

1880.

NEW ZEALAND.

INSCRIPTION OF STOCK.

PAPERS RESPECTING OPERATIONS UNDER "THE NEW ZEALAND CONSOLIDATED STOCK ACT, 1877."
(In continuation of B.-6, 1878.)

Presented to both Houses of the General Assembly by command of His Excellency.

No. 1.

The AGENTS to the COLONIAL TREASURER.

SIR,—

London, 8th October, 1878.

We informed you, in our letter of the 6th June last, that, in our opinion, the time had not then arrived for attempting the conversion of the debenture debts of New Zealand into stock.

Strong as the objections were at that time against our commencing operations, they are at the present moment still more so. The value of money has increased, prices of all colonial debentures have receded, and there is a plethora of such securities, including many of your five-forties, in the hands of speculative holders seeking a market.

To disturb that market while this state of things continues, would be most unpopular, and would, it is believed, seriously endanger the success of an operation which it is important to initiate with all the advantages we can obtain for it; and we cannot help feeling that it is no less due to the numerous holders of the last large loan, than it is to the interests of the colony itself, that we should abstain from bringing New Zealand loans in any shape whatever before the public at such a juncture.

Under the most favourable circumstances, the colony has little to lose by delay, and we are by no means sure that the most desirable course to adopt will not be that of first introducing the stock to the market when you are next about to raise a further loan. The stock then, if attractive, and with nothing exactly in the same form to compete with it in the market, may to a most important extent help off a new loan, and enable you to get your money, which, after all, is a very important consideration; whereas if the conversion were at once proceeded with, and were even partially successful, there might be as many sellers of stock as there are now sellers of debentures to compete with, whenever you may find it necessary to appeal to the public for more money.

At present, at all events, we are strongly and unanimously of opinion, that the attempt to convert debentures into stock should be deferred to a more favourable opportunity.

We have, &c.,

P. G. JULYAN,

M. F. OMMANNEY,

W. J. M. LARNACH,

Agents under "The New Zealand Consolidated Stock Act, 1877."

The Hon. the Colonial Treasurer, New Zealand.

No. 2.

The AGENTS to the COLONIAL TREASURER.

SIR,—

London, 9th October, 1878.

We have the honor to acknowledge the receipt of your letter of 17th August, covering a correspondence between yourself and the Bank of New Zealand, respecting the proposed conversion into stock of £100,000 Treasury bills falling due on the 1st proximo.

Having regard to the wording of the Stock Act, it does not appear very clear to us whether or not it was intended by the Legislature that Treasury bills should be brought under its operation, but upon this point we purpose taking Counsel's opinion before it becomes necessary to launch the general scheme.

It would not, we think, be advisable to deal with any securities held either by the Bank, the Government Insurance Department, or the Public Debts Sinking Fund Commissioners, in anticipation of the offer to be made to the general public, nor do we think it would be wise to begin with any diversity in the rate of interest to be borne by the new stock.