

6. Whilst we were having an interview with Baron Rothschild, I received a note from Mr. Sargeaunt, saying, "I have seen Sir Penrose Julian: he agrees that the offer as arranged this morning should be made to Messrs. Rothschild at 94, &c., provided they guarantee not less than three millions, and would agree, if we all wished it, to take 1 per cent. less, provided they guaranteed the four millions."

7. You will see, therefore, that it is absolutely untrue that I forced the other Agents to accept the terms of Messrs. Rothschild and Sons. My co-Agents were just as much assenting parties to the arrangement as I was, and Dr. Featherston, at least, expressed great satisfaction with it.

8. The conjectures as to what Messrs. Scrimgeour might have done were surely set at rest by the result of what they attempted. Messrs. Scrimgeour had two whole days for forming a syndicate to take up the loan; and at the end of that time, Mr. Scrimgeour came to me and said he could not do anything unless I definitely closed all negotiations with Messrs. Rothschild and Sons. He added that he did not advise or ask me to do this; and, replying to a question, he said he was not prepared to offer any price for any amount. I take this opportunity of saying that the Messrs. Scrimgeour did what they could to assist us; and it was to me a matter of regret that they did not participate in the results.

9. As to the deposit with the Bank of New Zealand, I assert positively that it was done with the concurrence of Dr. Featherston and Mr. Sargeaunt. The only question raised was, whether the money should first be paid to the credit of the Loan Agents at the London and Westminster Bank, and afterwards be paid by them into the Bank of New Zealand. I objected, on the ground of the unnecessary loss of interest between the lodgment and the payment over of the money. It was then agreed that payment should be made direct to the Bank of New Zealand; and the name of that Bank was inserted in the agreement. It was not until I had arranged for better terms of interest, and the Bank had prepared for using the money, that Sir P. G. Julian, Dr. Featherston, and Mr. Sargeaunt intimated to me their desire to divide the account. I looked upon their action as purely vexatious, and I did not consider the risk objectionably large. It was larger in appearance than in reality; for the Bank in the colony was buying the bills of the Government drawn upon the Bank in London, so that it was, in fact, paying over part of the deposits. If, when the question of deposit was before us, it had been decided to be advisable to divide the account, there would have been no difficulty in so arranging with the Bank. The opinions expressed last Session, that the arrangement with the Bank was in the nature of lodging a fixed deposit, seem to have been formed under a misapprehension of the term "average amount of deposit." It was not meant that there would be usually the amount stated, but that, taking the daily balances all round, the average would be about that amount. If, for example, there was one day twice the specified amount, that would be compatible with there being no credit balance on another day. The average of one million five hundred thousand pounds during the first six months did not mean that there would be that sum at deposit every day during that period. The assurance given was, in fact, one which would have made it very risky for the Bank to have considered the deposits fixed; and I state my belief that better terms than those I arranged for could not have been obtained from any other safe institution.

10. The idea of obtaining better terms from the Bank was suggested to me by the Hon. Mr. Hall. Speaking to him one day of the large amount deposited, he expressed the opinion that I might be able to get better terms of interest from the Bank, and I at once set myself to do so. We neither of us considered that there was any question as to leaving all the money with the Bank. The first notion of such a thing was conveyed to me by the three Agents, after I had advised Dr. Featherston, as Agent-General, that the Bank would increase the allowance of interest on the deposits. Then, a copy of the Warrant forwarded home by the Hon. Mr. Hall was enclosed to me in the letter dated 20th April, 1875, already published. Immediately I received this, I sent to Mr. Hall, to ask him the circumstances under which the Warrant was forwarded to England; and his recollection corroborated mine, that it was designed only to be used in case the Bank got into difficulties.

The Hon. D. Pollen.

I have, &c.,
JULIUS VOGEL.

Enclosure.

5-30 years; $4\frac{1}{2}$ per cent.; interest payable on 1st February and 1st August.
Amount, £4,000,000. Price, 94: 4 on application; 10 on allotment; 80, three months from interest commencing, say from 1st March. First coupon to be for five months.
Power to pay up at 93.
Commission 2 per cent., and actual cost of advertising. Messrs. R. to guarantee that the whole amount is sold.

No. 9.

The LOAN AGENTS to the Hon. the COLONIAL SECRETARY.

SIR,—

London, 20th September, 1875.

The final payments having now been made to the Bank of New Zealand, on account of debentures issued under "The Immigration and Public Works Loan Act, 1874," we enclose a statement showing the nett proceeds realized by the issue of the Four Million Loan.

As you were informed by our letter of the 27th July last, the whole of the debenture bonds had been delivered over to the Bank of New Zealand to be exchanged for the scrip certificates; and up to the present date we have received back scrip, representing £3,352,000, which we have requested Mr. Hartwright, of your Audit Department, to verify and see cancelled. The remainder will be treated in a similar manner when received.

We have, &c.,

P. G. JULYAN,

I. E. FEATHERSTON,

Agents for New Zealand Loans.

The Hon. the Colonial Secretary, New Zealand.