

tion in this respect, but it has now been decided to proceed at once with the conversion of the debentures of the £6,000,000  $4\frac{1}{2}$ -per-cent. and £1,250,000 5-per-cent. loans, commonly known as the 5-30s, as well as of the debentures for £1,832,000 created in redemption of Treasury bills formerly in circulation to the same amount.

By the Order in Council dated the 5th November, 1881, of which a copy was transmitted to you in the Agent-General's letter of the 18th February, 1882, the Governor of New Zealand duly notified to the Bank of England that the Agent-General and Sir Penrose G. Julian had been appointed Agents under the New Zealand Consolidated Stock Acts, with full authority to us to exercise all the powers vested in His Excellency by those Acts; and we now wait upon you to inform you that, in pursuance of the powers so conferred upon us, we have decided to invite the holders of the debentures of the above-mentioned loans to bring in their bonds for conversion. We have now the honour to request that, pursuant to the agreement subsisting between the Bank of England and the New Zealand Government, you will be pleased to take the necessary steps for announcing that you are authorized to receive applications from the bondholders, and to inscribe them for the stock to which they will respectively be entitled in exchange for their debentures.

We enclose the draft of an announcement to that effect for your consideration, and shall be glad if it meets your approval.

We shall take the necessary steps at once for the formal creation of such a total amount of stock as will be sufficient to cover the whole operation, and to allow of all the debentures of the above-named issues being converted at once, if the holders are willing to come in on the terms offered. We need not point out to you that we are not now proposing to exercise the power which exists, in the case of the 5-30s, of paying off the debentures at six months' notice; preferring rather, for the present, to take the course of inviting them to bring in their bonds for conversion, and leaving it optional with them to do so if they think fit.

We shall be glad if the Governors will appoint a time when we can wait upon them to have a conference before finally deciding upon the rate of conversion of the 5-30s.

We have, &c.,

F. D. BELL,

P. G. JULYAN,

Stock Agents.

The Governor and Company of the Bank of England.

### Enclosure 3 in No. 27.

GENTLEMEN,—

Bank of England, 20th September, 1883.

I am directed by the Governor to acknowledge the receipt of your letter of the 19th instant, with reference to the conversion of a further portion of the public debt of New Zealand into 4-per-cent. consolidated stock, upon which subject you have to-day had an interview with the Governor.

In reply, I am to say, as intimated to you, that the bank will be happy to undertake all the duties necessary to the conversion of the several debentures specified by you, except advertising and stamping of the scrip, for the sum of £600—say six hundred pounds—per million of debentures converted.

The advertisement announcing the conversion, a draft of which you enclosed, has been formally settled and approved. I enclose a few copies herein. It is hoped that the advertisement may appear in the papers to-morrow.

I am, &c.,

Sir F. D. Bell, K.C.M.G., and Sir Penrose G. Julian,  
K.C.M.G., C.B., Stock Agents for the New Zealand Government, 7, Westminster Chambers, S.W.

F. MAY,

Chief Cashier.

### No. 28.

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

SIR,—

7, Westminster Chambers, London, S.W., 29th September, 1883.

I understand that the Stock Agents will hardly be able to send you by the present mail a further letter on the conversion of the 5-30s and short-dated debentures in continuation of the one they addressed to you on the 21st instant, the day the operation was announced. But I may as well anticipate their statement by a few observations of my own.

The long letter which I sent you under date the 25th August, 1881, explained the principles on which I thought any conversion of the 5-30s ought to proceed, and I have really nothing to add to that statement now. Two things must of course be noted: one, that the figures of that time have had to be brought into harmony with the prices of to-day; the other, that there is a material difference between a conversion such as I was then speaking of, where force was to be applied, and one where an option, as in the present case, was to be given to the bondholder of coming in or not. But the leading factors had in any case to be the same, for any operation, in order to succeed, must necessarily combine an appreciable saving to the colony with a fair inducement to the bondholder; and I am inclined to think it will turn out that we hit the mark in the prices we fixed for the conversion, though this of course remains to be seen, it being much too early yet for any confident anticipation.

You will notice that we only made a difference of  $\frac{1}{2}$  per cent. between the conversion rate for the  $4\frac{1}{2}$  per cents., 5-30s, and the 5 per cents. We should, indeed, as I pointed out in my letter above mentioned, have been justified in treating them entirely alike; but, as it is very material to bring in the 5 per cents. as much as possible, we thought it advisable to give this slight advantage, which will enlist the brokers with us, and be really inappreciable in the creation of new stock for the cost of the operation.