

No. 17.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, New Zealand.

(Received 1st November, 1889.)

THREE-AND-A-HALF-PER-CENT. LOAN.—Yes; Agents for Inscribed Stock created three millions stock, so as to provide plenty. London, 31st October.

No. 18.

The COLONIAL TREASURER to the LOAN AND STOCK AGENTS.

GENTLEMEN,—

The Treasury, New Zealand, Wellington, 2nd November, 1889.

I have the honour to acknowledge the receipt of your telegram of the 18th ultimo, announcing your decision to float the 3½-per-cent. conversion-loan of £2,700,000 on the 25th idem, and also of subsequent messages from the Agent-General reporting the result. Copies of the messages will be forwarded with a separate letter.

From the reports of the London money-market telegraphed to the colony there appeared to be a hopeful prospect of the loan being taken at a good deal above the minimum. When, therefore, it was found that the price realised was only £95 16s. 8d., or 16s. 8d. above the minimum, some slight disappointment was naturally felt. However, taking the surrounding circumstances into consideration, the price obtained is satisfactory, and I have to thank you for having successfully carried through an operation which marks a new departure in New Zealand finance.

I have, &c.,

G. F. RICHARDSON (for the Colonial Treasurer).

The New Zealand Loan and Stock Agents, London.

No. 19.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

Westminster Chambers, 13, Victoria Street, London, S.W., 5th October, 1889.

The Loan Agents had hoped to be able to send you definite intelligence by this mail regarding the issue of the conversion-loan; but the stringency which has taken place in the money-market has made it impossible to do anything yet. Bank rate was put up to 5 per cent. on the withdrawal of large amounts of gold for South America and elsewhere, and it was thought that the Bank of England would have to raise the rate even higher. There now seems, however, to be a disposition to regard the stringency as being relieved, as the gold required for South America is likely to be got from Paris or New York. The Loan Agents cannot at this moment see their way clear, and it is possible that the issue of the loan may have to be postponed for a short time; in which case arrangements would have to be made with the Bank of England for temporary advances to pay off the £388,000 of debentures of the Five-million Loan which fall due on the 1st November. But the question must be settled within the next ten days, and long before this letter arrives you will have received a telegram informing you of what the Loan Agents have decided.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

No. 20.

The AGENT-GENERAL to the COLONIAL TREASURER.

SIR,—

Westminster Chambers, 13, Victoria Street, London, S.W., 31st October, 1889.

Your telegram to the Loan Agents of this date has just been received, inquiring whether arrangements had been made to provide for the deficiency there will be in the amount received in cash for the issue of £2,700,000 3½-per-cent. stock after the debentures and expenses are paid, and I have replied that the Stock Agents have provided plenty of margin by creating £3,000,000 of stock, of which the first £2,700,000 are sold. The formal instrument for creating the stock, and the declaration for the Inland Revenue, have been duly prepared by Messrs. Mackrell, and will be sent to you by next mail, after enrolment. (Meanwhile, I enclose a proof. The deeds were signed to-day, November 2nd.)

The customary instructions have also been given to the Bank of England authorising them to inscribe the stock according to the prospectus of the loan, and a copy is enclosed herewith.

We considered it best to create three millions of new stock, in order not only to give ample margin for present wants, but to allow of any operation that may have to be made for paying off other issues by-and-by.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

Enclosure in No. 20.

GENTLEMEN,—

Westminster Chambers, 18th October, 1889.

At a conference to-day between the governors of the Bank and ourselves, being the Stock Agents of the New Zealand Government duly authorised under the provisions of "The New Zealand Consolidated Stock Act, 1877," it was agreed to make an issue of £2,700,000 of 3½-per-cent. New Zealand inscribed stock, according to the terms of the prospectus of the same settled at the conference, for paying off the unconverted 5-per-cent. debentures of the New Zealand loan of 1879, amounting to £388,000, and the 5-per-cent. 10-40 debentures of the New Zealand loan of 1878, amounting to £2,207,300.

We have now accordingly to request that you will proceed with the issue of the said stock. The formal instruments for creating the same, and enrolling the necessary declaration thereof at the Inland Revenue, will be executed immediately, and copies of the same forwarded to you.