

from the Agent-General to the Trustees of the sinking fund of 1863. (11.) Letter from the Agent-General to the Bank of England. The paper does not, of course, include innumerable details which have had to be provided for.

These arrangements have only had to be made for the present with special reference to the loans of 1860 and 1863; but they have been designed for all alike, and the Government are in a position to apply the same process successively to every loan comprised in the conversion. Debentures not brought in on the 15th June next can still be brought in later on, and the process can be made a continuous one until the last loan is extinguished, in 1898. The financial steps to be taken for this purpose have been carefully thought out, and will be explained in a future letter.

I cabled to you on the 14th instant that the arrangements with the Bank had been brought to a satisfactory issue, and I was much obliged by your message in reply. Permit me, in return, to congratulate the Government on the fact that the success of the whole conversion is now completely assured.

The Hon. the Premier, Wellington.

I have, &c.,
F. D. BELL.

Enclosures to No. 13.

CONVERSION OF 1891.—CORRESPONDENCE WITH THE BANK OF ENGLAND, THE STOCK AGENTS, AND THE TRUSTEES OF THE SINKING FUND OF THE LOAN OF 1863. (APRIL, 1891.)

No. 1.—The AGENT-GENERAL to the STOCK AGENTS.

PRIOR to the issue of the Bank of England's prospectus announcing the conversion now in course of being effected, a question arose as to the manner in which provision should be made by the Government for paying off debentures not brought in for conversion. In order that the Government might be free to determine this question, I made a provisional arrangement with the Bank of England to advance such sum as might be required for the purpose. I inserted in the Agent-General's statement accompanying the Bank prospectus a paragraph stating that "a sufficient amount of 3½-per-cent. stock would be created to extinguish the outstanding debentures" of the loans comprised in the prospectus: and the necessary provision for raising money by sale of stock has also been made in the deed-poll creating the stock, which deed will be presently executed by the Stock Agents.

At the end of March the Government received a letter from me, dated the 21st February, on the subject, and they cabled to me their understanding of the provisional arrangement I had made with the Bank. I replied the same day that they had rightly understood my arrangement. . . . In answer to this message I received (on the 3rd instant) a cablegram from the Government directing me to carry out the arrangements accordingly.

Under these circumstances I have requested the Bank of England to make a present advance of £100,000 on account, to be placed to the credit of the Public Account, and I have to request that the Stock Agents will instruct the Bank of England to inscribe such an amount of 3½-per-cent. stock in the name of the Bank as the Governors may require as security for the advance. A letter from the Stock Agents, addressed to the Bank, to that effect is accordingly annexed, and I have to request that the same may be signed for transmission to the Governors.

Westminster Chambers, 7th April, 1891.

F. D. BELL, Agent-General.

No. 2.—The AGENT-GENERAL to the BANK OF ENGLAND.

SIR,—

Westminster Chambers, 10th April, 1891.

The conversion of New Zealand loans now in course of being effected has proceeded sufficiently far to enable effect to be given to the proposal I made to the Governor at our conference on the 18th February, as mentioned in my letter of the 19th, for an advance to pay off the 6-per-cent. debentures of the first series of the loan of 1863 not sent in for conversion.

I have accordingly to request, on behalf of the New Zealand Government, that the Bank of England will, on the 2nd June next, make an advance of £100,000, in part provision for paying off those debentures.

I beg to enclose a certificate from the Crown Agents that debentures to the amount of £108,300 of the loan of 1863 have been duly presented for payment at the domicile of the loan, and have been paid off, cancelled, and de-registered there. I also enclose a letter from the Stock Agents, requesting and authorising the inscription, on the 2nd June, of £110,000 in the name of the Bank, as security for the advance now requested to be made.

In accordance with the last paragraph of my letter of the 19th February, I shall now be obliged by your informing me what rate of interest will be charged for the advance.

I explained in that letter that it was desired not to press sales of stock on the market, but it is the intention of my Government to commence, immediately after the 2nd June, making gradual sales of the stock placed in security with the Bank, in order that the advance may be paid off with as little delay as possible. I shall be obliged if you will inform me whether it is the wish of the Bank that such sales should be made by my direction, in which case the Bank, on receiving the proceeds, would transfer the stock from time to time, as it was sold, into the names of the buyers, in reduction of the advance, or whether the Bank would prefer to make the sales itself.

I take this opportunity of adding that, so far as may be judged from the proportion of the first series of the debentures of 1863 which have been converted, it may be expected that a similar proportion will be sent in for conversion in the case of the debentures of the loans of 1860 and 1863 which fall due on the 15th June and the 1st July. In that case I should again apply to the Bank, after the 15th June, for a further advance to pay off the unconverted debentures of both those series, on security of a fresh amount of 3½-per-cent. stock, such stock, as in the present case, to be gradually sold in order to pay off the advance as quickly as the state of the market at the time allowed.

The Chief Cashier, Bank of England.

I am, &c.,

F. D. BELL, Agent-General.

No. 3.—The STOCK AGENTS to the BANK OF ENGLAND.

GENTLEMEN,—

Westminster Chambers, 8th April, 1891.

With reference to the request made to you by the Agent-General at the time of the issue of the Bank prospectus for the New Zealand conversion now being effected, that the Bank should make an advance to the New Zealand Government for paying off the 6-per-cent. debentures of the New Zealand Loans of 1860 and 1863 not brought in for conversion, we beg to state that we have been informed by the Agent-General that he has applied to the Bank for an advance of £100,000 towards the amount necessary for the purpose, on security of 3½-per-cent. stock created by us for the conversion, inscribable on the 2nd June next. We have accordingly to request and authorise you to inscribe on the 2nd June, in the name of the Bank of England, New Zealand 3½-per-cent. stock for the amount of £110,000, being part of the amount of one million of stock created by us for the purposes of the conversion by deed-poll dated the 12th March, 1891.

We are, &c.,

F. D. BELL,

P. G. JULYAN,

The Governor and Company of the Bank of England.

Stock Agents of the New Zealand Government.