

1878.  
NEW ZEALAND.

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## RAISING OF THE LOANS OF £3,500,000 OF 1876 AND 1877

(CORRESPONDENCE RELATIVE TO THE).

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*Presented to the House of Representatives, Session 1878, and ordered to be printed.*

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### No. 1.

The Hon. Mr. LARNACH to Sir PENROSE JULYAN.

SIR,—

Treasury, Wellington, 14th December, 1877.

The New Zealand Government, being desirous of raising the loans of £1,000,000 and £2,500,000 authorized by "The New Zealand Loan Act, 1876," and "The New Zealand Loan Act, 1877," respectively, would be glad to avail itself of your judgment and experience in the negotiation of these loans.

I have the honor, therefore, to request that you will be good enough, in conjunction with Mr. M. F. Ommanney, your coadjutor in the office of Crown Agents for the Colonies, and Sir Julius Vogel, the Agent-General for New Zealand, to act as the Agents for the colony in this matter.

The readiness which you have at all times shown to assist the colony in negotiations of the nature referred to induces the Government to believe that you will allow it to avail itself of your valuable assistance on the present occasion, and His Excellency the Governor in Council has been advised to appoint you as one of the Agents under the Acts cited.

The Government cannot but feel that it would have been more courteous to you, and therefore more satisfactory to itself, to have requested and obtained your consent to act in this matter before proceeding to the step of making the appointment; but, the Loan Act of 1877 having only been assented to on the 8th instant, and the General Assembly prorogued on the 10th, the Government has been unable to adopt that which it nevertheless recognizes to have been the proper course.

I have, &c.,

Sir Penrose Julian, C.B., Downing Street, London.

W. J. M. LARNACH.

[Similar letter written to Mr. M. F. Ommanney, one of the Crown Agents for the Colonies.]

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### No. 2.

The Hon. Mr. LARNACH to the AGENT-GENERAL.

SIR,—

Treasury, Wellington, 14th December, 1877.

I have the honor to inform you that it is the intention of the Government to take immediate steps for raising the loans of £1,000,000 and £2,500,000 authorized by "The New Zealand Loan Act, 1876," and "The New Zealand Loan Act, 1877," respectively.

I have accordingly addressed Sir Penrose Julian and, in the reported absence of Mr. Sargeant from England, Mr. Ommanney by this mail, requesting that they will be good enough to act conjointly with yourself as Agents for the purpose. Relying on the assent of those gentlemen, I have forwarded under cover to you the necessary instruments, enabling the Agents to act, together with copies of the Acts to which I have referred, and certain general instructions for their guidance.

I have, &c.,

The Agent-General, London.

W. J. M. LARNACH.

P.S.—On receipt of this letter I shall be glad to be advised by wire of your projects in this matter, especially as to the earliest date when money will be available.

It is also desirable that information as to your proceedings should be wired from time to time, so as to keep the Government fully informed on the subject.—W.J.M.L.

1--B. 4.

## No. 3.

The Hn. Mr. LARNACH to the LOAN AGENTS.

GENTLEMEN,—

Treasury, Wellington, 15th December, 1877.

Referring to my letters of this date addressed to you individually, I have the honor to enclose copies of the New Zealand Loan Acts, 1876 and 1877, authorizing the raising of the respective sums of £1,000,000 and £2,500,000, for the purposes specified in the schedules to these Acts.

I transmit also Orders under the hand of His Excellency the Governor in Council, authorizing the raising of the sums referred to, and appointing you to be Agents for that purpose.

As respects the sum to be raised under the Act of 1877, I enclose an Order in Council authorizing you to raise the sum sanctioned by that Act by short- instead of long-dated debentures, should the state of the market or other considerations induce you to think it preferable to adopt that course.

With regard to the currency of the long-dated bonds, the Government is of opinion that, unless there are manifest objections, the bonds should be uniform with the last issues, and should have a currency of thirty years, but redeemable, at the option of the Government, at the end of five years.

The New Zealand Government bonds last disposed of in London carried interest at the rate of 5 per cent., and were sold at and a little over par. In regard to the issue now proposed, the Government is of opinion that the rate of interest to be borne by the bonds should not exceed  $4\frac{1}{2}$  per cent.

This point, however, as well as that of the currency of the bonds, the price at which they are to be sold, and whether by tenders to the highest bidder or at a fixed minimum, the Government leaves entirely to your discretion. I enclose a memorandum showing what provision has to be made for the requirements of the Government, and, having informed you on that point, your acquaintance with the market and your own judgment will enable you to adopt that course which, in the interests of the colony, may seem to you best. I may add that the authorities of the Bank of New Zealand have expressed their readiness to co-operate with you in your endeavour to make the operation a successful one, and any assistance which you may require from that institution will, I am sure, be most cordially given to you.

You will learn by the memorandum enclosed that it is proposed to draw on you in January and February for sums amounting in the whole to £400,000—the bills for one half of that sum to fall due, say, on 20th May, and the other half on, say, 20th June; and in each month, say, from March to December, it is proposed to draw on you at sixty days' sight for £150,000, subject to such deductions as may represent payments which the colony may require to be made in London during that period.

I have, &amp;c.,

W. J. M. LARNACH.

The Agents for New Zealand Loans, London.

I have omitted to mention in the foregoing that Mr. Henry Hartwright has been appointed by the Commissioners of Audit, under the 14th section of each Act, to countersign the debentures issued thereunder.

## Enclosure in No. 3.

## MEMORANDUM of Sums to be Provided.

Say 20th May, 1878.—Colonial Treasurer's draft on Loan Agents, to be drawn 5th January, 1878, at 90 days' sight	£	150,000
Say 20th May, 1878.—Colonial Treasurer's draft on Loan Agents, to be drawn 2nd February, 1878, at 60 days' sight		150,000
Say 20th June, 1878.—Colonial Treasurer's draft on Loan Agents, to be drawn 2nd February, 1878, at 90 days' sight. (Repayment to Bank of New Zealand Lyttelton Harbour Loan)		100,000
Say 20th June, 1878.—Colonial Treasurer's draft on Loan Agents, to be drawn 2nd March, 1878, at 60 days' sight		150,000
Say 30th November, 1878.—To repay first instalment in respect of advance obtained from Bank of New South Wales against short-dated debentures of the New Zealand Loan, 1876		166,000
Say 31st December, 1878.—To repay second instalment in respect of advance obtained from Bank of New South Wales against short-dated debentures of the New Zealand Loan, 1876		166,000
Say 31st January, 1879.—To repay third instalment in respect of advance obtained from Bank of New South Wales against short-dated debentures of the New Zealand Loan, 1876		168,000
Say 15th February, 1879.—To repay advance obtained from Bank of New Zealand on short-dated debentures of the New Zealand Loan, 1876		500,000
Say 15th February, 1879.—To repay advance obtained from Bank of New Zealand on Treasury bills		232,000
		<u>£1,782,000</u>
To redeem Imperial Guaranteed Debentures		800,000
Balance to be drawn for by 60 days' drafts, first to be drawn on, say, 2nd April, or disbursed in London at the rate of, say, £200,000 per month, in all		918,000
Total		<u>£3,500,000</u>

## No. 4.

The Hon. Mr. LARNACH to the AGENT-GENERAL.

(Telegram.)

Wellington, 17th December, 1877.

HAVE posted orders Council authorizing raising one million under Loan Act seventy-six; two and a half millions under Act seventy-seven. Julyan, Ommanney, and yourself Agents. Think currency should be five to thirty years, as before. Rate interest not exceeding five; but leave Agents full discretion these points. Posted also authority issue short-dated bonds if found necessary under Act seventy-seven. Shall require three hundred thousand in London during May.

The Agent-General, London.

LARNACH.

## No. 5.

The AGENT-GENERAL to the Hon. Mr. LARNACH.

(Telegram.)

London, 24th December, 1877.

LOAN instructions important keep quite secret. Hope you have authorized inscribed stock and sent necessary documents. Reply. War rumours last few days reduced price stocks, including New Zealand.

The Hon. Mr. Larnach, Wellington.

VOGEL.

## No. 6.

The Hon. the COLONIAL TREASURER to the LOAN AGENTS.

GENTLEMEN,—

Treasury, Wellington, 4th January, 1878.

Referring to my letter of the 15th ultimo, No. 100, authorizing you to raise the loans sanctioned by "The New Zealand Loan Act, 1876," and "The New Zealand Loan Act, 1877," and to the memorandum therein enclosed, I have the honor to call your special attention to the three items, aggregating £500,000, therein set forth as payable to the Bank of New South Wales, and to the item £500,000, payable to the Bank of New Zealand, on the dates specified in each case.

Both these sums are in repayment of advances obtained on the security of short-dated debentures issued in the colony under the Act first above named. Particulars of the transactions in each case will be found in the Parliamentary Paper B.—5, 1877, of which I enclose copies (three). You will observe that the securities held by the Bank of New South Wales are of the nominal value of £525,000, while those held by the Bank of New Zealand are of the nominal value of £475,000; and, in authorizing you to raise by long-dated debentures the amount of the loan sanctioned by the Act of 1876, it is of course understood that the money is to be applied "to the payment or repurchase of the short-dated debentures issued under the Act," or, in other words, to the repayment of the advances made by the two banks named on the security of the short-dated debentures in their hands.

I regret that in my former letter I omitted to call your attention specially to this matter, and I now suggest for your consideration whether it would not be advisable to intimate to the London Manager of the Bank of New South Wales that the proceeds of the bonds which you are offering for sale under the Act of 1876 are to be applied to the redemption of those which they hold. I may add that sufficient authority for these repayments will be found in the Loan Act itself, or in section 8 of "The Immigration and Public Works Appropriation Act, 1877," three copies of which I have the honor to enclose.

You will observe that the repayments to the Bank of New South Wales are to be made in November, December, and January, and that to the Bank of New Zealand in February next.

Assuming, then, that it be found expedient to raise the whole £3,500,000 at one time, the result will be that, unless the purchase-money for the bonds is made payable by somewhat remote instalments, you will be in possession of a sum of £1,000,000 specifically and solely applicable to the extinction of liabilities, which, under the agreement subsisting with the two banks, you cannot discharge, except with their consent, until some months afterwards. With a view to meet this difficulty, and in default of your being able to arrange with the banks to pay off the sums due to them at an earlier date than that at which they are actually due, it is suggested that the banks might be invited to subscribe for the stock you have to offer, to the amount held by them in each case, and at a price to be agreed upon between them and yourselves. The banks would then be in possession of quoted stock in lieu of the securities they now hold, and it is probable that, by the time the advances made by them became payable, the securities then to be surrendered would have become so enhanced in value as to enable them to be disposed of without difficulty.

I need scarcely point out to you that, under the 10th section of the Act ("Loan Act, 1876"), you may accept short-dated debentures, issued under section 7, in payment for debentures to be issued under section 3.

In the event of the Bank of New South Wales objecting to subscribe for the long-dated bonds as above suggested, you are at liberty, should you consider it desirable, to deposit with that bank a sum equivalent to the amount due to them, and at a rate of interest to be agreed upon, such rate being at least equal to the rate obtainable on deposits for similar periods with other banks. In this case the bank should be called upon to give up the securities it now holds, you agreeing on the part of the Government to pay interest at the agreed rate of 5 per cent. on the sum advanced, up to the due date of each instalment.

As intimated in my letter above referred to, I have this day drawn for £150,000 at ninety days' sight, against proceeds of the loan to be raised under the Act of 1877, and, following the practice adopted on former occasions, I have made these drafts on the Crown Agents.

By the same mail I send a bank order, enabling those gentlemen to withdraw the money from the New Zealand Public Account, and I trust that before the due date of the order (20th May) you will have been able to provide the funds requisite to meet it.

I have, &c.,  
G. S. WHITMORE,  
(for the Colonial Treasurer).

The Agents for New Zealand Loans, London.

### No. 7.

The Hon. Mr. LARNACH to the AGENT-GENERAL.

(Telegram.)

Dunedin, 17th January, 1878.

HAVE not authorized Inscribed Stock. Think necessary, yet premature. Regarding loan of seventy-six pledged, New Zealand willing act liberally, New South not so. These two banks might be asked to tender for loan up to amounts of their securities held. Ought I go to London?

The Agent-General, London.

LARNACH.

### No. 8.

The AGENT-GENERAL to the Hon. Mr. LARNACH.

(Telegram.)

London, 28th January, 1878.

LOAN operations depend materially on peace or war. Now strong hopes peace, and undesirable delay for your arrival. But desirable you come over to discuss scheme for conversion to be proposed next session. Your suggestion about banks good, and will be carefully considered. Julian concurs this telegram.

The Hon. Mr. Larnach, Wellington.

VOGEL.

### No. 9.

The Hon. the COLONIAL TREASURER to the LOAN AGENTS.

GENTLEMEN,—

Treasury, Wellington, 12th February, 1878.

Referring to my letter of the 15th December last, No. 100, and to the instruments therein enclosed appointing you to be Agents for the raising of the loans authorized by "The New Zealand Loan Act, 1876," and "The New Zealand Loan Act, 1877," I have now the honor to enclose to you an Order in Council appointing the Hon. W. J. M. Larnach an Agent to act in conjunction with yourselves in the raising of the loans in question.

You will observe that under this instrument the powers conferred on any two of the Agents already appointed to act for the whole remain unrestricted, and that the legal authority to decide all questions connected with the operation will rest as before with those gentlemen.

The Government have, however, no doubt that the advice of the Hon. Mr. Larnach will receive the consideration to which it is entitled, and are assured that, in all questions affecting the interests of the colony, the opinions of the whole of the Agents will be found to be in unison.

I have, &c.,  
J. BALLANCE,

The Agents for New Zealand Loans, London.

(for the Colonial Treasurer.)

### No. 10.

The Hon. Mr. LARNACH to the AGENT-GENERAL.

(Telegram.)

Wellington, 2nd March, 1878.

CODE. Leave for England to-day by Frisco.

The Agent-General, London.

LARNACH.

### No. 11.

The AGENT-GENERAL to the Hon. the COLONIAL TREASURER.

SIR,—

London, 30th January, 1878.

I have the honor to acknowledge the receipt of your despatch of the 14th December, 1877, No. 98, instructing me to take immediate steps for raising the loans of £1,000,000 and £2,500,000 authorized by the Loan Acts of 1876 and 1877 respectively.

2. I have already conferred with Sir Penrose Julian on the subject. It will be necessary for him and for Captain Ommanney to obtain the permission of the Secretary of State for the Colonies to act in the capacity of Loan Agents.

3. I need scarcely add that your instructions will have my most careful attention, and that I will endeavour, to the best of my ability, to exercise the large discretionary powers you give me.

I have, &c.,  
JULIUS VOGEL,  
Agent-General.

The Hon. the Colonial Treasurer, Wellington.

## No. 12.

The AGENT-GENERAL to the Hon. Mr. LARNACH.

(Telegram.)

POLITICAL condition still prevents negotiation. We are ready seize first favourable opportunity.  
 The Hon. Mr. Larnach, San Francisco. Vogel.

London, 27th March, 1878.

## No. 13.

Captain OMMANNEY to the Hon. the COLONIAL TREASURER.

SIR,—

London, 15th February, 1878.

I have the honor to acknowledge the receipt of your letter of the 14th December last requesting me to act in conjunction with Sir Julius Vogel and Sir Penrose Julyan as Agent for the Government of New Zealand in raising the loans of £1,000,000 and £2,500,000 authorized by the New Zealand Loan Acts of 1876 and 1877 respectively.

It was necessary that the sanction of the Secretary of State for the Colonies should be obtained before I could undertake the duty which your Government has done me the honor to intrust to my hands. That sanction has been given, as you will already have learned by Sir Penrose Julyan's telegram of the 9th instant, of which a copy is annexed, and it only remains for me to confirm that telegram, and to express the hope that I may be able to assist in conducting to a successful termination the important negotiation in which I am to be associated.

The very difficult and indeed critical circumstances in which this country is at the moment placed as regards Eastern affairs preclude any possibility of immediate operations; but the state of tension cannot be of long duration, and it is to be hoped that the time is not far distant when the disappearance of these disturbing causes will restore the market to a condition which will enable the loans to be introduced with a good prospect of success.

I have, &amp;c.,

The Hon. the Colonial Treasurer, Wellington.

M. J. OMMANNEY.

[NOTE.—Sir Penrose Julyan acknowledges on same date, and in similar terms, the letter of 14th December above referred to.]

## Enclosure in No. 13.

*Copy Telegram of 9th February, 1878.*

SIR PENROSE JULYAN and Captain OMMANNEY to the Hon. the COLONIAL TREASURER, Wellington, HAVE received Minister's authority to act as you request. Cannot operate until war fever subsides.

## No. 14.

The LOAN AGENTS to the Hon. the COLONIAL TREASURER.

SIR,—

London, 27th February, 1878.

We have the honor to acknowledge the receipt of your letter of the 14th January last, in which you draw our special attention to the advances made to the Government by the Banks of New Zealand and New South Wales.

Your remarks and suggestions shall have our careful consideration when the time comes to act upon them.

We are of opinion that, whilst the present uncertainty as to peace or war continues, it would be inexpedient to take any steps for raising the loans, or for signifying our intention to do so. We hope that in a few weeks the present uncertainty will be at an end, and greater confidence exist.

We have, &amp;c.,

JULIUS VOGEL.

The Hon. the Colonial Treasurer, Wellington.

P. G. JULYAN.

## No. 15.

The Hon. Mr. BALLANCE to the AGENT-GENERAL.

(Telegram.)

Wellington, 25th April, 1878.

WHAT progress raising loan?  
 The Agent-General, London.

BALLANCE.

## No. 16.

The AGENT-GENERAL (for Loan Agents) to the Hon. Mr. BALLANCE.

(Telegram.)

London, 29th April, 1878.

POLITICAL conditions still prevent negotiation. We have everything ready seize first favourable opportunity.

The Hon. Mr. Ballance, Wellington.

VOGEL.

## No. 17.

The Hon. the COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

Treasury, Wellington, 27th April, 1878.

I have the honor to enclose copy of a telegram transmitted to you yesterday, inquiring what progress had been made in the negotiation of the loans of 1876 and 1877.

In my letter to you of the 14th December, I requested that you would keep the Government fully informed by wire as to the prospects and progress of the negotiation, and especially of the earliest date at which funds would be available; and I again call your attention to the subject.

Looking to the large payments to be made by the Government for interest and sinking fund in London, it is essential that it should be in possession of such information as will enable it to determine whether those payments should be provided for by remittances from the colony, or from funds of the Government available in London.

I have, &amp;c.,

J. BALLANCE,  
Acting Colonial Treasurer.

The Agent-General, London.

## No. 18.

The LOAN AGENTS to the Hon. the COLONIAL TREASURER.

SIR,—

London, 24th April, 1878.

We have the honor to acknowledge the receipt of your despatch of the 12th February, No. 3, informing us that the Hon. W. J. M. Larnach has been appointed an Agent to act in conjunction with us in the raising of the loans authorized by the New Zealand Loan Acts of 1876 and 1877, and enclosing an Order in Council to that effect.

We shall be happy to give to the advice of the Hon. Mr. Larnach all the consideration to which it is entitled.

At the present moment all our preparations for launching the loans are matured, and we only await the first favourable opportunity that may offer through any prospect of a peaceable solution of the difficulties that have arisen regarding the Treaty of San Stefano.

We have, &amp;c.,

JULIUS VOGEL.  
P. G. JULYAN.

The Hon. the Colonial Treasurer, Wellington.

## No. 19.

The AGENT-GENERAL to the Hon. the COLONIAL TREASURER.

SIR,—

London, 14th February, 1878.

I have the honor to acknowledge the receipt by the Brindisi mail of the postscript to your despatch, No. 100, of 15th December, 1877, respecting Mr. Henry Hartwright's appointment to countersign debentures under the New Zealand Loan Acts, 1876 and 1877.

I have, &amp;c.,

JULIUS VOGEL,  
Agent-General.

The Hon. the Colonial Treasurer, Wellington.

## No. 20.

The LOAN AGENTS to the Hon. the COLONIAL TREASURER.

SIR,—

London, 10th May, 1878.

Referring to our letter of the 24th ultimo, we have now the honor to inform you that the favourable opportunity, to which we have been anxiously looking forward for the negotiation of your loans, has not yet presented itself.

The markets are a shade firmer than they were when we last addressed you, but still far from being in that condition which would warrant an attempt to raise so large a sum of money as the Government of New Zealand require.

Mr. Larnach has arrived, and we had, yesterday, the opportunity of discussing the loan question with him, and he will probably inform you by the present mail that he was no less convinced than ourselves of the necessity of abstaining from any attempt to place your loans on the market until political affairs assume a more peaceful aspect than they do at present.

We have, &amp;c.,

P. G. JULYAN.  
M. F. OMMANNEY.

The Hon. the Colonial Treasurer, Wellington.

## No. 21.

The LOAN AGENTS to the Hon. the COLONIAL TREASURER.

SIR,—

London, 22nd May, 1878.

In continuation of our letter of the 24th April, No. 14, we have the honor to inform you that the Hon. Mr. Larnach has arrived in England, and has notified his readiness to act as one of the Loan Agents, in the letter of which we enclose a copy.

We have, &amp;c.,

P. G. JULYAN.  
JULIUS VOGEL.

The Hon. the Colonial Treasurer, Wellington.

## Enclosure in No. 21.

The Hon. Mr. LARNACH to the LOAN AGENTS.

GENTLEMEN,—

London, 13th May, 1878.

I have the honor to enclose to you a copy of an Order in Council appointing me one of the Loan Agents under the New Zealand Loan Acts, 1876 and 1877, respectively, and in accordance with its terms I have to notify to you that I have arrived in London, and am prepared to act with you as one of the Agents.

I have, &amp;c.,

The Agents for New Zealand Loans, London.

W. J. M. LARNACH.

## No. 22.

Mr. MAY to the LOAN AGENTS.

GENTLEMEN,—

Bank of England, E.C., 4th June, 1878.

I have to inform you that the list of subscriptions for the New Zealand £5 per cent. 10/40 Debenture Loan was closed last night for London, and this morning for the country. The total subscriptions amount to £8,694,700; a *pro rata* allotment will therefore be made, and the letters will be posted to-morrow evening.

I have, &amp;c.,

F. MAY,

The Agents for New Zealand Loans.

Chief Cashier.

## No. 23.

The Hon. Mr. BALLANCE to the AGENT-GENERAL.

(Telegram.)

Wellington, 26th July, 1878.

WHAT arrangements made to prevent interest on bank advances and loan running concurrently?

The Agent-General, London.

BALLANCE.

## No. 24.

The Hon. Mr. BALLANCE to the CROWN AGENTS.

(Telegram.)

Wellington, 26th July, 1878.

ADVICES received to-day show interest new loans payable from 16th June only; therefore bank order posted twentieth be exercised only required extent. Advances from banks. Interest on New Zealand's advance, due 15th August, you will arrange pay in London. Interest South Wales, due first August, we pay here.

The Crown Agents, London.

BALLANCE.

## No. 25.

The AGENT-GENERAL to the Hon. Mr. BALLANCE.

(Telegram.)

London, 29th July, 1878.

USED utmost exertion pay off all advances possible. Not much running concurrently.

The Hon. Mr. Ballance, Wellington.

VOGEL.

## No. 26.

The Hon. the COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

Treasury, Wellington, 26th July, 1878.

Enclosed in a letter received by the Commissioners of Audit from the Audit Office in London, which arrived here on the 8th instant, and which letter the Commissioners referred to me for perusal, I found a specimen of the debentures issued under "The New Zealand Loan Act, 1877;" and, perceiving therefrom that the interest on this loan was payable on the 1st March and 1st September, immediate steps were taken to supply the Crown Agents with the authority necessary to enable them to pay the interest due 1st September, and a bank order for the amount supposed to be required was forwarded to them by the first mail thereafter, that of the 20th instant.

Having no advice as to the date from which the bonds were intended to bear interest, the order in question was prepared on the assumption that the sum required would be for a full half-year, dating from the 1st March. In the despatch of this order, advantage was taken of the first mail leaving New Zealand after receipt of the information that the money would be required on the 1st September; but, as I was quite aware that the mail by which the order was sent was not due in London till the 3rd, it was my intention to have advised you by telegram of its having been despatched, in the belief that, with that information in your possession, you would be able to arrange in some way for the payment falling due two days before the arrival of the mail.

But, before sending you the intended telegram, I determined to await the arrival of the Suez mail, then on the coast. This mail has arrived to-day, and I now learn—not from any advice received from the Loan Agents, but from a copy of the advertisement of the Bank of England calling for tenders, forwarded by the Audit Officer to the Commissioner of Audit—that the interest on the new loan dates (for the first coupon) from the 16th June only. The bank order sent to the Crown Agents

on the 20th instant is consequently much in excess of the amount required to meet the interest due 1st September, but, in the absence again of any advice as to the arrangement made for paying off the sums advanced by the Bank of New South Wales and the Bank of New Zealand, I am unable to determine the amount of interest requiring to be paid in London on that date, or of that to be paid to the Bank of New South Wales in the colony on the 1st August on the amount of its advance. If the whole of the £3,500,000 has been allotted to purchasers—as the information to hand would seem to indicate—then interest must be payable on that sum from the 16th June to the 1st September; but, in that case, it is fair, in reference to my letter to the Loan Agents of the 4th January last, to infer that the short-dated bonds have practically been redeemed by the repayment of the advances obtained upon them from the two banks. If this inference be correct, the question arises, in reference to the advance made by the Bank of New South Wales, the interest on which is payable in the colony on the 1st February and 1st August, on what date was the advance repaid, and up to what date is the interest thereon payable?

A similar difficulty occurs in respect to the interest payable on the advance made by the Bank of New Zealand; but as the interest in that case is payable in London (on 15th August), and as three-fourths of the proceeds of the loan will by that date have been paid into the bank, the difficulty may no doubt be satisfactorily arranged by you.

As regards the interest payable to the Bank of New South Wales, the matter is, however, likely to be troublesome. The bank will, no doubt, demand payment of the half-year's interest, due on the 1st August, while the Commissioners of Audit, having issued, on the 20th instant, a bank order for the payment of half a year's interest on the long-dated debentures for £3,500,000, due on the 1st September, will probably decline to issue the half-year's interest on £500,000 short-dated debentures due on the 1st August.

I beg that, as one of the Loan Agents, you will call the attention of your colleagues to the necessity of the Government being fully and promptly informed on all points connected with the very important business in which they are engaged.

I enclose, for your information, copy of a telegram despatched to the Crown Agents, London, this day, and request that you will be good enough to confer with those gentlemen, with a view to disposing of any technical difficulty which may arise in regard to this, to some extent, necessarily irregular operation.

The Agent-General, London.

I have, &c.,  
J. BALLANCE.

## No. 27.

The LOAN AGENTS to the Hon. the COLONIAL TREASURER.

SIR,—

London, 7th June, 1878.

We are glad to be able to confirm telegrams which we have already sent to the Hon. the Premier, by which you will have learned that the two loans, amounting in all to three and a half millions, have been negotiated with entire success.

The Bank of England, on our behalf, called for tenders. The list was opened on Monday morning, the 3rd instant, and closed on the following morning, when the applications received amounted in the aggregate to about eight and three-quarter millions.

The great success with which the loan met was due to a variety of circumstances. The time chosen was particularly opportune. The Bank rate had just fallen to  $2\frac{1}{2}$  per cent. We had selected for receiving subscriptions the day upon which the various rumours in reference to the Congress were confirmed by the announcement that it would positively be held. The buoyancy of the market during the previous week culminated on the gratifying intelligence that all doubts as to the Congress being held were at an end. The low rate of money was another circumstance in our favour, and the fact that the Bank of England, for the first time in its history, had called for tenders for a colonial loan, was not without its influence upon investors. It is important that you should recognize that the success of the loan does not mean that the market is open to the negotiation for some time to come of further New Zealand loans. Too much stress should not be attached to the magnitude of the subscriptions. It is not to be supposed that there was really a willingness to subscribe to the amount of eight and three-quarter millions. When it became known that the applications for the loan would exceed the three and a half millions we had to dispose of, it became evident that the full amount applied for in each case could not be granted; hence applications were put in for much larger sums than the subscribers actually required.

We had for a long while been engaged in negotiations in order to be ready immediately on a favourable opportunity presenting itself. The opinions we received from most experienced persons to whom we applied were that we could not hope to place so large an amount without submitting to a considerable discount on par rates. Even when we adopted the plan which seemed to us most desirable—of enlisting the assistance of the Bank of England—we were not assured of success; and when we finally fixed the rate we resolved on terms of payment less favourable to the subscribers than any authority was prepared to recommend us. After anxious consideration, we determined on adopting a fixed rate, as we desired to be assured in advance of at least a major portion of the loan being subscribed, and we could not count on such an assurance without those who were willing to subscribe largely being able to know the rate at which the loan might be obtained. Hourly from the time the advertisement was issued the position improved, but we are quite confident that, in view of the large interests at stake, we adopted all the precautions that could have been devised to obtain a good rate for the loan, coupled with a reasonable assurance against failure. The allowances for payment under discount amount to a mere fraction, and the price may therefore be considered equal to par. The commission we agreed to pay the Bank of England was only  $\frac{1}{2}$  per cent., a smaller commission than would have been required for the same services from much less powerful negotiating bodies or firms.



Although not mentioned in the advertisement, we gave currency to the assurance we were authorized to make—that the Government would not offer any further loan in this market earlier at least than September, 1879.

We have, &c.,

P. G. JULYAN.

W. J. M. LARNACH.

JULIUS VOGEL.

The Hon. the Colonial Treasurer, Wellington.

### Enclosure in No. 27.

NEW ZEALAND GOVERNMENT 5 PER CENT. 10/40 DEBENTURE LOAN, £3,500,000. PRICE OF ISSUE, £100 PER CENT.

*Authorized by the New Zealand Loan Acts, 1876 and 1877, for carrying on Public Works and Immigration, for redeeming £1,000,000 short-dated Debentures now in circulation, and for meeting certain Provincial Liabilities, defined in "The Financial Arrangements Act, 1876."*

THE Governor and Company of the Bank of England are authorized, on behalf of the Loan Agents appointed by the Government of New Zealand, to receive, on Monday, 3rd June next, subscriptions for £3,500,000 New Zealand Government debentures of £1,000, £500, £200, and £100, respectively, being interest from the 16th of June, 1878, inclusive, at the rate of 5 per cent. per annum.

These debentures are secured on the consolidated revenues of New Zealand, now largely augmented by the addition—under a legislative enactment of last year—of the land revenues of the whole of the colony, which were for the most part previously devoted to provincial purposes. The sums derived from this source during the years 1876 and 1877 were £850,675 and £1,365,050 respectively.

The principal will be repaid at par, not earlier than ten years, nor later than forty years, from the date of issue, the Government reserving to itself the right of redemption on the 1st of March or the 1st of September of any year, after the year 1887, upon giving six months' notice in the *Times* and *London Gazette* newspapers of its intention to do so.

Both interest and principal will be made payable at the offices of the Crown Agents for the Colonies in London.

The issue price will be at the rate of £100 in money for every £100 expressed in debentures, payable as follows:—

5 per cent. on application.

20 per cent. on Monday, 17th June, 1878.

25 per cent. on Friday, 12th July, 1878.

25 per cent. on Monday, 12th August, 1878.

25 per cent. on Monday, 2nd September, 1878.

Payments may be made in full at any of the foregoing dates, at a discount of 2 per cent. per annum.

The first payment to accompany the application, and all subsequent payments to be made at the Bank of England not later than the several dates above named.

Should the applications received exceed in the aggregate the amount required, a *pro ratâ* distribution will be made. In case of partial allotment, the balance of the deposit will be applied towards the first instalment. In case of default in the payment of any instalment at its proper date, the deposits and instalments previously paid will be liable to forfeiture.

The subscription list will be opened in the Chief Cashier's Office, Bank of England, on Monday, the 3rd June, and closed on or before Tuesday, the 4th June, 1878.

Scrip certificates with coupons attached for the payment of interest for the broken period from 16th June to 31st August inclusive will be issued on payment of the first instalment, and debenture bonds, with interest coupons attached, payable 1st March and 1st September of each year, will be exchanged for fully paid-up scrip at the Bank of England.

Copies of the Acts authorizing the loan may be seen, and forms of application can be obtained, at the offices of the Chief Cashier, Bank of England; of the Agent-General for New Zealand, 7, Westminster Chambers; of the Crown Agents for the Colonies, Downing Street, or their brokers, Messrs. Mullens, Marshall, and Co., 4, Lombard Street; and Messrs. J. and A. Scrimgeour, 18, Old Broad Street.

Bank of England, London, 30th May, 1878.

### No. 28.

The AGENT-GENERAL to the Hon. the COLONIAL TREASURER.

SIR,—

London, 14th June, 1878.

I have the honor to acknowledge the receipt of your letter of 27th April, No. 147, in reference to the loan negotiations.

I am sorry you should think me unmindful of your desire to be fully informed of the progress of the negotiation of the loan. I can assure you I have been exceedingly anxious to furnish you the fullest and earliest information. I felt that it would be undesirable to disturb the harmony of action of the Loan Agents by telegraphing without their knowledge. But since you personally ask me for an explanation I am sure my colleagues will not object to my saying that, without, I think, any exception, I brought before them and obtained their approval to the telegrams sent to you. So anxious indeed was I to furnish the information that on the day the earliest loan subscription opened I relinquished an important engagement in the afternoon in order to be able to personally

ascertain from the Bank at four o'clock the state of the applications, and to telegraph without delay the result.

I hope you will believe that I never lost sight of the desire for information you naturally felt, for I have myself experienced the same feeling. During the time that the state of public affairs forbade our entering the market I was never without anxiety at the delay forced upon us.

I have, &c.,

JULIUS VOGEL,  
Agent-General.

The Hon. the Colonial Treasurer, Wellington.

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No. 29.

The Hon. Mr. BALLANCE to the LOAN AGENTS.

GENTLEMEN,—

New Zealand Treasury, Wellington, 15th August, 1878.

Referring to the loans of one and two and a half millions recently negotiated, I have the honor to request that you will be good enough to forward specimens of the different denominations of bonds issued under each Act, for record in this department.

I have, &c.,

J. BALLANCE.

The Agents for New Zealand Loans, London.

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By Authority : GEORGE DIDSBUY, Government Printer, Wellington.—1878.