

There will not be time to send you by to-day's post full particulars of the manner in which the proceeds will be appropriated, but I hope to do so by the mail of next month.

In conclusion, the Crown Agents cannot impress too earnestly upon the New Zealand Government the importance of abstaining as long as possible from further negotiations, as the general belief in the best informed circles here, is that something like a financial crisis will overtake this country before the end of the year, or at all events that money will become so much dearer that it may be found impossible to deal with Colonial Securities on any terms during the pressure.

A recent attempt on the part of one of the Banks to place a small Loan for Queensland on the market ended in utter failure, and it is now re-advertised at a reduced minimum with little better chance of success.

The Crown Agents are also keeping back Loans of two Colonies, enjoying excellent credit, from a conviction that capital cannot now be fairly induced to flow towards Colonial Securities.

Whilst this state of things continues, they would be sorry that you should be forced to realise any further portion of your Debentures.

I have, &c.,

PENROSE G. JULYAN.

The Honorable the Colonial Secretary, New Zealand.

New Zealand 5 per cent. Debentures issued under Act 27 Vict., 11.
First instalment, £1,000,000.

STATEMENT SHOWING THE RATES AT WHICH THE CROWN AGENTS FOR THE COLONIES HAVE DISPOSED
OF THE LOAN.

	Net Purchase money.	Interest to be paid by Purchaser.	Total Amount.
	£	£ s. d.	£
£35,900 at prices including accrued interest from 88 to 93½	32,337		32,337
£4000 " " " " 81	3,240		3,240
£125,000 at 80, ex interest payable on 29th August, 1864	100,000	753 8 5	100,753
£375,000 " " " 15th September, 1864	300,000	3,133 11 1	303,134
£253,800 " " " 20th November, 1864	203,040	4,415 8 1	207,455
£206,300 " " " 20th February, 1865	165,040	6,146 12 0	171,187
£	803,657	14,448 19 7	818,106

Average annual cost of the money to the Government, calculated on the net purchase money, £6 4s. 5d.

Average annual cost of the money to the Government, calculated on the gross sum realised, £6 2s. 2d.

PENROSE G. JULYAN.

No. 24.

THE HON. THE COLONIAL SECRETARY TO THE CROWN AGENTS FOR THE COLONIES.

Colonial Secretary's Office,
Auckland, November 2nd, 1864.

GENTLEMEN,—

I am in receipt of your letter of the 26th August, 32-294, detailing the difficulties under which you negotiated the remainder of the £1,000,000 of Debentures left in your hands for sale by Mr. Reader Wood, and reporting the state of the money market generally, together with the position occupied by Colonial Securities. You state that under all the circumstances you considered that you would "best consult the interests of the New Zealand Government by an immediate and absolute sale, even at what may appear at first sight a considerable sacrifice;" and then you inform me that the average cost of the Loan will be £6 2s. 2d. per cent. per annum.

In all previous transactions of this kind, the New Zealand Government has never succeeded in negotiating a Loan under a cost to itself of less than six per cent. per annum. In November, 1863, when the Loan Act was passed by the New Zealand Parliament, the money market in England appeared to be so favourable, Colonial Securities generally were quoted at so high a rate, that it was felt there would be little or no difficulty in negotiating a five per cent. Loan, if not at par, at any rate at a small discount, and it appeared more advantageous to do so than to sell a six per cent. Loan at a premium. Since that date, however, the money market has materially changed. The difficulties in the way of negotiating all Colonial Loans, and the New Zealand Loan especially, have been fully stated by you and by Mr. Wood. The New Zealand Government is fully sensible of those difficulties. This Colony has been unfortunately placed in the position of being forced into the market at the present time. The pressure of circumstances was such as to admit of no delay. There were two alternatives before you—one was to raise money on the Bonds for a short period, so as to postpone the sale, if possible, to a time when the money market might be easier, the other to sell on the best terms you could get. The former appears to have failed, and indeed had you succeeded in that way temporarily to obtain money at a present high rate of interest, you