

Enclosed herewith I send you a statement showing the number and amount of the tenders received on the 12th instant, and the amount since disposed of by private treaty at the minimum rate.

I also enclose copy of the Loan Act, of the advertisement inviting tenders; and of the information relative to the state of your finances, furnished to all enquirers.

The Crown Agents regret exceedingly that notwithstanding their most strenuous efforts, by extended advertisement and otherwise, to bring this loan favourably before the public, they have not succeeded in placing any considerable amount on the market.

A combination of unfortunate circumstances tended to produce this result.

1. The state of the money market was most unfavourable, the bank rate of discount being at the time 6 per cent. on short loans

2. The unfavourable and unjust strictures which have been so repeatedly expressed of late by the press, and repeated in Parliament, with regard to New Zealand affairs.

3. The arrival by the last mail, and at the most critical moment, of the news of the disaster which recently befel Her Majesty's Forces in an encounter with the natives of New Zealand, and the strong belief thereby created, that the war would be prolonged for an indefinite period.

4. The unfortunate manner in which some of the Provincial Loans have been dealt with in this market, and from their having been brought into competition to some extent with the loan now under consideration.

And lastly, the prevailing attraction of capital to the numerous banking, financial, and other great "Limited Liability Companies," now daily brought before the public, and to which investors are tempted, in preference to Colonial securities, by the high rates of interest which have been paid by some of the older establishments.

All these circumstances combined have led to the depreciation of Colonial Government securities generally, but more especially to those of New Zealand, and even at the reduced rates of present quotations, sales to any considerable amount cannot possibly be effected.

The Crown Agents hope however that at no distant date these influences will have subsided, and that they may then be enabled to report to the New Zealand Government a greater measure of success than has hitherto attended their exertions.

I have, &c.,

PENROSE G. JULYAN.

P.S. A specimen of the debenture bond, with coupons annexed, is herewith enclosed for your information.

#### Enclosure 4 in No. 20.

THE HON. THE COLONIAL TREASURER TO MR. LARKWORTHY.

Westminster Palace Hotel, London, July 22, 1864.

SIR,—

The first instalment of the New Zealand loan of one million, which was tendered for on the 12th instant, has not filled up. About £5,000 only was placed on the first day at the low minimum of 90; subsequently an amount of upwards of £27,000 in addition has been allotted at that price, and there is every reason to suppose that in a short time these occasional subscriptions will reach £100,000 at least.

The arrangements which, under these circumstances, I propose to make are as follows:—

To instruct Messrs. Julyan and Sargeant to pay into your Bank the proceeds of these occasional sales as received up to £100,000.

To pay into your Bank in addition, on or before the 14th September next, the sum of £500,000; and I leave full powers to enable Messrs. Julyan and Sargeant to raise money upon the debentures to ensure the punctual payment of this sum, if so much should not be disposed of in the regular way by that date.

To pay the balance into your Bank as sales take place.

I beg that you will arrange that the New Zealand Government Emigration Board should have at their disposal in all a sum of £30,000, and Mr. A. Clark a sum of £20,000 for Emigration purposes.

That Mr. Morrison should have at his disposal the sum of £16,000, and that you will liquidate the debt at present due by the New Zealand Government on account of advances made to Mr. Morrison out of the payments from time to time made to your Bank by Messrs. Julyan and Sargeant.

For all advances here the New Zealand Government will pay interest at 1 per cent. above the Bank rate of discount.

As I am unable to conjecture what arrangements for further temporary advances may have been made with your Bank in New Zealand, I refer you to Messrs. Julyan and Sargeant, who have in their hands debentures to the amount of £1,000,000 for sale, with power to make and sell £250,000 more, in case of necessity, to whom you will be good enough to communicate the particulars of such arrangements in case funds are required to carry them out. I am sure you will not put such a pressure upon those gentlemen, if it can possibly be avoided, as to compel them to sell the securities in their hands at a great sacrifice.

Upon the payment of £500,000 on the 14th September next, you will be good enough to hand over to Messrs. Julyan and Sargeant, for transmission to Auckland, the authority given by the Government to your Directors to make and sell £500,000 worth of debentures, unless the power in question has been extended by the Governor of New Zealand beyond the period first contemplated.

I have, &c.,

READER WOOD.

F. Larkworthy, Esq.,  
Bank of New Zealand, Old Broad Street, London.