

REPORT OF THE COMMISSIONERS OF THE PUBLIC DEBTS SINKING FUNDS, FOR THE YEAR ENDED JUNE 30, 1870.

Wellington 15th, July, 1870.

THE Commissioners of the Public Debts Sinking Funds, in compliance with the 6th section of "The Public Debts Sinking Funds Act, 1868," have the honor to report as follows:—

The accounts appended to this Report display so fully the operations of the Commissioners, as to render but few remarks necessary.

It will be seen from the correspondence in the Appendix hereto, that the Sinking Fund of the General Government Loan of 1863, as well as the Sinking Funds of the Canterbury Loans, have been removed from the control of the Commissioners.

In the course of the past year the Commissioners have released so much of the Sinking Funds of all the Loans under their control as appeared to them liable to be released under the operation of "The Public Debts Sinking Funds Act, 1868," being guided, in calculating the amounts to be released, by the principle, that the Commissioners should hold in their hands so much, and no more, of the accrued Sinking Fund as would be sufficient, with accruing payments and interest, to produce the capital debt, at the time when the same becomes payable; and further, that each Loan should be considered by itself without reference to the state of the Sinking Fund of any other Loan of the same Province. The Commissioners also required that all Sinking Funds should be paid up to date before making any award releasing any part of the same.

The awards made by the Commissioners are published in the Appendix.

JAMES EDWARD FITZGERALD,
Chairman.

APPENDIX I.

No. 1.

Mr. W. C. SARGEANT to Mr. J. E. FITZGERALD.

Offices of the Crown Agents for the Colonies,
Spring Gardens, London, S.W., 21st May, 1869.

SIR,—

Adverting to Mr. Julyan's letter of the 19th February last, acknowledging the receipt of your circular of the 8th of December, 1868, I have to state that having been advised that we can legally and rightfully make over to the Commissioners appointed by "The Public Debts Sinking Funds Act, 1868," the debentures and other securities held by us as Trustees appointed by Governor's Warrant of the 13th November, 1865, we have the pleasure to inform you that we now hold the securities mentioned in the enclosed statement to the order of the Commissioners.

Besides these securities the following amounts are in our custody, viz., £427 on account of the Sinking Fund of the 5 per cent. Debentures, and £2,696 19s. 7d. on account of the 6 per cents. issued under "The Three Million Loan Act, 1863."

Both these sums of money, pending instructions from the Commissioners respecting the future investment of these and similar funds, have been placed on deposit, at interest, with the London and Westminster Bank; and although the rate allowed for deposits is at present higher than it has been for some time past, it is undesirable that the moneys should remain long uninvested.

We would therefore request you to be good enough to apprise us what "bonds, debentures, or other securities," may have been prescribed by the Governor in Council, under the provisions of section 13 of the Public Debts Sinking Funds Act, as the securities in which investments may be made by the Commissioners, or at any rate, that you will inform us to what extent we are at liberty to act on behalf of the Commissioners, in the choice of investments.

You have been already informed that, in our opinion, the interests of New Zealand will be best advanced by leaving undisturbed the sinking funds invested in this country to pay off debentures issued in this market, and that to realize these funds for the purpose of reinvestment in the Colony, would damage the credit of New Zealand.

We are further of opinion that the Commissioners would be but acting in the interests of the Colony, if they continued to invest here the contributions on account of sinking funds on loans of the General Government raised in this country under the Loan Act of 1863.

Not knowing who are the Trustees of the Sinking Fund under the Loan Act of 1860, or where the investments on account of that loan have been made, we do not offer any opinion on that subject, except that if hitherto made in this country we would recommend no alteration.

The case of the sinking funds on the outstanding Provincial debentures appears to us quite different, for the most of the contributions to those funds, we believe, have been locally invested, and the purchasers of those debentures have never been informed nor led to expect any other mode of investment.

We are, as already reported to you, quite prepared to take charge of any securities which may be handed over to us by the trustees of other sinking funds, by direction of the Commissioners; none, however, have been so tendered to us at present.

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

The Chairman of the Board of Commissioners
of the Public Debts Sinking Funds of New Zealand.