

No. 15.

Copy of a Letter from Mr. G. P. JULYAN to the Hon. E. W. STAFFORD.

(No. 39-255.)

Offices of the Crown Agents for the Colonies,

SIR,—

Spring Gardens, London, S.W., 24th March, 1866.

In continuation of my letters of the 26th January and 26th February last, I have now the honor to inform you that, following out the course therein indicated, the Crown Agents for the Colonies have succeeded in placing half a million of your 6 per cent. Debentures on this market, on terms which (considering the depressed state of Colonial Securities for a long time past, and the very great difficulties which have been experienced in dealing with those of New Zealand more especially,) they believe cannot fail to be highly satisfactory to your Government, and will, it is hoped, tend materially to relieve you from your present financial difficulties.

2. The conditions on which subscriptions were invited, will be found in the enclosed advertisement.

3. The results go far to prove that while those conditions were such as to induce *bona fide* investors to subscribe to a very considerable extent to the Loan, they were not sufficiently tempting to induce speculation in the market, and may therefore be taken to have been a fair and full measure of the then value of the securities.

4. When the subscription lists were closed at 1 p.m., on the 13th, the number of tenders amounted to 234, and out of the whole, not a single speculative application appeared.

5. The amount then allotted was £281,700, and at a later hour on the same day, a further sum of £50,000 was taken on speculation. With this evidence of having created an actual demand for the stock, the Crown Agents thought it advisable to withdraw the balance temporarily from the market, and subsequently to offer it in exchange for 8 per cent Treasury Bills, on the terms stated in the enclosed advertisement.

6. This step led to the redemption of the £100,000 8 per cents., maturing on the 31st instant, at a price (after allowing for interest accrued thereon) equal to 98 for the Treasury Bills, or about 92 for the 6 per cents.; in addition to the saving of any charge that might have been made to the Government by the Bank for paying the principal and interest on the Treasury Bills had they been allowed to mature.

7. Of the remaining 6 per cents., a further sum of £6000 was exchanged in like manner, and on similar terms, for £5400 of the 8 per cents., payable on the 30th June, 1867, but with the additional saving of the difference of interest for the period of fifteen months, for which they had still to run. The balance has been disposed of for money at the rate of 92.

8. Irrespective of the deferred and contingent advantages attached to the exchanges, the average price realized on the half million 6 per cents., as shown by the enclosed statement is £90 12s. 6d. in money for every £100 secured; a result which I believe will be no less gratifying to you than it is to the Crown Agents.

9. In the absence of definite instructions on the subject, some hesitation was at first felt as to whether you could afford at present to devote any considerable part of the proceeds of the 6 per cents. to the extinction of liabilities maturing fifteen months hence; but bearing in mind the strong desire manifested in your letters to withdraw the Treasury Bills from circulation as soon as possible, and seeing what an excellent effect such a measure, or even an attempt to carry out such a measure, was calculated to produce on the market at the present moment, the Crown Agents thought it advisable, to a limited extent, to accept 8 per cents. falling due on the 30th June, 1867, being the shortest dated Bills offered: and they feel assured that, apart from any immediate gain, the impression created will tell strongly in favor of the negotiation of the next instalment you may require to place on the market.

10. The total proceeds of the £500,000 Debentures may be stated at £453,132, and this amount has been, or will be, appropriated as follows:—

	£
1. To the retirement of Treasury Bills due 31st March, 1866	102,000
2. To the retirement of Treasury Bills due 30th June, 1867	5,508
3. To Bank of New Zealand, as directed by Mr. Richmond's letter of 14th October, 1865	50,500
4. To ditto ditto ditto, as per your letter of 14th November, 1865	73,220
5. To cash placed to the credit of the New Zealand Government with Bank of New Zealand, per your letter of 14th November, 1865	20,000
6. To cash paid Mr. J. Morrison, per your letter of 12th January, 1866	1,000
Already paid	£252,228
7. To be advanced to Mr. Morrison, as per Crown Agent's Letter to you of this date	15,000
8. To meet bill advised by your letter of 12th January, due 18th May, 1866	40,000
Balance to be deposited as received by the Crown Agents to the credit of the Government with the New Zealand Bank, after deducting expenses attending negotiation of the Loan	145,904
Total	£453,132

11. The Treasury Bills withdrawn are now in the possession of the Crown Agents for the Colonies. They have been defaced, and will be forwarded to you by the next Mail Steamer *via* Southampton.

12. I believe that it is not too much to say that the complete success which has attended this operation is due to the manner in which the Loan was placed before the public. The publication of the minimum, the extensive publicity given with regard to the financial condition and prospects of the