

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, &amp;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.

We are glad to make this observation because we note that it has been proposed to deal with the Bank on the basis of a 5-per-cent. stock, whereas it was previously intimated to us that the Government inclined to the belief that a lower rate would be desirable, say 4 per cent.

It would be premature for us now to attempt to determine what rate of interest it would be most advisable that the stock should bear. Much will depend on the ruling prices of your debentures on the Stock Exchange when we are about to operate; but, whatever the rate may be, we think it should be uniform, and that the conversion should be thrown open to all holders of convertible securities simultaneously.

We have, &c.,  
P. G. JULYAN,  
W. J. M. LARNACH,  
M. F. OMMANNEY,

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

The Hon. the Colonial Treasurer, New Zealand.

### No. 3.

The AGENTS to the COLONIAL TREASURER.

SIR,—

London, 19th November, 1878.

We have to acknowledge the receipt of your letter No. 9, of the 13th September last, respecting the conversion of £100,000 New Zealand Treasury bills, held by the Bank of New Zealand, into Consolidated Stock.

In reply, we have the honor to refer you to the letter addressed to you on the 8th ultimo, and to add that, for the reasons given in that letter, the Agents under the Consolidated Stock Act will do nothing in this matter at present.

The Agents are in some doubt as to whether the Act in question provides for such conversion of Treasury bills, and they would be glad to have your opinion on this point.

We have, &c.,  
W. C. SARGEANT,  
W. J. M. LARNACH,

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

The Hon. the Colonial Treasurer, New Zealand.

### No. 4.

The COLONIAL TREASURER to the AGENTS.

GENTLEMEN,—

Treasury, New Zealand, Wellington, 1st March, 1879.

Referring to your letters of the numbers and dates as per margin, in which doubts are expressed as to whether it was the intention of the Legislature that Treasury bills should be brought under the operation of "The New Zealand Consolidated Stock Act, 1877," I have the honor to state that I am unable to see any sufficient grounds for doubt in the matter.

The fourth section of the Act gives power to declare all or any of the New Zealand loans, whether existing in the form of "stock or not," to be convertible into stock. There is no definition or limitation of the expression "New Zealand loans;" and I am advised that, looking at the Act as a whole, the Legislature must have intended the power to apply, whether loans were secured by Treasury bills or by debentures or otherwise.

I have, &c.,  
J. BALLANCE.

The Agents appointed under "The New Zealand Consolidated Stock Act, 1877,"  
Care of the Agent-General for New Zealand, London.

### No. 5.

ORDER in COUNCIL appointing SIR JULIUS VOGEL an ADDITIONAL AGENT, while continuing to be AGENT-GENERAL.

HERCULES ROBINSON, Governor.

#### ORDER IN COUNCIL.

At the Government House, at Wellington, this seventeenth day of April, 1879.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS by "The New Zealand Consolidated Stock Act, 1877" (hereinafter called "the said Act"), it is, among other things, enacted that the Governor shall have power, for the purposes of the said Act, from time to time to appoint three or more persons in England to be Agents for the purposes of the said Act, and may empower such Agents, or any three or more of them, to exercise all or any of the powers by the said Act exercisable by the Governor in Council: And whereas by an Order in Council made and issued under the said Act on the twenty-seventh day of February, one thousand eight hundred and seventy-eight, Sir Penrose Goodchild Julyan, William Charles Sargeant, Montagu Frederic Ommanney, and William James Mudie Larnach (all therein particularly described), were appointed to be Agents for the purposes of the said Act, with the powers, duties, and authorities in the said Order in Council set forth or referred to: And whereas by a certain other Order in Council made and issued on the twenty-seventh day of February, one thousand eight hundred and seventy-eight, the said Agents so appointed as aforesaid were appointed as and to be Agents for the purpose of making the declaration required by the provisions of the Act of the Imperial Parliament, the short title of which is "The Colonial Stock Act, 1877," and otherwise in and about such declaration to do as

in the said Order in Council is mentioned: And whereas it is expedient to appoint another Agent in England in addition to the said Agents so appointed as aforesaid:

Now, therefore, His Excellency Sir Hercules George Robert Robinson, the Governor of the Colony of New Zealand, in pursuance and exercise of the power and authority vested in him by the said Act, and of every other power and authority in this behalf, and by and with the advice and consent of the Executive Council of the said colony, doth hereby appoint Sir Julius Vogel, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, the Agent-General in England of the Colony of New Zealand, to be an Agent in England for the purposes of the said Act, so long as he shall hold the said office of Agent-General as aforesaid, to have and exercise, in conjunction with the said Agents so appointed as aforesaid, all such powers, duties, functions, and authorities as by the said hereinbefore recited Orders in Council, or either of them, were given to or vested in the Agents therein named, as fully and effectually as if the said Sir Julius Vogel had originally been appointed thereby to be an Agent for the purposes therein respectively mentioned: And, except as altered by these presents, I do, with the like advice and consent as aforesaid, hereby confirm the said several hereinbefore-in-part recited Orders in Council.

FORSTER GORING,  
Clerk of the Executive Council.

[Order in Council of same date, notifying to the Bank of England the appointment of Sir Julius Vogel as an Agent under the Act.

Formal letters to the Agents and to the Bank, dated 5th of May.]

### No. 6.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 16th June, 1879.

I have the honor to acknowledge the receipt of your letter of the 24th April, in which you enclose to me an Order in Council appointing me an Agent under "The New Zealand Consolidated Stock Act, 1877," as long as I hold the office of Agent-General. As the other Agents have been appointed unconditionally, you will, I hope, permit me to say that this conditional mode of appointing me may be looked upon as partaking of an indignity. The more especially is this remarkable, because I originally devised the measure upon which the Colonial Act is framed, and without egotism I may say that it would not have received effect but for my constant and arduous exertions extending over two years. I believe also (but of course that is open to question) that there is no one who is more likely to give to it successful effect. However, I am not one to take offence on uncertain grounds, and I must suppose, as there is no reason for the Government to place an affront upon me, that none is designed.

I thought, under the circumstances of my representing the Government here on all matters, that I was justified in obtaining for them a special report upon the subject of the conversion of New Zealand loans, and I invited Mr. Alexander Scrimgeour to an interview for the purpose. I had a very long conversation with him, of which I can give you the result. We discussed three modes of operation:—First. An immediate conversion.—Second. A conversion simultaneously with the negotiation of a new loan.—Third. The bringing out a new loan under the Inscription Act, and pursuing the conversion some months afterwards, when the new stock obtained a good position in the market. Mr. Scrimgeour's views are in favour of the last course. He thinks that the conversion should have a clear six months for its operation without the introduction of any new loan. He believes that if a conversion were attempted now it would be looked on as preliminary to a new loan, and that both operations would be prejudiced. As regards the second plan, it might be desirable if the new loan were not a large one: but if the latter were to be considerable, the price of the new stock would be affected, and therefore the inducement to conversion be minimized. On the other hand, when the new stock recovered, then it might be attractive to those invited to convert their securities into it. Mr. Scrimgeour considers the inscribed stock would bring forward a new class of investors. In the opinions thus expressed I very much concur.

I have, &c.,

JULIUS VOGEL,  
Agent-General.

The Hon. the Colonial Treasurer, Wellington.

### No. 7.

The AGENT-GENERAL to the MINISTER for IMMIGRATION.

DEAR SIR,—

7, Westminster Chambers, London, S.W., 17th June, 1879.

It occurs to me that the payment made to the Agent-General might be placed upon a different footing to the present, by adopting some such arrangement as was under consideration before the present Government took office. With this object I now make a distinct proposal.

If the Government will allow me one-twelfth (instead of the one-eighth formerly named) of 1 per cent. on the negotiation of new loans, and the conversion of new loans, I will act as Agent-General without any salary at all. One-twelfth was the allowance privately made to the Crown Agents as an honorarium until Lord Carnarvon raised their salaries in lieu of it: so that the proposal involves no larger cost for loans than formerly, whilst the salary of the Agent-General will be saved.

I have, &c.,

JULIUS VOGEL.

The Minister for Immigration.

## No. 8.

The AGENTS to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 4th November, 1879.

We have the honor to inform you that, as Agents under the Consolidated Loan Act, Sir Penrose Julyan, Sir Julius Vogel, Mr. Sargeant, and Mr. Larnach waited on the Governor and Deputy-Governor of the Bank of England on Monday, the 3rd November, with the express object of ascertaining if the Bank was willing to undertake the agency for inscribing New Zealand stocks on the terms agreed upon with Sir Julius Vogel in 1875. The Governor and Deputy-Governor said they saw no reason for departing from the terms then agreed upon; but at the same time they claimed the right of final decision at the time when we were expressly prepared to commence operations. A conversation ensued, in the course of which the Governor, Mr. Birch, emphatically stated that, without questioning the resources of New Zealand, there was a strong feeling in the City against its borrowing so largely as it is about to do, in addition to its present loans.

We have, &amp;c.,

P. G. JULYAN.  
JULIUS VOGEL.

The Hon. the Premier, Wellington.

## No. 9.

The AGENT-GENERAL to the PREMIER.

(Received, January 21, 1880.)

Premier, New Zealand.

INSCRIBED Stock. Order in Council appointing Agents take declaration under Imperial Act only authorizes all four, and not less. Larnach away. Inland Revenue Board likely object. Send another authority under seal, substituting my name for Larnach's, and authorize any two or three. Cable particulars of what done (not using code) to satisfy Board.

VOGEL.

London, 20.

## No. 10.

The COLONIAL TREASURER to Sir P. G. JULYAN.

SIR,—

Treasury, New Zealand, Wellington, 31st January, 1880.

I have the honor to inform you that Mr. Larnach having left England, it has been deemed expedient to cancel the appointments of the Agents in England for the purposes of "The New Zealand Consolidated Stock Act, 1877," and to issue a new commission. It has also been thought undesirable to burden the Crown Agents for the colonies by appointing more than one of them as an Agent under the Act named.

I accordingly enclose herewith copies of three instruments under the hand of His Excellency the Governor in Council:—1. Revoking the appointments of those gentlemen who have hitherto acted as Agents in England for the purposes of the Act above mentioned, and appointing Sir Julius Vogel, K.C.M.G., W. C. Sargeant, Esq., and yourself as Agents in their stead.—2. Appointing the same three gentlemen to be the persons to make the declaration required by "The Colonial Stock Act, 1877," to be made.—3. Notifying to the Bank of England the appointment of the new Agents.

The originals of these documents have been transmitted to Sir Julius Vogel.

The Government have conferred this appointment upon you in accordance with your expressed willingness to aid the colony with your knowledge and experience. The question of remuneration is under consideration by the Government, whose decision will be made known to you by the next mail *via* San Francisco; but it is probable the matter will have to be finally determined by Parliament.

I have, &amp;c.,

Sir Penrose Goodchild Julyan, K.C.M.G., C.B.,

H. A. ATKINSON.

Care of the Agent-General for New Zealand.

[Letters of same date, and of like tenor, to Sir Julius Vogel and Mr. Sargeant.]

## Enclosures.

ORDER in COUNCIL REVOKING existing WARRANTS of APPOINTMENTS.

HERCULES ROBINSON, Governor.

## ORDER IN COUNCIL.

At the Government House, at Wellington, this thirty-first day of January, 1880.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS by two several Orders in Council, bearing date respectively the twenty-seventh day of February, one thousand eight hundred and seventy-eight, and the seventeenth day of April, one thousand eight hundred and seventy-nine, made and issued under the provisions of "The New Zealand Consolidated Stock Act, 1877," Sir Penrose Goodchild Julyan, Montagu Frederic Ommauney, William James Mudie Larnach, Sir Julius Vogel, and William Charles Sargeant, therein respectively described, were appointed to be Agents in England for the purposes of the said Act as and in the manner in the said Orders in Council particularly mentioned: And whereas it is expedient that the said several appointments should be revoked, and that other appointments should be made as hereinafter provided:

Now, therefore, His Excellency the Governor of the Colony of New Zealand, in pursuance and exercise of the power and authority vested in him by the "The New Zealand Consolidated Stock Act,

1877," and by and with the advice and consent of the Executive Council of the said colony, doth revoke the several appointments so made by the hereinbefore-in-part recited Orders in Council, and doth hereby appoint Sir Penrose Goodechild Julian, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, and a Companion of the Most Honorable Order of the Bath; Sir Julius Vogel, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Agent-General of the Colony of New Zealand; and William Charles Sargeaunt, Esquire, a Companion of the Most Distinguished Order of Saint Michael and Saint George, to be Agents in England for the purposes of the said Act, with full power and authority to such Agents to exercise all the powers by the said Act exercisable by the Governor in Council: And it is hereby expressly declared that the said Agents may from time to time delegate the power and authority vested in them as such Agents as aforesaid to any other person or persons in England as Agent or Agents, and that every such delegation shall be made in the manner by the said Act prescribed.

FORSTER GORING,  
Clerk of the Executive Council.

WARRANT appointing Sir P. G. JULYAN, Sir J. VOGEL, and Mr. SARGEAUNT, AGENTS, under the Imperial Act.

HERCULES ROBINSON, Governor.

IN pursuance of the provisions of the Act of Parliament of the United Kingdom of Great Britain and Ireland, passed in the fortieth and forty-first years of the Reign of Her Majesty Queen Victoria, and which it is therein declared may be cited as "The Colonial Stock Act, 1877," His Excellency the Governor of the Colony of New Zealand, in exercise of every power and authority enabling him in this behalf, and by and with the advice and consent of the Executive Council of the said colony, doth, by this instrument, issued under the Seal of the said Colony, revoke every previous appointment made for the purposes hereinafter set forth, and doth authorize and empower Sir Penrose Goodechild Julian, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, and Companion of the Most Honorable Order of the Bath; Sir Julius Vogel, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Agent-General of the Colony of New Zealand; and William Charles Sargeaunt, Esquire, a Companion of the Most Distinguished Order of Saint Michael and Saint George, to be the persons from time to time to make any declaration or statement required by the provisions of the hereinbefore-mentioned Act, and, in and about such declaration, and the record thereof with the Commissioners of Inland Revenue, to do all such necessary acts as ought to be done by or on behalf of the Government of the said colony, to give effect to the provisions of the said Act: And in further exercise of every such power and authority as aforesaid, and by and with the like advice and consent as aforesaid, doth declare that the powers hereby given to the said Sir Penrose Goodechild Julian, Sir Julius Vogel, and William Charles Sargeaunt, may from time to time be exercised by any one or more of them in such manner and form as may be required or allowed by or under the said Act.

Given under the hand of His Excellency Sir Hercules George Robert Robinson, Knight Grand Cross of the Most Distinguished Order of Saint Michael and Saint George, Governor and Commander-in-Chief in and over Her Majesty's Colony of New Zealand and its Dependencies, and Vice-Admiral of the same; and issued under the Seal of the said Colony, this thirty-first day of January, one thousand eight hundred and eighty.

Made and issued in Council, this 31st day of January, 1880.

FORSTER GORING,  
Clerk of the Executive Council.

ORDER in COUNCIL notifying to the BANK of ENGLAND the APPOINTMENTS made.

HERCULES ROBINSON, Governor.

ORDER IN COUNCIL.

At the Government House, at Wellington, this thirty-first day of January, 1880.

Present: HIS EXCELLENCY THE GOVERNOR IN COUNCIL.

WHEREAS by an Order in Council bearing even date herewith, and made and issued under the authority of "The New Zealand Consolidated Stock Act, 1877," after reciting as is therein recited, the Governor in Council revoked certain appointments of Agents theretofore made under the said Act, and did appoint Sir Penrose Goodechild Julian, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, and a Companion of the Most Honorable Order of the Bath; Sir Julius Vogel, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Agent-General of the Colony of New Zealand; and William Charles Sargeaunt, Esquire, a Companion of the Most Distinguished Order of Saint Michael and Saint George, to be Agents in England for the purposes of the said Act, as stated in the said reciting Order in Council, a true copy whereof is hereto annexed:

Now, therefore, His Excellency the Governor of the Colony of New Zealand, in pursuance of the requirements of "The New Zealand Consolidated Stock Act, 1877," and by and with the advice and consent of the Executive Council of the said colony, doth hereby notify to the Bank of England that the said Sir Penrose Goodechild Julian, Sir Julius Vogel, and William Charles Sargeaunt have been appointed to be Agents for the purposes and in the manner in the hereinbefore-in-part recited Order in Council particularly mentioned.

FORSTER GORING,  
Clerk of the Executive Council.

## No. 11.

The COLONIAL TREASURER to Mr. OMMANNEY.

SIR,—

Treasury, N.Z., Wellington, 31st January, 1880.

I have the honor to inform you that owing to Mr. Larnach's absence from England it has been found necessary to cancel the commission of the gentlemen who have been acting as Agents for the purposes of "The New Zealand Consolidated Stock Act, 1877," and to execute a new commission. The Government have had the matter under their consideration, and have decided that it is undesirable that more than one of the Crown Agents should be burdened with the heavy responsibilities attaching to the inscription and consolidation of New Zealand stock; and as Mr. W. C. Sargeant has served the colony longest, he has been requested to continue to act in the capacity of Agent.

I therefore wish, on behalf of the Government, to thank you for the services you have rendered the colony, and to assure you that it is only for the reason above given that you have not been requested to permit your name to be placed in the new commission.

M. F. Ommanney, Esq., London.

I have, &amp;c.,

H. A. ATKINSON.

## No. 12.

The COLONIAL TREASURER to Mr. LARNACH.

SIR,—

Treasury, Wellington, April 3rd, 1880.

I have the honor to inform you that the Government has decided that active measures shall be immediately taken to induce the holders of bonds of this colony to convert their securities into inscribed stock, under the New Zealand Consolidated Stock Act of 1877.

In discussing this question, the subject of the appointment of Agents has necessarily come under the consideration of the Government. The Agents originally appointed were, as you are aware, Sir P. G. Julyan, W. C. Sargeant, Esq., M. F. Ommanney, Esq., and yourself, with whom Sir Julius Vogel was afterwards associated.

Sir P. G. Julyan's retirement from the office of Crown Agent for the Colonies, together with your own departure from England, having rendered it desirable that a new warrant of appointment should be issued, His Excellency the Governor has been advised to cancel the previous warrants, and to issue a new one appointing Sir P. G. Julyan, Sir Julius Vogel, and W. C. Sargeant, Esq.

As it seemed to be unnecessary to burden the Crown Agents by the appointment of more than one of their number, Mr. Ommanney has not been re-appointed. With regard to yourself, it appeared to the Government to be essential at this juncture, when about to press upon the Agents the importance of giving immediate effect to the Act, that all of them should be resident at the seat of operations.

In advising you of these changes, I take the opportunity with much pleasure of conveying to you the thanks of the Government for the valuable services rendered by you to the colony during your residence in England.

W. J. M. Larnach, Esq., C.M.G., Dunedin.

I have, &amp;c.,

H. A. ATKINSON.

## No. 13.

The PREMIER to the AGENT-GENERAL.

Vogel, London.

(From Wellington, 13th February.)

INSCRIBED Stock. Fresh warrant under New Zealand Act signed by Governor in Council, appointing Julyan, Vogel, and Sargeant Agents, posted February first. Also instrument under Imperial Act, authorizing one or more of Agents to take declaration.

HALL.

## No. 14.

The AGENT-GENERAL to the PREMIER.

Premier, New Zealand.

(Received, November 7.)

\* \* \* Cannot name time resign. Shareholders would think unfair entertain such intention now. Am willing take Loan Agency, payment by percentage, and act Agent-General, without salary, long as suits Government.

VOGEL.

## No. 15.

The PREMIER to the AGENT-GENERAL.

(From Wellington, November 10.)

Vogel, London.

AGENCY-GENERAL incompatible other business. Government considering expediency relieving therefrom, appointing you Agent under Inscribed Stock Act, at centage. Report fully, by post, arrangements you would propose, sketch scheme, estimate annual conversion. We should associate two Agents with you.

HALL.

## No. 16.

The AGENT-GENERAL to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 18th November, 1879.

I have the honor to acknowledge the receipt of your telegram, copy attached hereto.

I understand by this telegram that you wish to relieve me of the office of Agent-General, because of my being a director of the New Zealand Agricultural Company (Limited), but that you are willing

to appoint me a Loan Agent, with payment by a percentage. It is useless to argue a question about which I have already twice written, and concerning which you have come to a conclusion. Besides it would not be satisfactory to hold an appointment which the Government did not consider I could do justice to.

But in vindication of the course I have pursued, I may observe that actual experience is more to be relied on than theory. Against the theory of my position as Agent-General being affected by my holding a seat at the Board of the Agricultural Company, I will ask you to consider the facts. Clearly, if any ill effects are to arise from connection with a Company, those effects would be most apparent whilst the Company was in its infancy and the consideration of its prospects most before the public. Thus, we should look for those ill effects in this case mostly during the last few months. Yet, during that time, I have had thrown upon me cares and responsibilities as Agent-General such as no officer of the kind, I venture to say, has ever been charged with before. I have been left literally without resources to contemplate engagements and commitments of hundreds of thousands of pounds. The credit of the colony hung upon the electric cable, and no more wonderful use has the electric cable ever been put to, than that by which the engagements of New Zealand have been met through its agency, with the slenderest superstructure of prospective securities to obtain the enormous advances, immediate and contingent, required.

With a knowledge of these facts, and immense orders scattered everywhere, I was left to do the colony's battle here, to carry about a smiling face with anxieties of the most intense nature ever present. It is true that the successful surmountal of the difficulties is due very much to the goodwill of the Crown Agents. Still, as far as I am concerned, the fact remains that, immediately after a period of unparalleled difficulty—happily, I believe, encountered—it is discovered that my connection with the Agricultural Company (the effects of which, if any, have, as I have said, been of the strongest they are likely to be) is inconsistent with the position of the Agent-General. It is to me a consolation to think otherwise, and to hope, for New Zealand's own sake, that it will not in the future be worse served than during my period of office. I am, however, quite willing to exchange the Agent-Generalship for the Loan Agency.

It is not unsuitable that I should have this Agency, for, without egotism, I may state a fact that cannot be disputed: that not only was the conception of the Imperial Act due to me, but that it would never have been passed except for my own personal exertions.

You invite me to report by post the arrangements I would suggest, and tell me that you propose to appoint two other Agents besides myself.

The advantages New Zealand may hope to gain from the conversion of its loans into inscribed stock are—

- 1st. A less annual charge for interest and redemption of principal.
- 2nd. The release of a great deal of the now locked-up sinking fund.
- 3rd. A better market for its future loans.

4th. The probability of the inscribed stock being marked for the investment of trust funds, a result which would not only much enlarge that increase in the market value which without it might be anticipated, but materially add to the readiness with which New Zealand loans would be absorbed.

Before you receive this, a commencement will, I think, have been made with the inscription of stock, by an undertaking being given by the Agents for the loan, about to be launched, to convert such loan into inscribed stock. This undertaking will involve a previous decision as to the conditions of conversion, and this, in its turn, involves a decision as to the conditions of the inscribed stock. I think we will make it a 4-per-cent. stock to run over a period of fifty years. The management of the stock would be left with the Bank of England, and it is to be presumed that we shall abide by the arrangement which I made with that institution in 1875, after protracted negotiation. No one has ever questioned that that arrangement was a favourable one to the colony, and, indeed, as already reported to you, we, a few days since, waited on the Governor of the Bank of England and asked him to signify his willingness to abide by the arrangement.

The terms and conditions which we will fix for converting the new loan will involve an undertaking to give so much of the inscribed stock for every hundred pounds of the debentures of the new loan. It will not follow that the amount we fix to give in the present case will be the amount to offer for other loans. Even the rate to be offered for the same loan may vary at different periods. From time to time various considerations will arise as to the terms to be offered, and on the aptitude of the Agents to promptly judge of such considerations, much of the success will depend. As the inscribed stock gains a better market-value the terms of conversion may be made more favourable to the colony, and the amount and period of conversion should be so regulated as to guard against the market being unduly loaded. It is, I think, impossible to determine or even to predict the amount of conversion that may take place each year. The most experienced financiers in London will not commit themselves to more than generalities on any subject relating to future money-market operations. No one seems to doubt the inscribed stock is intrinsically more useful, and therefore ought to be more valuable, than debentures. It possesses the dual character of debentures and inscribed stock, because one of its conditions (the condition, indeed, which involved the greatest difficulty to arrange) is, that bonds to bearer may be obtained for inscribed stock and re-exchanged as often as desired. But, on the other hand, the Stock Exchange is slow to the adoption of novelties. Persons who are interested in the negotiation of debentures of other colonies may quietly exercise a hostile influence. The market for inscribed stock may for a time be very sensitive to additions. These and other considerations on each side forbid anything like a prediction as to the results each year. I have consulted Sir Penrose Julyan on the point of the probable amount of conversion effected each year. He fully concurs with me in the opinion that it is impossible to name an amount. He thinks that during the first three or four years it is quite likely the amount converted may be very small, not even £100,000 per annum, until the stock is well known and a demand sets in for it. He admits, however, the possibility of better success. I think the results will be larger and more speedy, but it is a mere matter of opinion.

Concerning the percentage to be charged, I have consulted with Sir Penrose Julyan, and he thinks each Agent should receive one-eighth of 1 per cent. It is not possible to conjecture what amount

this will yield annually, but it is the lowest rate charged for operations of the kind. If tested by possible results, too, it is a fair one. Supposing over the course of ten years twelve millions are converted, which would be a very favourable result, the payment each Agent would receive for the ten years would be £15,000, which would be a moderate one, considering the enormous nature of the transactions. I should propose, therefore, a percentage of one-eighth of 1 per cent. as the payment to be made to me.

It is, in my opinion, essential that new loans should also be effected through the agency of the Inscribed Stock Agents. If such loans were issued as inscribed stock, the percentage already alluded to would be payable. But if new loans are issued as debentures, as at present, I would suggest that the payments to be made to me be one-half, say one-sixteenth of 1 per cent., the other half to be paid on the conversion of the same into inscribed stock. If you wish to appoint a maximum payment for each year, a minimum would also have to be fixed. Sir Penrose Julyan thinks that £2,000 and £500 might be fixed as the respective maximum and minimum payments to each Agent. But as in each year a period or periods for conversion would have to be appointed, delicate questions might arise if payments other than those by results are adopted, and I think the latter will be most satisfactory to all concerned.

I have, &c.,

JULIUS VOGEL,  
Agent-General.

The Hon. the Premier, New Zealand.

### No. 17.

The PREMIER to the AGENT-GENERAL.

SIR,—

Government Offices, N.Z., Wellington, 30th January, 1880.

I have the honor to acknowledge the receipt of your letter of the 18th November, in which, in compliance with the request of the Government, you state the terms and conditions upon which the conversion of New Zealand loans under "The Consolidated Stock Act, 1877," may, in your opinion, advantageously be effected.

The time which has elapsed since the receipt of your letter has not been sufficient to enable the Government to fully consider and decide upon the propositions which it contains; but those propositions shall receive attention with as little delay as possible, and I shall no doubt be able by the next mail to convey to you the views of the Government on the subject.

I have, &c.,

JOHN HALL.

Sir Julius Vogel, K.C.M.G., London.

### No. 18.

The AGENT-GENERAL to the PREMIER.

SIR,—

7, Westminster Chambers, London, S.W., 16th December, 1879.

In continuation of my letter of the 18th November, concerning the proposal to appoint me one of the Loan Agents, in lieu of my continuing Agent-General, I have the honor to represent to you that the arrangement proposed should commence with the loan lately launched, or, if there is no such arrangement made, that I should be paid the same commission as Sir Penrose Julyan and the Crown Agents for the services of Captain Ommauney, say, one-eighth per cent.

In justice to myself, I consider I am bound to make this application. My position is somewhat analogous to that of Sir Penrose Julyan. The Government have informed me that they wish to dispen-  
 se with my services as Agent-General, and I might have requested to be relieved of the appointment prior to the actual negotiation of the loan. I did not, however, think such a course necessary, as I felt sure the Government would not use a technical objection to avoid a payment that, I may be permitted to say, is well earned. It would be especially humiliating to me not to be paid on this occasion, since there is no question that the success of the loan depended upon the arrangements for inscribing stock, of my share in which you are well aware.

The Bank of England, but for the arrangement I made with it in 1875, would not have undertaken the negotiation of the loan, and I need not point out how important its co-operation was. But the great attraction of the loan was the inscribed stock, the option to take which was given. On every hand the value of this inscribed stock is admitted. I have spoken to dozens of people, and there is no dissentient to the opinion that stock inscribed at the Bank of England, with a power to exchange into bonds to bearer, adds a considerable percentage to the value of colonial loans. One of the leading brokers on the Stock Exchange told me that he considered our inscribed stock would soon go up to 90, and that it was this opinion generally entertained which led to such numerous and large applications. He informed me, moreover, that it was proposed to deal with the inscribed stock in the Consol Market of the Stock Exchange, a course which will give it a character and tone that will much enhance its value.

Supposing, as there is every reason to conclude, that the New Zealand inscribed stock attains much higher relative value than the debentures, the conversion of the latter will prove very profitable.

Feeling as I do the value of the services which, as the author of the inscribed stock machinery, I have rendered the colony, and seeing that in using that machinery I have been as much concerned as the other two Agents, I feel that, in justice to myself, I am bound to bring the matter before you.

I have, &c.,

JULIUS VOGEL,  
Agent-General.

The Hon. John Hall, Premier of New Zealand.

### No. 19.

The PREMIER to the AGENT-GENERAL.

SIR,—

Government Offices, N.Z., Wellington, 20th February, 1880.

I have the honor to acknowledge the receipt of your letter of the 16th December, wherein you propose that the arrangement under which you may, as one of the Agents for the Inscription of



Stock, be remunerated by a commission upon the amount inscribed or converted, shall commence with the £5,000,000 loan recently negotiated; or that you should be paid as an Agent for raising that loan the same commission as was paid to Sir Penrose Julyan and to the Crown Agents.

2. This question is also raised by the Loan Agents, in their letter respecting the charges for raising the late loan.

3. I regret that the Government are unable to agree to your proposal. They feel bound to point out that upon former occasions, when the Agent-General for New Zealand has acted as one of its Loan Agents—alike when you yourself have been concerned, and when your predecessor, the late Dr. Featherston, so acted—such services have, on each side, been regarded as incidental to the Agent-Generalship,

4. The Government would not feel justified in departing from the understanding which has been accepted on former occasions, and authorizing a separate payment to you for services in respect of the £5,000,000 loan.

Sir Julius Vogel, K.C.M.G.,

Agent-General for New Zealand, London.

I have, &c.,

JOHN HALL.

## No. 20.

### The PREMIER to the AGENT-GENERAL.

SIR,—

Government Offices, Wellington, N.Z., 27th February, 1880.

I have now the honor to reply to your letter of the 18th November, on the subject of a contemplated arrangement with you under "The New Zealand Consolidated Stock Act, 1877."

2. I do not think it would serve any useful purpose to discuss the question of compatability or otherwise between the offices of Agent-General for the colony and Director of the New Zealand Agricultural Company. The subject has received the fullest consideration here; and it has been shown that throughout the colony, men holding widely-differing opinions upon many other subjects, are agreed in thinking that were the two offices combined in one person, there would probably, before long, result a conflict of duties, and that, with or without sufficient reason, there would follow a weakening of confidence in the holder of the most important non-political office at the disposal of the colony. The Government agree with these views, and hold that effect must be given to them; but this decision is quite consistent with the fullest and readiest acknowledgment of the value of the services you have rendered to New Zealand as Agent-General, and especially of the assistance so heartily given by you in recent important financial operations.

3. It is desirable that I should remove what appears to be a misapprehension on your part, as to the purport of my telegram, which led up to the communications now under reply. That telegram did not state, or imply, that the Government intended at present to appoint any "Loan Agent." Such an appointment, it seems to the Government, ought not now to be made, in view of the fact that there is no prospect of any further loan being offered in England for the next three years. My telegram was meant—and I think, if you will refer to it, you will find such was its effect—to state that it was contemplated to appoint you an Agent under the Consolidated Stock Act, at a percentage.

4. I am obliged for the explanations and suggestions given by you as to the conditions upon which, in your opinion, the conversion should be effected, and of the advantages to be derived from it. I am aware that the terms must vary from time to time; and that the Government must, in this matter, rely largely upon the judgment and experience of their Agents, and upon the intimate acquaintance with the varying conditions of the London money market which those gentlemen would possess. It will, however, be desirable that the fullest information as to terms proposed to be offered to the public should from time to time be given to the Government, with a statement of the reasons for such proposals; and that the assent of the Government, by telegraph, to such terms should be obtained.

5. Upon careful consideration of the terms of conversion offered in connection with the recently-issued 5 per cent. loan, it appears that, although that operation will result in a diminished payment as interest, yet it involves so large an increase in the capital to be repaid in fifty years, as to make the operation not, upon the whole, a favourable one for the colony. I am aware that the circumstances in which this loan was issued may afford special reasons why such terms for conversion were given; and I trust that the terms to be offered for a similar purpose on future occasions will be much more favourable to the colony. I gather from your letter that this is your opinion.

6. With regard to the percentage to be paid to the Agents, I notice that you propose that each should receive one-eighth of 1 per cent. The Government agree with you that it is very difficult, in the absence of experience, to conjecture what amount annually would be yielded by this rate of payment; but, looking at the favour with which the conversion of the £5,000,000 loan appears to have been received, it seems probable that the average annual amount converted will be in excess of that suggested in your letter. The detail work of the conversion, including the issue of the new stock, would not devolve upon the Agents; but, under the arrangement of 1875, would be done at the Bank of England. After carefully considering the circumstances, and adopting the best estimate that can be formed of the probable yearly amount of the conversion, the Government are of opinion that a commission of one-twelfth of 1 per cent. to each Agent would yield an amount which may be considered adequate remuneration for the exercise of that careful judgment and discretion which the position of the Agents would demand and which the colony may reasonably expect. You will not, however, consider this as an undertaking to pay such a rate of commission without the sanction of Parliament, before which the whole question of the conversion of stock will be brought with as little delay as possible after the opening of next session.

7. The Government consider that the principle of fixing a maximum payment yearly for each Agent is one that might well be adopted; and that the amount of £2,000 is not an unreasonable one at which to fix it. As is pointed out by you, a period or periods of conversion would have to be from time to time appointed.

8. If yourself, Sir P. G. Julyan, and Mr. Sargeaunt would be prepared to accept these terms, I shall be obliged if you will inform me to that effect by telegraph, so that materials for making a statement to Parliament may be ready by the beginning of the session. I should wish to be informed also, at what time you and they proposed to enter upon the duties. If Parliament approved of the terms, the Government would without delay arrange to relieve you from the office of Agent-General—but, of course, they would rely upon your continuing to discharge the duties of that office until such arrangements were completed.

9. It will be understood that any new arrangement would exclude the conversion of debentures of the recent £5,000,000 loan, seeing that with regard to that loan the duties devolving on Agents for the inscription of stock have practically been already discharged.

10. Your suggestion that future loans should be negotiated "through the Agency" to be appointed under the Consolidated Stock Act, has already been answered by what I have said in paragraph three. The time when an additional loan can be offered in England is too distant to permit of its now being settled upon what terms as to Agency such an operation shall be conducted.

11. An appointment of yourself, Sir P. G. Julyan, and Mr. Sargeaunt, as Agents under the Consolidated Stock Act, 1877, was forwarded by the last mail, for the purpose of enabling you to give effect to the conversion of the £5,000,000 loan.

Sir Julius Vogel, K.C.M.G.,  
Agent-General for New Zealand, London.

I have, &c.,  
JOHN HALL.

No. 21.

(Received February 21st.)

Premier, New Zealand.

At my cost cable decision concerning my letters November 18, December 16.

VOGEL,  
London, 20th.

No. 22.

(From Wellington, February 23rd.)

Vogel, London.

Will send answer in a few days.

HALL.

No. 23.

The PREMIER to the AGENT-GENERAL.

(From Wellington, February 26th.)

Vogel, London.

GOVERNMENT unable sanction payment to you for last loan. Regarding other loans, will, subject approval Parliament, pay each Agent one-twelfth for conversion. \* \*

HALL.

No. 24.

The AGENT-GENERAL to the PREMIER.

(Received March 4th.)

Premier, New Zealand.

FOR reasons stated, still consider should be paid negotiation last loan. Content to leave to Parliament. Kindly refer it. Willing accept proposal for future, which understand means commission one-twelfth on all loans, including late loan as converted, which probably is all can be done for year. Quite content payment subject approval Parliament. Agents must be paid on suitable Agents not act for less if other Agents paid more, would expect same.\* Desire commence now, as general election pending. Continue Agent-General till relieved. Salary deducted from commission. Reply.

VOGEL.

London, 2nd.

No. 25.

The PREMIER to the AGENT-GENERAL.

(From Wellington, March 4th.)

Vogel, London.

NEW arrangement excludes late loan, for which work already done. No objection your commencing as Agent, subject conditions stated my letter last mail, with understanding you continue act Agent-General until relieved. Terms for any contemplated conversion to be submitted Government before publishing.

HALL.

No. 26.

The AGENT-GENERAL to the PREMIER.

(Received, March 13th.)

Premier, New Zealand.

WORK connected conversion not done. Great judgment, constant care, still required dealing with it. From your telegram November last, naturally thought conversion late loan included. Your proposal now virtually leaves me unpaid for nearly a year. Strongly protest.

VOGEL.

London, 12th.

\* As received : but the correct rendering is, "Agents must be paid, and suitable Agents not act for less. If" &c.

*[To be inserted in B.--No. 4, between pages 10 and 11.]*

The words printed as No. 30, "Accept Loan Agents' telegram till Parliament meets," do not refer to any matter of finance. They appeared to do so, only because, in the transmission of the telegram in which they were used, a word was dropped. Nos. 30 and 31 should be struck out.



## No. 27.

The AGENTS to the PREMIER.

(Received April 19th.)

Premier, New Zealand.

FUNCTIONS of ourselves and Bank, as Loan Agents, cease end this month, when debentures or stock for full amount pass out of our hands. Commission negotiation loan covers stock and debentures to that date. Afterwards, Bank will be paid in other capacity on all stock incirbed, and same principle must apply ourselves. Subject this condition, we accept reduced rate you propose of one-twelfth each, commencing 1st May. £1,160,000 stock already inscribed. Annual maximum undesirable; but if maximum, then minimum and fixed term years. Terms conversion late loan, necessary avoid much greater sacrifice price, and insure placing such immense amount. Present rate limited new loan and one year. Must defer conversion old loans until more progress made with new, and standard of measure formed. Impolitic now glut market with four per cent stock. Will consult Government as desired.

STOCK AGENTS.

London, 17th.

## No. 28.

The PREMIER to the AGENTS.

(From Wellington, April 20th.)

Stock Agents, care Vogel, London.

REPLY your telegram next mail. Government does not agree proposals.

HALL.

## No. 29.

The PREMIER to the AGENTS.

Government Offices, N.Z., Wellington, 21st April, 1880.

GENTLEMEN,—

I received on the 19th instant your telegram of the 17th, of which copy is enclosed; and I replied yesterday by a message, of which also copy is enclosed. I now have to communicate to you more fully the views of the Government on the questions raised by you, and the considerations which have influenced their decision.

2. With respect to the Bank of England, I gather from your message that, under the arrangement made by the Loan Agents, the work undertaken by it on account of the Five Million Loan ceases on the 30th instant. If this be so, then, no doubt, for the work to be performed after that date, in exchanging five per cent. debentures for four per cent. inscribed stock, the Bank will be entitled to the payment provided for such services by the agreement of 1875.

3. As regards yourselves, however, the Government must demur to the proposal submitted by you. The duty devolving upon Agents appointed under "The New Zealand Consolidated Stock Act, 1877," is to declare the terms and conditions upon which existing debentures shall be convertible into stock to be created under the authority of that Act, and to authorize the creation and issue of such stock. With respect to so much of the Five Million Loan as may be tendered for conversion before the 16th March, 1881, this duty has already been discharged, the terms for inscription having been fixed in the prospectus of the loan itself. The Government are, therefore, at a loss to perceive what services, in respect of this inscription, will devolve upon you, which would warrant the payment suggested in your telegram. If there be any service, it must be of a formal and nominal character, which may fairly be considered to be covered, in the cases of two of the Loan Agents by the liberal remuneration already received by them, and in the case of the third by the salary received by him as Agent-General for the colony. At any rate, the duty cannot be such as would justify the payment of a commission amounting in the aggregate to one-quarter per cent. upon the amount of stock inscribed.

4. The Government will not, therefore, be able to recommend to Parliament an arrangement on the basis proposed by you. They have come to this conclusion after very careful consideration of the whole question, and with every desire to recognize the services which have been rendered by you to the colony. The meeting of Parliament is fixed for the 28th May, and the correspondence on the subject will be laid before it.

I have, &amp;c.,

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

JOHN HALL.

## No. 30.

The AGENT-GENERAL to the PREMIER.

(Received April 22nd.)

Premier, New Zealand.

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\*

Accept Loan Agents' telegram till Parliament meets  
VOGEL.

London, 21st.

## No. 31.

The PREMIER to the AGENT-GENERAL.  
(From Wellington, April 22nd.)

Vogel, London.

TELEGRAM twenty-first. Meaning of message uncertain regarding Loan Agents. Make that portion more explicit. HALL.

## No. 32.

The LOAN AGENTS to the PREMIER.  
(Received, April 23rd.)

Premier, New Zealand.

ALL scrip of last loan cancelled by issue of debentures and stock to the public. Loan Agents' functions have ceased. Stock Agents now commence converting debentures of that or any other loan; debentures being cancelled and unregistered as inscribed, which only Stock Agents can do.

LOAN AGENTS.  
London, 22nd.

## No. 33.

The AGENTS to the PREMIER.

SIR,—

London, 20th April, 1880.

Sir Julius Vogel has handed to us your letter of the 27th February last, and his letter to you of the 18th November preceding, to which yours is a reply.

In our double capacity of Loan and Stock Agents, we propose jointly to offer for your consideration some observations on so much of your letter as refers to our labours in both capacities.

*Five-Million Loan.*

We regret to find that you do not regard the terms of conversion offered in connection with this loan as being upon the whole favourable to the colony.

Your conclusions are probably due to our not having sufficiently explained the difficulties we had to contend with. Our letter of the 21st February last, supplemented by the many telegrams on the subject which preceded it, had, we thought, made it abundantly evident what those difficulties were; but, in order to make the matter more clear, we may here state that in deciding what proportion stock should bear to debentures, it was not a simple calculation of equivalents.

The question of conversion, however desirable in itself, was, apart from raising the money, quite a secondary one in our estimation at the time.

With New Zealand credit already strained in this market to a dangerous degree, and with liabilities incurred in anticipation of the loan (and well known in financial circles here) to an extent that made it almost a necessity that the whole five millions should be dealt with by one operation, and without further delay, we had to determine how this could possibly be done with the greatest advantage to your Government.

To have attempted to raise such an enormous sum on debentures only, or on anything else which did not hold out special attractions, would simply have ended in failure. On the other hand, the issue of 4-per-cent. inscribed stock would not have obtained you as much money as you required: besides that we might have hesitated to incur the risk of inviting subscriptions for stock only, as that was a new form of colonial borrowing, which other colonies thought too hazardous to adopt, which the English public were unaccustomed to, and which might have been attended with no better success; while to have submitted to a forced sale of debentures for five millions would certainly have inflicted an additional blow to the credit of the colony, which it could ill afford, and would have resulted in your getting less money on more onerous terms.

In this dilemma, and with scant encouragement of success from those supposed to know most as to the feelings and capacity of the market, we determined to offer debentures at a nominally high rate—and thus save appearances—but convertible for a limited period into stock. We thus appealed to two classes of investors—(1) to those who are prejudiced in favour of the current form of security, transferable by delivery, and (2) to those who might be disposed to give the preference to a new and convenient form of inscribed stock; while to pure speculators it afforded, for a time, the valuable and attractive option of taking either. That option has now ceased, but it resulted in £3,839,700 of the loan being taken up in debentures; and the remainder has been inscribed as stock.

So long as the debentures continue to be held, the annual charge for interest on the money raised will be £5 2s. 6d. per cent.; and the cost of money represented by stock will be £4 18s. 6d. per cent., with a deferred maximum liability, maturing half a century hence, to meet which an annual payment of 2s. 2½d. per £100, accumulating at 4 per cent., is sufficient.

The grave responsibility rested on us of raising, under very critical circumstances, five millions of money. It is difficult to exaggerate what the consequences of failure might have been, and we certainly should not have worthily discharged that responsibility had we brought about such failure by offering less attractive terms.

Neither the total amount tendered by the public, nor the current market quotations on small transactions, afford any proof that five millions would have been taken up on less favourable terms to purchasers.

The same peculiarities have attended all large colonial loans since offered to the market, but we have never heard it suggested that those loans were undervalued by the borrowers; but the great and unexpected success which attended the issue of your loan elicited expressions of surprise and astonishment from the money market, and from all those here best acquainted with New Zealand.

We have only further to add under this head, that the duties devolving upon us as Loan Agents have now been brought to a close, and we hope to forward to you by next mail, if not by this, complete accounts showing how the money has been dealt with. The total cost to the Government for commissions paid, including one-half per cent. to the bank and one-quarter per cent. to brokers, will not altogether exceed 1 per cent., which is a much lower rate than that usually charged for similar services by financial agencies of much less repute.

#### *Conversion of Debentures into Stock.*

We enclose for your information a printed paper containing the deed-poll authorizing the conditional inscription of six millions of 4-per-cent. stock\*; correspondence showing what arrangements have been made between the Commissioners of Inland Revenue, the bank, and ourselves for paying the commuted stamp duty, and generally for carrying the measure into operation.

The stock already inscribed, amounting to £1,392,360, has never in reality been represented by debentures. In order to save the expense of stamping, printing, and paper, those purchasers who at once wanted stock received it in exchange for their scrip, and debentures were only issued to those who were not so minded, representing altogether a sum of £3,839,700.

Conversion proper will commence on the 1st proximo, after which date it will be open to all holders of debentures of the five-million loan to exchange them for stock in the terms of the prospectus. The process may be more or less expeditious, according to the market demand for the latter security; but we do not think the whole amount will be brought in during the twelve months allowed for conversion.

Whether or not it may be expedient during this period to endeavour to convert some of the older loans, and thus bring other stockholders into competition, calls for careful consideration. Such a step would have the effect of retarding operations under the loan last issued; but it would also, by throwing more stock on the market, tend to diminish the margin of difference between the selling price of stock and debentures, and if that margin disappeared, conversion at a profit to the Government would become an impossibility.

As we have already stated, the primary consideration by which we were influenced in giving to purchasers the option of converting 100 five-per-cents into 120 4-per-cents for a limited period, was the necessity of raising by one financial stroke the unprecedentedly large sum of five millions; but we were not unmindful at the time that certain collateral advantages might fairly be expected to accrue to your Government by popularizing the stock, and creating a market for this new form of colonial security at an enhanced price, which must necessarily form a standard by which to measure the relative proportions which stock should bear to the debentures of all other convertible loans; and we now clearly foresee important prospective advantages in this direction.

We never for a moment contemplated extending the operation on equally favourable terms to the holders of other debentures. A valuable margin has already been established by which you may benefit, and we shall not fail to avail ourselves of it to the greatest extent consistent with success. We fully recognize the inutility of converting, unless it can be done with substantial advantage to the colony; but the terms must be mutually beneficial to induce holders to unite freely in the operation. Anything which fell short of that would be worse than useless.

We shall of course comply with your desire, before extending our operations, that the proposals to be offered to the public, with our reasons for offering them, should from time to time be forwarded to the Government, whose assent we should obtain before proceeding to act.

Our communication by post and your reply by telegraph (supposing no interruption of the cable to intervene) would probably occupy about seven weeks, and during that time the fluctuations of the market might in all probability render such changes in our propositions necessary as would counteract all possible advantages that you may count upon securing by the adoption of such a course.

We would suggest as preferable, either that a code should be established between us, and that both parties should communicate by telegraph; or that your Government should fix a minimum rate in respect of each existing loan, below which you would not wish any transaction to take place.

We take it for granted that your desire would be that we should first operate on such of the old loans as at present involve contributions to sinking funds, giving precedence to those on which considerable sums already accumulated would be released by their conversion.

It should also be borne in mind that the 5-30 loans, repayment of which may be made on notice given, may offer favourable opportunities for redemption and conversion.

Until it becomes more clear than it is at present to what extent the market is likely to absorb the new four-per-cents, it would, in our opinion, be unwise to hurry the operation. There is undoubtedly a limit to this power, and whenever that limit is overstepped and the supply exceeds the demand, the price will recede, and the margin in market value between your inscribed and non-inscribed debt will so diminish as to suspend conversion altogether, or necessitate the offer of such terms as would render it undesirable to your Government.

Much will depend on the soundness of the judgment brought to bear upon these several points. The subject will call for very careful and delicate handling; but our long and extensive experience in such matters will, we have no doubt, enable us to deal with it successfully.

#### *Commission to be paid to Stock Agents.*

On this point we do not propose to trouble you with any lengthy remarks. A copy of the telegram sent by us, in accordance with the desire expressed by you in your letter to Sir Julius Vogel, to which we are now replying, is hereunto annexed.

There is no fixed scale of remuneration in existence here for such services as these operations will involve.

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\* A proof copy (incomplete) only, can be sent by this mail. A revise will follow by the next.

The experience necessary to conduct such delicate and important transactions—where a single error of judgment may produce total failure, or result in loss to which any commission paid bears no sort of comparison—commands almost any price in this market; but we have been unable to hear of any instance in which the consideration granted was not far in excess of the percentage of one-eighth named in Sir Julius Vogel's letter of the 18th November last. When, however, your letter in reply, dated 27th February last, came before us, we determined not to object to the lower rate of one-twelfth mentioned by you; but we came to the conclusion that, whatever rate is fixed, it must apply to any part of the £5,000,000 loan unincorporated after 1st May, and telegraphed to you accordingly.

As Agents for the loan, our functions have ceased and the accounts have been closed; but the labour and responsibility in connection with the conversion of the remainder of the loan, which will commence on the 1st May, are by no means terminated. Every debenture withdrawn must be identified, unregistered, and cancelled by those who issued them, before inscription, and the Inland Revenue Department must from time to time be paid the stamp commutation by the Stock Agents. In short, the unusually small consideration given for negotiating the loan was never intended to embrace any services connected with the creation and conversion of stock, any more than it was intended to cover the cost of paying the interest.

The bank, though receiving most of the loan commission for the least responsible part of the transaction, will be remunerated for inscribing the stock in addition; and, apart from the confusion which the deduction of every inscription made under this particular loan from inscriptions made under other loans would involve, and considering we have accepted the unusually low rate you have offered, we think that the Stock Agents may reasonably expect to be dealt with on the same principle as the bank, so far as the application of that rate applies to the still unconverted portion of the last loan.

We wished also to convey to you our opinion that fixing a maximum payment in any year is not desirable. It is not usual, and its operation may frequently raise questions of a disagreeable nature as to the time when conversions should begin or end. A few days may make all the difference in the remuneration to be received by the Agents under a maximum condition, and it would be very distasteful to them to admit of the possibility of reflections being made upon the exercise of their judgment because of their personal interests. Nothing can be more unadvisable than to embarrass Agents with conditions of the kind. However, if you still consider a maximum payment desirable, obviously it would be necessary there should be a minimum payment fixed, and a stipulated term of years; because it is within the bounds of possibility that the bulk of the work might be completed within any one year, and thus a reasonable payment be frustrated.

We may say, in conclusion, that we do not think the Government should grudge a fair payment for the work we are called on to perform, seeing that this work, whenever performed, must prove of great profit to the colony.

The Government, by retaining in their hands the approval of the terms to be offered, can prevent any operations they do not deem profitable; and under such conditions payment by results must be the most satisfactory course to all concerned.

We have, &c.,

P. G. JULYAN.  
JULIUS VOGEL.  
W. C. SARGEANT.  
M. F. OMMANNEY.

The Hon. the Premier, Wellington, New Zealand.

### Enclosure.

(Telegram, sent 17/4/80.)

FUNCTIONS of ourselves and bank as Loan Agents cease end this month, when debentures or stock for full amount pass out of our hands. Commission negotiating loan covers stock and debentures to that date. Afterwards, bank will be paid in other capacity on all stock inscribed, and same principle must apply to ourselves. Subject this condition, we accept reduced rate you propose of one-twelfth each, commencing first May. Eleven hundred and sixty thousand stock already inscribed. Annual maximum undesirable; but, if maximum, then minimum and fixed term years. Terms conversion late loan necessary avoid much greater sacrifice price, and insure placing such immense amount. Present rate limited new loan and one year. Must defer conversion old loans until more progress made with new, and standard of measure formed. Impolitic now glut market with 4-per-cent stock. Will consult Government, as desired.

### No. 34.

The STOCK AGENTS to the PREMIER.

SIR,—

London, 21st April, 1880.

Since writing you under date April 20, we have received the following telegram from you: "Reply your telegram next mail. Government does not agree proposals."

Until we hear from you to the contrary, we shall continue to perform the duties of Consolidated Stock Agents under our warrants of appointment, as serious mischief might otherwise arise.

We have, &c.,

P. G. JULYAN.  
JULIUS VOGEL.  
W. C. SARGEANT.

The Hon. the Premier, Wellington, New Zealand.



## No. 35.

The STOCK AGENTS to the PREMIER.

SIR,—

Downing Street, London, 16th June, 1880.

We have the honor to acknowledge the receipt of your letter of the 21st April, 1880, in which you state that you demur to the proposal submitted by us in our telegram of the 19th April last, respecting the charges to be made for loan conversions.

2. We should be content to leave the communications we have addressed to you since the despatch of the telegram in question to serve solely as an answer to your present letter, but for the passage in which you speak of the "liberal remuneration already received" by "two of the Loan Agents." We cannot fail to see that this expression implies that the proposal we telegraphed to you was unreasonable, having regard to the payment already made. We cannot admit the correctness of such an imputation, because, as a matter of fact, the charges which have been made for the work done and responsibilities undertaken were altogether inadequate, according to the rates which rule in this country for similar services. It is necessary, in our own justification, to make this clear to you.

3. We will not enter into the question of the remuneration of the Agent-General, as you place this in a separate category. Regarding the other two Agents, we would remind you that their services were partly rendered as Crown Agents, partly individually and separately, and that the total charge made for all these services was a quarter per cent. The services rendered by the three Agents cannot be dissociated from those incidental to their several positions. One of the Agents was throughout a Crown Agent; another was for a considerable part of the time a Crown Agent; and the third continued throughout Agent-General. In their aggregate, several, and collective capacities, they had to exercise the responsibility of financing for you to the extent of some millions. They had, to all intents and purposes, to devise the plan to be adopted to obtain money for immediate requirements, whilst for part of the time and part of the amount they had little beyond their own personal security upon which to raise the money. They had to accept bills to the amount of £425,000, in great measure uncovered by security. They had to issue short-dated debentures, and finally to negotiate the main loan. In the terms of that loan, they thought it prudent to insert an undertaking to convert into Inscribed Stock; but there was no machinery existent for making the conversion, beyond an agreement with the Bank of England that it would act in the matter.

4. When, at your invitation, we telegraphed to you the terms on which we were willing to act, we considered all the circumstances, with the view to deal as lightly as possible with the Government. The usual charges for the acceptance of the unsecured bills and the issue of the short-dated debentures would alone have amounted to more than double the whole charge made for the negotiation of the new loan.

5. All considerations were disregarded but the one of dealing liberally with the Government, and no charge was made for any services but for negotiating the loan, and for that the lowest rate was charged that ever had been paid. It was necessary, however, to set some limit to the date covered by the payment, and it seemed to us best to adopt the limit which saw an end to the loan negotiations.

6. The remuneration which you term liberal in no sense covered any charge for conversion. It was, as we have said, at the rate of the lowest paid for simple negotiation; it comprised no payment for the very exceptional and anxious special services to which we have referred; and it included the inscription up to the 1st of May of over a million of stock. The whole machinery for carrying the inscription into effect had to be constructed, quite apart from the loan negotiation, and the Agents were not even the same. We, however, did not consider strict rights, and looked more to the convenience of the thing.

7. After the 1st of May, the conversion might proceed more or less vigorously, and at any time other loans besides the five-million might be introduced. To have placed on different footings conversions after the 1st of May would, we thought, entail inconvenience and confusion, and the amount at stake was a mere bagatelle compared with the vast amount to which it related.

8. Payments made for financial operations are not regulated by the time they occupy or the physical labour they entail. They depend rather on the influence, judgment, experience, and knowledge which are required to bring them to a successful conclusion.

9. Finally, in reference to this very disagreeable subject, we may say that we shall regret if we have failed to remove from your mind the impression that the terms we named were unreasonable. You will doubtless think it fair to us to place this letter before your Parliament, if, as you state, the one to which it is a reply has been similarly treated.

10. We may add that the machinery for inscription is getting into working order. Most of the details are now arranged, and we are providing for the proper cancelment and removal from the register of debentures converted. This will have to be done carefully, to avoid not only fraud but provision for double payments of interest. We have an office placed at our disposal by the Crown Agents, who have also given us the services of a secretary. For the present, we think meetings once a week will suffice, but we are so arranging that special meetings can be called.

We have, &amp;c.,

P. G. JULYAN,

JULIUS VOGEL,

W. C. SARGEANT,

Stock Agents.

The Hon. the Premier, Wellington, New Zealand.

