

No. 3.

The SECRETARY to the TREASURY to the COMMISSIONER of the PUBLIC DEBTS SINKING FUNDS.
(No. 592.)

SIR,—

The Treasury, Wellington, 12th September, 1893.

I have the honour to inform you that £28,500 debentures issued under the provisions of "The Lyttelton and Christchurch Railway Loan Act, 1860," due 1st July last, have been paid off out of funds at credit of the New Zealand Public Account, London; and I beg now to apply that the equivalent cash or securities in your hands arising from the investment of sinking funds of the above loan may be handed to the Treasury at your early convenience.

I have, &c.,

JAMES B. HEYWOOD,
Secretary.

The Chairman of the Commissioners of the Public Debts Sinking Funds,
Government Buildings.

No. 4.

The AGENT-GENERAL to the PREMIER.

(No. 924.)

Westminster Chambers, 13, Victoria Street, London, S.W.,
31st July, 1893.

SIR,—

In accordance with the instructions contained in your (Treasury) letter (T. 93/565, No. 20) of the 18th May last,* I placed myself in communication with the Crown Agents on the subject of doing away with the practice of remitting the full amount of the sinking fund required for the annual drawings of the 5-per-cent. consol. bonds, and herewith I transmit copy of the correspondence which has taken place in respect thereto.

You will observe that the Crown Agents place no difficulty in the way of the proposals. On the contrary, they suggest an arrangement which is similar to that which you indicate in the third paragraph of your letter (No. 20) of 18th May last.

The question whether the sinking fund should nominally accumulate at the Crown Agents' or in the colony is not one, I think, of much importance. If it was assumed to accumulate in the colony, a larger rate of interest could be allowed on the accumulations than that which would be credited by the Crown Agents, which would not probably exceed 1 or 1½ per cent., and the result would be that the amount available for the drawing would be somewhat increased; but on the other hand it might be expedient, and probably would be more convenient, if the fund remained domiciled nominally at the Crown Agents'.

In either case the quarterly amounts to be remitted from the colony would be limited to that of the interest payable on the outstanding bonds.

With regard to the conversion of the outstanding bonds, it would be necessary in any case to invite the holders, by means of advertising, to bring in their bonds for conversion into 3½-per-cent. stock on certain terms, and this announcement would of course reach the stock exchange; but nothing further would be required, and such announcement would not, I think, affect our stocks or any other operation in connection therewith.

I have, &c.,

W. B. PERCEVAL.

Enclosure 1 in No. 4.

GENTLEMEN,—

13, Victoria Street, London, S.W., 13th July, 1893.

You are aware that in each year the larger portion (amounting to about three-fourths) of the sinking fund provided for the paying-off the 5-per-cent. consol. bonds drawn in each year is repaid to my Government, as representing the holders of those bonds which have been converted into stock. Under the present system of providing the sinking fund, this process involves the remitting from, and then back again to, the colony of large sums; with its accompanying expense—namely, cost of exchange, loss of interest, payment of stamp duty on drafts, &c.

Under these circumstances, my Government have under their consideration a proposal to furnish you quarterly with sufficient funds to meet the interest on those bonds which are still in the hands of the public, and then at the proper times in each year to notify and provide you with the amount of available sinking fund, so that the drawing and consequent paying-off of the drawn bonds may be duly proceeded with.

In reference to the above proposal, I have been desired by my Government to bring it under your notice in order that you may communicate to me any remarks or suggestions that you may think fit to make respecting it.

I am, &c.,

W. B. PERCEVAL.

The Crown Agents for the Colonies, Downing Street.

Enclosure 2 in No. 4.

SIR,—

Crown Agents for the Colonies, Downing Street, 19th July, 1893.

I have to acknowledge the receipt of your letter of the 13th instant, relative to the system under which funds have hitherto been provided to meet the annual drawings of the 5-per-cent. consol. debentures, and to state that it appears to us that it will not be possible for you to notify to us beforehand the amount which will be required for a particular drawing. The exact proportion of drawn tickets representing converted bonds cannot be known till the drawing has taken place, and on this the amount to be provided to meet the drawing entirely depends.

2. The following arrangement will, however, obviate the necessity of incurring the expenses which are at present entailed on the colony and effect the object which you have in view. In each year, shortly before the issue of the advertisement of the drawing, we propose to write to you stating the maximum amount of sinking fund contribution and interest on drawn bonds which could be applied to the proposed drawing, and asking whether you would be prepared to place so much of that amount as the result of the drawing may show to be required to the credit of our

* Vide B.—21, 1893, No. 72.