

FURTHER PAPERS RELATIVE TO

No. 10.

Copy of a Letter from Mr. P. G. JULYAN to the Hon. E. W. STAFFORD.
(No. 38-528.)

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

26th January, 1866.

SIR,—

I have to acknowledge the receipt of your letter of the 14th November last, enclosing Acts No. 54, 58, and 68 of 1865, and a warrant under the hand of His Excellency the Governor authorizing the Crown Agents for the Colonies to dispose of the 6 per cent. Debentures at any price not below 90 per cent.

2. The several points touched upon in your letter will receive the careful consideration of the Crown Agents whenever the proper moment arrives for dealing with the loan. At present the state of the market is most discouraging. The Bank rate is 8 per cent. ; and for Colonial Securities generally there is scarcely any demand whatever, even at the present reduced prices. Until some improvement takes place there would be little chance of realizing the amount you require on 6 per cent. Debentures, or any considerable part of it.

3. The quotations of New Zealand Securities in the share lists are merely nominal, and *bona fide* transactions are of rare occurrence. The 8 per cents. were offering yesterday at 101. The 5 per cents. (nearly half a million of which are still in the hands of the original buyers, and a quarter of a million more in those of three other establishments all seeking a market) are quoted at 82, but could, doubtless, be purchased in anything like large parcels considerably below that price.

4. Notwithstanding the discouraging nature of these circumstances, it appears to the Crown Agents that it will be absolutely necessary to offer some of the 6 per cents. for public competition without much delay, in order if possible to be prepared to pay to the Bank of New Zealand the sum of £50,500 on the 18th March, £100,000 on the 31st March, and £75,220 on the 13th April, making together £223,720 due under the conditions named in your letters of the 14th October, and the 14th November last. The best chance of raising the money will be by appealing to the public, and upon the first favorable turn of the market the Crown Agents propose to advertise a half a million at the minimum you have fixed (90.) The chance of effecting a sale to any considerable extent at that price, which would yield an immediate £6 18s. 4d per cent. to the purchaser, is somewhat remote, considering the 8 per cents. can be purchased a little above par ; still it is the only course by which we are likely to get any money within your limit.

5. The prospect of being able to raise the required amount temporarily by the hypothecation of any number of the Debentures is beset with the same difficulties that were pointed out in my letter of the 27th March last ; and although now somewhat less in degree, will, I fear, be sufficient to frustrate any attempt that may be made in that direction.

6. Neither banks nor financial companies will advance money on such securities, unless they have power to sell—in default of punctual repayment—within limits far below the market price ; and as the Crown Agents are not empowered by any instrument of your Government to enter into an arrangement that might result in the final sale of the Debentures below 90, I fear that their position is much the same as it stood when the limit was 100 ; or, in other words, the reduction of 10 per cent. is sufficient to “ensure” the money. Still, no pains shall be spared in endeavoring to effect a sale by extensively advertising, and by making known the improved prospects of the Colony, as set forth in your letter now under acknowledgment ; at the same time I must not disguise from you the fact that in the present state of affairs it will take a long time so far to restore public confidence as to attract capital, in any considerable amounts, towards your securities, and thus enable you to borrow at anything like former rates.

7. With regard to offering at first to sell Debentures to a less extent than £500,000, the Crown Agents are of opinion that it will not be advisable to do so ; they think, on the contrary, that the public had better know at once what amount is likely to be thrown on the market for some considerable time to come.

The Hon. E. W. Stafford, Colonial Secretary,
New Zealand.

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

No. 11.

Copy of a Letter from Mr. J. MORRISON to the Hon. E. W. STAFFORD.
(No. 83.)

Office of the New Zealand Government Agency,
3, Adelaide Place, King William Street,
London, E.C., 26th January, 1866.

SIR,—

I have the honor to advise that the condition of the money market since the departure of the last mail has continued of a stringent character, although greater ease has recently manifested itself, and the Directors of the Bank of England, at their last meeting on the 22nd instant, reduced the rate of discount from 8 to 7 per cent.

It is to be hoped that this is the commencement of a more favorable monetary period, especially as the Banks of France, Holland, and Prussia have respectively followed in the same step, and the general opinion is, that the money market may be expected to exhibit still greater ease during the next few weeks.

Of Colonial securities there has been offered £250,000 six per cent. Debentures of the Government of Queensland at a minimum price of £97 15s. or about £97, ex interest, only £10,800 was tendered for at and over the minimum, but subsequently £150,000 was taken at the price, the remainder being withdrawn.

The Crown Agents for the Colonies disposed of £20,000 six per cent. Cape of Good Hope Debentures by tender, at prices ranging from 100 to 102, although the minimum was fixed at 99½, and the total amount applied for was £31,500.

Tenders are solicited by the Oriental Bank Corporation for £700,000 five per cent. Debentures of