

## No. 32.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 6th October, 1886.

In continuation of our letter of the 24th September, No. 1189, we beg now to report what further has been done in relation to the issue of the new loan.

We received in due course your telegram of the 27th September, conveying your instructions to us upon the advice we had offered in our message of the 23rd. As we were thereby informed that part of the debentures created under the District Railways Purchasing Acts were already on their way in the "Ionic," and that a further amount would follow to make up a total of £240,000, we saw at once that we must reconsider our proposals altogether, and devise some way of carrying out your objects. You authorized us to choose between two courses; either to combine a conversion of the £240,000 of District Railway debentures with the announcement of the new loan for £1,325,000, or to add £175,000 of the North Island Railway Loan to the latter sum so as to make up a round million and a half; but, with the fact before us that we should have to provide for the District Railway debentures being inscribed here sooner or later, it seemed best to face whatever difficulty there might be at once, and raise the money in cash to pay off the £240,000 now. We accordingly telegraphed this to you on the 28th September, with the advice to let the rest of the District Railway debentures stand over till the North Island Loan was raised; and were glad to receive, next day, your message approving of our proposals.

In reply to our question as to what assurance we could give the market respecting the time that would elapse before bringing out any further loan, we were glad of your consent to name October, 1887; we do not, however, propose giving any specific guarantee, but merely letting the market understand in general terms that there is no intention of coming for more money for twelve months.

Thus the matter stood when we received your further letter of the 26th August, No. 19, covering the Order in Council itself, directing the inscription of the £242,800 District Railway debentures; and we thereupon came to the conclusion that it would be better to clear off the whole of that issue instead of confining ourselves to the £240,000 named in the telegrams that had passed. We have arranged with the Bank of England that these debentures shall be cancelled there in like manner as other securities already converted, it being necessary that the due cancellation of the bonds in respect whereof the stock is now created should be certified by the bank to the Stock Exchange Committee.

At a final conference with the Governors of the Bank of England to-day we settled the terms of the prospectus of the loan, of which we enclose a copy. The minimum is fixed at 97, and tenders will be opened on the 14th instant. You will see that, having regard to the magnitude of the engagements to be met here, we have found it necessary to call up 30 per cent. of the loan at once, as well as to allow tenderers to pay up their subscriptions under discount at 3 per cent.; the remaining instalments are extended over to the end of February.

We have, &amp;c.,

P. G. JULYAN,

F. D. BELL,

Loan and Stock Agents.

The Hon. the Colonial Treasurer, Wellington.

*Copies of telegrams referred to in No. 32.*

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

Loan Agents, London.

(Received 27th September, 1886.)

FINANCIAL proposals.—Transmission your cablegram delayed two days. Firstly, £100,000 District Railways sent "Ionic," reach you shortly, also authority convert £240,000 debentures into inscribed stock. As debentures created we are advised cannot follow your suggestion, and you must convert them, but you can convert before offering for sale and sell only as inscribed stock. Propose send balance debentures forward to make up £240,000, and there may afterwards be £80,000 in addition. Secondly, would like £175,000 added to new loan, but not if entail delay, as am anxious take advantage good time. If District Railway stock not used suggest adding £175,000 of North Island Loan to new loan. Thirdly, better not give assurance beyond June. If we borrow then will only be sale District Railway stock before alluded to, and part or all North Island Loan. Fourthly, difficult to express meaning, and so you may not understand or agree with above, so wire your advice.

Wellington, 27th.

The LOAN and STOCK AGENTS to the COLONIAL TREASURER.

Treasurer, New Zealand.

London, 28th September, 1886.

FINANCIAL proposals.—Immediate conversion District Railway debentures being decided, we suggest raising £1,565,000, of which £240,000 to extinguish bonds, remaining £80,000 not being negotiated until North Island Loan raised, which advise not being before October instead of June.

LOAN AGENTS.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

Loan Agents, London.

(Received 29th September, 1886.)

FINANCIAL proposals approve.

Wellington, 29th.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, New Zealand.

London, 30th September, 1886.

DISTRICT Railway.—Conversion date and substance operative part Order in Council, clause six, wanted for recital creation inscribed stock. Please telegraph particulars.

The COLONIAL TREASURER to the LOAN and STOCK AGENTS.

Loan Agents, London.

(Received 1st October, 1886.)

DISTRICT Railways Conversion.—Date Order in Council, 26th August last, operative part orders to be converted into stock and inscribed, under Stock Acts seventy-seven and eighty-four, debentures amounting £242,800 described in schedule attached, being portion of debentures amounting £283,300 issued under District Railways Purchasing Act eighty-five; also orders that present Stock Agents shall exercise all powers they now have. When do you expect bring out loan, and what minimum?

Wellington, 1st October.