

state of the market, for the reasons pointed out in my letter to you of the 26th April last, notwithstanding the permission contained in the last paragraph but one of your letter now under acknowledgment. Even if all restrictions as to price were removed by a new Act, it would still be necessary to pay a very high rate of interest for temporary loans of this nature, and I think it probable that it might be found more advantageous to the Colony if you were to make up your mind at once to give a much higher price for money in this market than you were accustomed to pay prior to the issue of the 8 per cents. Sooner or later you will, I believe, have to adopt this course, and the price at which it must be carried out will increase with every renewal of these temporary expedients to meet your liabilities.

7. I would suggest, therefore, that you should communicate in confidence to the Crown Agents (having first remedied the defects in the Act), with as little delay as possible, the minimum price at which you would be satisfied to part with the 6 per cent Debentures, and the amount which your wants would dispose you to raise, within any given time, at that minimum, and leave it to them to offer the Debentures, either to public competition or at a fixed rate, whenever the state of the London market should afford reasonable prospects of raising the money.

8. I should add, with regard to the remittance of £51,500 referred to in the first part of this letter, that if a portion of it is intended for the payment of interest on the 5 per cent. Loan falling due on the 15th proximo, it is just possible that it may arrive in time to meet that liability, but if not the Crown Agents can only hope that the Bank of New Zealand will place them in funds for that purpose.

9. It must however, I think, be manifest to you that it is absolutely necessary that earlier provision should be made to meet these periodical payments, and that the public credit of the Colony should not be allowed to rest on the mere chance of the mail steamer making a safe and speedy passage.

The Hon. Colonial Secretary,
Wellington, New Zealand.

I have, &c.,
PENROSE G. JULYAN.

Enclosure in No. 7.

Copy of a Letter from Mr. F. LARKWORTHY to the CROWN AGENTS for the Colonies.

Bank of New Zealand,
London, 18th December, 1865.

DEAR SIR,—

In accordance with an arrangement entered into with the General Government of New Zealand, under date 14th October, 1865, whereby it is provided that an advance of £50,500, made by this Bank to the General Government of New Zealand, should be repaid by the Crown Agents for the Colonies to this Bank in London, and that a notice of ninety days should be given by the Bank to the Agents of their desire for repayment,—I now beg to state that such repayment will be necessary in ninety days from this date, and you will be good enough to accept this notice as given in accordance with the arrangement above referred to.

The Crown Agents for the Colonies,
Spring Gardens, London.

I have, &c.,
F. LARKWORTHY,
Managing Director.

No. 8.

Copy of a Letter from Mr. W. C. SARGEANT to the Hon. E. W. STAFFORD.

Offices of the Crown Agents for the Colonies,
Spring Gardens, London, S.W.,

(No. 38-374.)

SIR,—

19th January, 1866.

Referring to Mr. Julyan's letter of the 26th October last, by which you will have learnt that the Lords Commissioners of the Treasury had expressed their readiness to accept New Zealand Government 4 per cent. Debentures to the extent of £500,000, as a collateral security for a portion of the debt due to Her Majesty's Government:

I transmit to you herewith, one Debenture of each value (£1000, £500, £200, and £100,) issued by the Crown Agents for the Colonies under that arrangements.

The interest on these 4 per cent. Debentures commences from the 1st November last.

The Hon. the Colonial Secretary,
Wellington, New Zealand.

I have, &c.,
W. C. SARGEANT.

No. 9.

Copy of a Letter from Mr. W. C. SARGEANT to the Hon. E. W. STAFFORD.

(No. 38-523.)

Offices of the Crown Agents for the Colony,
Spring Gardens, London, S.W.,

SIR,—

26th January, 1866.

In continuation of my letter of the 19th instant, I transmit to you a Statement of New Zealand Government 4 per cent. Debentures for £500,000, issued under the New Zealand Loan Act of 1863; a copy of a letter from the Assistant Secretary to the Treasury, authorizing the Crown Agents to hand over the Debentures to the Governor of the Bank of England, to be held in deposit on account of the Treasury Board, in certain names, as collateral security for the repayment of certain advances made by Her Majesty's Government to the Colony; and a receipt signed by the Deputy Cashier of the Bank of England, acknowledging the deposit.

In my previous letter I mentioned that the Crown Agents had arranged that the interest on this issue should commence on the 1st November last instead of the 1st May last, as reported to you in Mr. Julyan's letter of the 26th October, thus saving the New Zealand Government a half year's