

No. 32.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, S.W., 21st October, 1885.

Adverting to that part of the Stock Agents' letter of the 7th October, No. 1235, which relates to the guaranteed loan of 1856, I have to report that, in the course of my communication, with Sir William Sargeaunt, one of the trustees of the investments of that loan, it seemed better, instead of giving the trustees so much new stock as would bring up the yield of the investments to the requisite £20,000 a year, that we should simply provide for the Crown Agents making up the difference out of moneys that will be always coming into their hands for general purposes of the public debt. It is in this sense accordingly that I have addressed to the trustees, for submission to the Lords of the Treasury, the formal letter of which a copy is transmitted herewith.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

Enclosure in No. 32.

GENTLEMEN,—

7, Westminster Chambers, London, S.W., 20th October, 1885.

It will be in your recollection that, in the early part of last year, the Lords Commissioners of Her Majesty's Treasury, having regard to the then position of the sinking fund belonging to the £500,000 New Zealand Guaranteed Loan of 1856, were pleased to relieve the colony from further contributions to that sinking fund.

I have now the honour to wait upon you with a new request that, as the present state of the trust investments amply secures the principal sum of the loan, the colony should also be relieved from further contribution on account of interest beyond whatever sum is necessary to make up the dividends payable to the bondholders.

I understand the present state of the investments of the fund to be as follows:—

			£	s.	d.
Invested in New Zealand 4-per-cent. consolidated stock	..	..	..	279,518	16 1
Invested in New South Wales 3½-per-cent. inscribed stock	..	..	..	16,175	2 1
Invested in New South Wales 4-per-cent. inscribed stock	..	..	..	103,493	3 3
Invested in Victoria 4-per-cent. bonds	..	..	..	101,200	0 0
Invested in New South Wales 4-per-cent. bonds	..	..	..	1,900	0 0
				£502,287	1 5
			£	s.	d.
To which has to be added dividends received 1st October	..	2,230	3	3	
Ditto receivable on New Zealand stock 1st November	..	5,404	0	7	
Cash on 1st October	..	55	12	4	
				7,689	16 2
Total	..	..	..	£509,976	17 7

Further, as the 4-per-cent. stocks of New South Wales and Victoria are at a premium, the capital value of the fund at the mean market prices of the day is really about £516,000.

These investments are, therefore, I submit, amply sufficient to secure Her Majesty's Treasury from any reasonably possible loss under the guarantee for the principal of the loan. In order, however, to provide against the contingency of the market value of the securities you hold falling below the point of safety to the fund, I undertake that, if ever such a contingency arises, the Crown Agents will, out of moneys they will have in their hands for the colony, make good any deficiency to such extent as the Treasury may require.

But, although the principal sum may thus be deemed safe, the investments do not yield quite enough to pay the guaranteed interest. Assuming that your cash balances on the 1st November are invested in 4-per-cent. securities, the total income would then be about £19,600 a year instead of the £20,000 required, leaving about £400 a year to be made up. My Government feel sure that, under these circumstances, it will appear unnecessary to continue any longer the contribution of £20,000 a year in accumulation of the fund, and that it will be deemed sufficient for the colony to provide from time to time whatever sum is necessary, when added to the income of your present investments, to make up the £20,000 a year for the bondholders' dividends.

If the Lords Commissioners of the Treasury should be pleased to assent to this proposal, the Crown Agents will, from time to time, out of moneys that come under their control in the management of the New Zealand debt domiciled with them, apply whatever sum may be necessary to make up these dividends, as may be directed by their lordships.

The Trustees of the Sinking Fund of the Guaranteed Loan of 1856.

I have, &c.,

F. D. BELL.

No. 33.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received 15th December, 1885.)

LOAN of 1856: Lords Treasury agree my proposals October twenty.

London, 14th.

No. 34.

The COLONIAL TREASURER to the AGENT-GENERAL.

Agent-General, London.

Wellington, 15th December, 1885.

LOAN of 1856: Very satisfactory.

No. 35.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

7, Westminster Chambers, London, 2nd November, 1885.

I transmit to you herewith an extract from to-day's city article in the *Times*, containing a very important announcement on the part of the Union Bank of Australia, which institution has resolved to offer the public a novel kind of security, likely to suit a large class of investors.