

## No. 33.

The LOAN AGENTS to the COLONIAL TREASURER.

SIR,—

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

Since writing to you on the 4th, we have received your further telegram, desiring us to reconsider the expediency of immediately converting the consols. We have accordingly gone again with great care into the matter, with every desire to meet your wishes if we could see our way to do so without danger; but, after repeated consultation, we are still firmly persuaded that until the new money is raised it would not be safe to attempt any conversion, and we are now sending you a message to that effect.

Copies of the telegrams are annexed.

We have, &amp;c.,

The Hon. the Colonial Treasurer, Wellington.

P. G. JULYAN,	} Loan Agents.
F. D. BELL,	

*Copies of Telegrams enclosed in No. 33.*

The COLONIAL TREASURER to the LOAN AGENTS.

Loan Agents, London.

Wellington, 7th October, 1884.

UNLESS you act on cable authority new loan powers only reach you December. If only new loan floated would require additional million July. Perhaps, therefore, better float two millions and a half January. Have arranged wants till then, but regrettable lose good market. Reconsider expediency immediate conversion Consolidated Loan, 1867. Must base conversion on market, not actuarial equivalent. If conversion effected market bound support new loan. Advise all points, will accept your judgment.

The LOAN AGENTS to the COLONIAL TREASURER.

(Received 10th October, 1884.)

CONVERSION of Consolidated Loan, 1867. Renewed reflection only confirms our opinion. It is true that any conversion must be based upon market, but equivalent must be starting point for estimating necessary inducement. Real point, however, is that—counting, firstly, £200,000 due Bank of England; secondly, £745,000 under agreement with Bank of England, for paying 5 per cent. 5-30s; thirdly, £50,000 for expenses of recent conversion; fourthly, third million; fifthly, new million and a half—there will be three millions and a half of new inscribed stock to place during next year. Now, any prior conversion of Consolidated Loan, 1867, by adding to volume of inscribed stock, and multiplying daily operations market, would further compete against new loans; and no saving you could make in sinking fund meanwhile would be worth setting against that danger. We therefore feel convinced still that should not attempt any conversion until new loan safe. Lastly, respecting cable authority, would be useless, because Inland Revenue would not enrol deeds creating new inscribed stock without seeing Act and warrants.

London, 9th.

## No. 34.

The COLONIAL TREASURER to the AGENT-GENERAL.

Agent-General, London.

Wellington, 21st November, 1884.

ARRANGE with Julyan continue act under conditions recent telegrams. Payment cover all services.

## No. 35.

The COLONIAL TREASURER to the LOAN AGENTS.

GENTLEMEN,—

Treasury, New Zealand, Wellington, 22nd November, 1884.

I attach at foot copy of telegram to the Agent-General, and of Sir Penrose Julyan's reply thereto.

The reason the information was sought from Sir Penrose Julyan was because in some of the letters of the Agent-General he has been referred to as the "adviser," &c.; and because there are a great many letters of the Agent-General on the subjects of conversion and loan negotiation without Sir Penrose Julyan's signature. In some of these reference has been made to the opinions jointly held by the Loan or Stock Agents, but it has not been quite clear if the joint opinion was merely comprised in the particular passage or extended to the whole of the letter. On the other hand there have been passages in some of the letters which, from previous knowledge of Sir Penrose Julyan's opinions, I could scarcely suppose altogether represented his views.

There was thus an element of doubt as to whether Sir Penrose considered he was acting with full joint powers or that he was merely called in to advise when his advice was desired. The answer of Sir Penrose Julyan sets the matter at rest, and shows that the letters to which I have referred were not meant to be a joint production; indeed if Sir Penrose's telegram is to be judged literally he has not seen them.

In thus referring to the past, however, I beg you to observe that I do not desire to raise any controversy concerning it. My reference to it is simply to explain the views of the Government—to whom this letter has been submitted—as to the future; and also to explain the telegrams at foot. Equally, you must be good enough to understand, I am not making any reflection on the Agent-General's letters, nor do I wish it to be understood that there is any objection whatever to either of the Agents addressing the Government separately when he deems it desirable to do so. But