...	3,787
					<hr/>
					£44,625

Assuming that the future rate of interest will be 4 per cent. per annum, the capital value of the saving to the colony will be found to be £239,088, thus :—

Present value of diminished annual charge	...	...	...	...	£380,677
Less, present value of increased capital liability	...	...	...	...	141,589
					<hr/>
					£239,088

It should be observed that in entering into a contract for so long a term as 45½ years, there must of necessity be much uncertainty as to the rates of interest that will prevail in the market during that period. If the rate should fall below 4 per cent., the benefit of the operation would be less than that stated, and, possibly, the Government might be a loser by the transaction. On the other hand, if the market rate of interest should rise above 4 per cent., the amount of the benefit previously stated would be enhanced.

We have, &c.,
A. H. BAILEY.
RALPH P. HARDY

Sir Francis Dillon Bell, K.C.M.G., Agent-General.

PUBLIC DEBT OF NEW ZEALAND.
PROPOSED CONVERSION OF PORTIONS OF THE DEBT INTO CONSOLIDATED 4-PER-CENT. STOCK.
VIEW OF THE WORKING OF THE SCHEME, AND CAPITALIZATION OF THE RESULTS.

Description of Debt.	Present Annual Charge.			Proposed Further Issues of 4-per-Cent. Stock.			Annual Charge up to the 1st November, 1929, after Conversion.				Capitalization of the Results of the Conversion: Interest at 4 per Cent. per Annum.			
	For Interest.	Expenses at 4 per Cent. on the Interest.	Total.	For Premium on Conversion.	For Stamps, Brokerage, and Costs on attending Issue.	Total.	(8.) On existing Debt.	(9.) On Increase of Debt.	Expenses at £550 per Million of Stock.	Total.	(13.) Value of Decreased Annual Charge.	(14.) Value of Increased Capital of Debt.	Balance in favour of the Conversion.	
														(2.)	(3.)	(4.)	(5.)	(6.)	(7.)	(10.)	(11.)	(12.)
£1,832,000 short dated (1.) (Current to 1 Jan., 1886.)	£91,600	£229	£91,829	Nil	£13,427	£13,427	£73,280	£537	£1,015	£74,832	£13,103	£12,404	£699	
2,000,000 5-30 (Current to 1 Feb., 1904.)	90,000	225	90,225	£60,000	20,135	80,135	80,000	3,205	1,144	84,349	72,129	86,292	35,837	
4,000,000 5-30 (Current to 1 Feb., 1905.)	180,000	450	180,450	120,000	40,270	160,270	160,000	6,411	2,288	168,699	150,434	69,766	80,668	
1,250,000 5-30 (Current to 15 July, 1906.)	62,500	156	62,656	43,750	12,630	56,380	50,000	2,255	719	52,974	138,352	23,127	115,225	
£9,082,000	424,100	1,060	425,160	223,750	86,462	310,212	363,280	12,408	5,166	380,854	374,018	141,589	232,429	
							General reduction of expenses		319	319	Profit by reduction of charges of management of present Consolidated Debt			6,659
									4,847	380,535				£239,088

MEMORANDUM.

<p>If the proposed conversion be carried out—</p> <p>1. The capital of the debt will be increased by (col. 7) £ 310,212</p> <p>viz., For premiums on conversion (col. 5) 223,750</p> <p>For commuted stamp duty, brokerage, and attendant expenses (col. 6) 86,462</p>	<p>£</p> <p>310,212</p>
<p>2. The annual charge upon the existing debt (increased as above) will be, until the 1st November, 1929 (col. 11)</p> <p>viz., For interest upon the existing debt (col. 8) 380,535</p> <p>For interest upon the increase of debt (col. 9) 363,280</p> <p>For expenses of management (less £319 for general reduction of charges) (col. 10) 12,408</p> <p>.. .. . 4,847</p>	<p>£</p> <p>380,535</p> <p>363,280</p> <p>12,408</p> <p>4,847</p>
<p>3. The total of the "decreased annual charge," or the savings in the yearly outlay, will amount to, in all £44,306 per annum, or £88,612</p> <p>viz., For the years 1884-85 27,309</p> <p>1886 to 1903 inclusive 21,433</p> <p>For the year 1904 21,433</p> <p>For the years 1905 to July, 1906, inclusive 9,682</p> <p>For the years 1884 to July, 1906, inclusive (general saving of expenses) 319</p>	<p>£</p> <p>44,306</p> <p>88,612</p> <p>27,309</p> <p>21,433</p> <p>21,433</p> <p>9,682</p> <p>319</p>
<p>MAKING A TOTAL BALANCE IN FAVOUR OF THE CONVERSION OF £239,088</p>	

4. The present value of these savings is (col. 13) £ 374,018

But out of this saving provision should be made for the redemption of the increased capital of the debt, amounting to £310,212 (col. 7)

The present value of which is (col. 14) 141,589

Thus leaving a balance in favour of the conversion of (col. 15) 232,429

To which should be added the present value of the saving of general expenses 6,659

£239,088

A. H. BAILEY.
RALPH P. HARDY.

London, 24th November, 1888.

Enclosure 3 in No. 36.

The AGENT-GENERAL to the ACTUARIES.

GENTLEMEN,—

7, Westminster Chambers, 1st December, 1883.

I have to thank you for your clear and comprehensive statement in answer to my letter of the 12th November.

The period for exercising the option given to the holders of bonds having expired yesterday, I can now state the amounts sent in for conversion in the respective series, which are as follows, namely:—

						£
5-per-cent. 5-30s	...	...	...	...	...	503,700
4½-per-cent. 5-30s (1904)	...	...	...	...	...	990,100
" " " (1905)	...	...	...	...	...	1,910,300
Short-dated debentures	...	...	...	...	...	1,832,000
Total	...	...	...	...	...	<u>5,236,100</u>

In addition to this total of £5,236,100, there is a further amount of £152,600 of 4½-per-cent. bonds held by trustees, which they have notified to me their wish to convert, bringing up the total to £5,388,700; but, as the currency of these bonds (1904 and 1905) is not distinguished, they cannot be included in the present computation.

I shall accordingly be obliged if you would now, as suggested in the last paragraph of my letter of 12th November, apply your computations to the amounts aggregating the above sum of £5,236,100, and let me know the net result.

A. H. Bailey, Esq., and Ralph P. Hardy, Esq.

I have, &c.,

F. D. BELL.

Enclosure 4 in No. 36.

The ACTUARIES to the AGENT-GENERAL.

SIR,—

London, 6th December, 1883.

We have to acknowledge the receipt of your letter of the 1st instant, informing us of the amounts of the debt sent in for conversion in the respective series; and in conformity with your request we send herewith another statement, in the same form as the one previously furnished, showing the results of the operation on the amount actually converted.

We have, &c.,

A. H. BAILEY.

RALPH P. HARDY.

Sir Francis Dillon Bell, K.C.M.G., Agent-General.

PUBLIC DEBT OF NEW ZEALAND.

NET RESULT OF THE CONVERSION OF THE FOLLOWING PORTIONS OF THE DEBT INTO CONSOLIDATED 4-PER-CENT. STOCK.

VIEW OF THE WORKING OF THE SCHEME, AND CAPITALIZATION OF THE RESULTS.

Description of Debt Converted.	Present Annual Charge.			Further Issues required of 4-per-cent Stock.			Annual Charge up to the 1st November, 1929, after Conversion.			Net Annual Saving.	Capitalization of the Results of the Conversion: Interest at 4 per Cent. per Annum.		
	For Interest (2.)	For Expenses at 4 per Cent on the Interest (3.)	Total (4.)	For Premium on Conversion (5.)	For Stamps, Brokerage, and Costs attending Issue (6.)	Total (7.)	For Interest.		Present Value of Increased Capital of Debt. (14.)		Present Value of Decreased Annual Charge (13.)	Balance in favour of the Conversion. (15.)	
							On existing Debt. (8.)	On Increase of Debt. (9.)					
£1,832,000 short dated (1.) (Current to 1 Jan., 1886)	£91,600	£229	£91,829	Nil	£13,756	£13,756	£73,280	£550	£74,845	£13,078	£12,708	£370	
990,100 5-30 (Current to 1 Feb., 1904)	44,555	111	44,666	29,703	10,371	40,074	39,604	1,603	41,774	35,459	18,149	17,310	
1,910,300 5-30 (Current to 1 Feb., 1905)	85,964	215	86,179	57,309	20,009	77,318	76,412	3,093	80,598	71,397	33,657	37,740	
503,700 5-30 (Current to 15 July, 1906)	25,185	63	25,248	17,680	5,295	22,925	20,148	917	21,555	55,623	9,404	46,219	
£5,236,100	247,304	618	247,922	104,642	49,431	154,073	209,444	6,163	218,572	175,557	73,918	101,639	
							General reduction of expenses	319	319	Profit by reduction of charges of management of present Consolidated Debt		6,659	
								2,646	218,253			£108,298	

MEMORANDUM.

By the conversion—	£	£
1. The capital of the debt will be increased by (col. 7)	154,073	
viz., For premiums on conversion (col. 5)	104,642	
For commuted stamp duty, brokerage, and attendant expenses (col. 6)	49,431	
2. The annual charge upon the existing debt (increased as above) will be until the 1st November, 1929 (col. 11)	218,253	
viz., For interest upon the existing debt (col. 8)	209,444	
For interest upon the increase of debt (col. 9)	6,163	
For expenses of management (less £319 for general reduction of charges) (col. 10)	2,646	
3. The total of the "decreased annual charge," or the savings in the yearly outlay, will amount to, in all	303,778	
viz., For the years 1884-85	£29,350 per annum, or £58,700	
1886 to 1903 inclusive	12,366	222,588
For the year 1904	9,474	9,474
For the years 1905 to July, 1906, inclusive	3,893	5,839
For the years 1884 to July, 1906, inclusive (general saving of expenses)	319	7,177

4. The present value of these savings is (col. 13) £175,557
 But, out of this saving, provision should be made for the redemption of the increased capital of the debt, amounting to £154,073 (col. 7)
 The present value of which is (col. 14) £73,918

Thus leaving a balance in favour of the conversion of (col. 15) £101,639
 To which should be added the present value of the saving of general expenses £6,659

MAKING A TOTAL BALANCE IN FAVOUR OF THE CONVERSION OF £108,298

A. H. BAILEY.
 RALPH P. HARDY.

London, 5th December, 1883.

Enclosure 5 in No. 36.

The ACTUARIES to the AGENT-GENERAL.

SIR,—

London, 11th December, 1883.

In accordance with your request we have compared the figures relating to the £1,832,000 short-dated bonds in the two tables with which we have furnished you, and we find them to be correct in both cases.

The apparent inconsistency arises from the circumstance that the sum of £4,000, estimated in your letter of the 12th ultimo as required for contingent expenses, had in the second table to be distributed over the smaller amount of stock actually converted. So that, this expense remaining the same, a larger amount of further stock had to be issued for each series than when the £4,000 was distributed over the whole amount of stock offered for conversion. Thus the burden of the expense is greater, and a corresponding diminution of profit is the result.

Differences, similar in character, although not so immediately apparent, will be found in the results relating to the other series of bonds.

We have, &c.,

A. H. BAILEY.

RALPH P. HARDY.

Sir Francis Dillon Bell, K.C.M.G., Agent-General.

Enclosure 6 in No. 36.

The AGENT-GENERAL to the ACTUARIES.

GENTLEMEN,—

7, Westminster Chambers, 12th December, 1883.

I have to acknowledge the receipt of your letter of the 6th instant, transmitting the table which shows the result of the conversion as actually effected, and also your further explanatory letter of yesterday.

I beg to convey to you the best thanks of the Government of New Zealand for your clear and valuable statement, and for the rapidity with which it was compiled.

I have, &c.,

F. D. BELL.

A. H. Bailey, Esq., and Ralph P. Hardy, Esq.

No. 37.

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

SIR,—

7, Westminster Chambers, London, S.W., 9th January, 1884.

Adverting to my letter of the 14th December last (No. 374), on the subject of the execution of declarations of trust by Sir Penrose G. Julyan, myself, and the other officers in whose names the stock is to be inscribed, belonging to the custodians of the various funds, as well as those belonging to the Treasury, I have now settled with Mr. Mackrell the form of that declaration, and these instruments will be presently executed by us, and copies duly transmitted to you.

I have, &c.,

F. D. BELL.

The Hon. the Colonial Treasurer, Wellington.

No. 38.

The STOCK AGENTS to the Hon. the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 9th January, 1884.

We have the honour to inform you that the deed-poll, creating £9,400,000 of new stock for the recent conversion, was duly enrolled early in December, and the declaration required by the Imperial Stock Act was duly lodged with the Commissioners of Inland Revenue.

We found that the terms of the Stamp Act of 1880 did not entitle the Colonial Governments to any allowance in respect of the duties originally paid on the debentures converted, but the Treasury have authorized the Commissioners of Inland Revenue to allow the amount. When the New South Wales conversion took place, an arrangement was made by the Commissioners of Inland Revenue, whereby the debentures converted might be cancelled by the Bank of England without being sent to the Inland Revenue Office, the stamps thereon being deducted from the composition. We applied to the Commissioners for leave to carry out a similar arrangement in the case of our conversion, but they at first declined to comply with our request, though they were willing to arrange for the debentures being presented at their city office. Afterwards, however, it was agreed that the bank should cancel the stamps, by printing across each of them the word "cancelled."

The matter being thus satisfactorily arranged, we have addressed a letter to the Bank of England, of which we have the honour to enclose a copy herewith.

We have, &c.,

F. D. BELL,

P. G. JULYAN,

Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

Enclosure in No. 38.

The STOCK AGENTS to the BANK OF ENGLAND.

New Zealand Public Debt Conversion.

GENTLEMEN,—

7, Westminster Chambers, London, S.W., 11th January, 1884.

Referring to the arrangements which we have made with you for the conversion of a portion of the New Zealand public debt into inscribed stock, we now beg to send you a print of the

deed-poll, dated the 30th October last, under which we declared and set forth the terms and conditions on which the conversion might take place and inscribed stock might be issued, which are in accordance with the prospectus issued by you on our behalf.

To enable you to carry out the arrangements for the inscription of the stock when parties become entitled to have the same inscribed, we have made and lodged with the Inland Revenue Board the necessary declaration to bring the stock under the provisions of "The Colonial Stock Act, 1877," and we send you herewith a print of this declaration.

We have made arrangements with the Commissioners of Inland Revenue for payment of the composition for stamp duty (after deducting the amount of the stamps already put upon the debentures), so as to enable the stock, after it shall have been inscribed in your books, to be transferred free of duty, and the Commissioners are willing to receive this duty from you under similar arrangements to those which have been made respecting previous issues of inscribed stock, and to allow you to cancel the stamps on the debentures, and will be satisfied by your producing the same to their officers upon request.

On behalf of the New Zealand Government we have to request that you will be good enough to carry out the arrangement for cancelling the debentures so that the New Zealand Government may have the benefit of the allowance of the stamps thereon, and that you will, on behalf of such Government, pay to the Commissioners the balance of the amount of the composition payable for stamp duty in respect of the stock, as the same becomes inscribed in your books.

We also, on behalf of the New Zealand Government, authorize you to issue to the holders of this further issue of inscribed stock, who may desire the same from time to time, stock certificates to bearer, in pursuance of the provisions of "The Colonial Stock Act, 1877."

And we authorize and request that the same fee shall be charged for the issue of stock certificates to bearer as are charged in like cases.

And we further authorize you to transmit dividend warrants by post in the same manner and on the same conditions as the warrants for dividends on the Government funds are sent.

We have, &c.,

F. D. BELL,

P. G. JULYAN,

Stock Agents.

To the Governor and Company of the Bank of England.