

The fund now amounts in round numbers to £305,000 after deducting the first provisional release of £110,000 made in respect of the unconverted portion of the March series of the loan.

Since then a further sale of £100,000 stock has been made, and the proceeds have been placed at deposit; while further sales of £130,000 stock have just been ordered. These sales, added to the May dividends on the sinking-fund stock now invested, will produce—taking the net price of the stock at, say, 102—in round numbers £247,500 in cash, and will leave about £62,600 of the sinking fund in 4-per-cent. stock. The unconverted portion of the £73,800 (of which £1,700 have been sent in for conversion up to present date) of the December series of debentures will then be all that will remain for consideration by the Trustees in determining the amount to be retained in their hands (under section 8 of “The Consolidated Stock Act, 1884”) so as to fix the amount “set free” under section 9.

The Trustees will probably decide to value the stock at par, only retaining what more is required for securing the holders of the unconverted December bonds, out of the cash at deposit or in hand; and the balance to be released after the 15th June may therefore be estimated approximately at £240,000, which, of course, will be increased by the amount of any bonds of the December series which may come in for conversion in addition to the £1,700 already mentioned.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

## No. 22.

The AGENT-GENERAL to the PREMIER.

Premier, Wellington.

(Received 23rd June, 1891.)

CONVERSION.—Following result at present: *Firstly*—Aggregate amount converted, £144,000—namely, loan of 1863, £75,500; loan of 1860, £21,000; provincial loans, £47,500, exclusive Westland. *Secondly*—Total amount of loan of 1863 paid off, £258,000. *Thirdly*—Aggregate amount of sales of sinking fund, £301,000. *Lastly*—Remember it is immaterial how much actually converted, because, although unavoidable to suspend sales of conversion stock, Treasury ultimately gets back entire sinking funds; meanwhile all arrangements proceeding quite satisfactorily.

London, 22nd.

## No 23.

The AGENT-GENERAL to the PREMIER.

SIR,—

Westminster Chambers, 13, Victoria Street, London, S.W.,

15th May, 1891.

I have to acknowledge the receipt of your letter of the 26th March, No. 12. The events which have happened since that date make any special answer unnecessary now.

It will be in your recollection that when reporting (18th April, No. 629) the arrangements with the Bank of England for a first advance of £100,000, I only meant to ask the Governor for a further advance after the 15th June. Since then, however, an adverse change in all the markets made it necessary for me to reconsider that intention. The certainty of dearer money, the fear lest Russia should withdraw in gold a large part of the £15,000,000 standing to her credit in the chief banking centres, continued vague rumours of financial houses being in difficulties, a complete collapse in Portugal, and renewed alarm about Argentine affairs, have brought down prices all round. Imperial consols have been below 95, and Bank stock went down 6 points; while even New South Wales 3½-per-cent. stock touched 98½, a price which operated very adversely against our own conversion, increasing as it will the amount of the June series of 1863 bonds likely to be paid off, since obviously at present quotations any margin of profit in converting has run off.

Under these circumstances I decided not to wait for the middle of June, but to arrange at once with the Bank of England for a further advance of £150,000, to be repaid at the end of July: and at the same time to go on with the sale of stock out of the sinking fund of 1863, spreading the sales over the Stock Exchange settlements between now and the end of July, so as to provide funds for repaying the Bank. I also decided to devote temporarily the proceeds of the £68,000 old 3½-per-cent. stock just sold (as reported in a separate letter) to purchasing or paying off the bonds of the loan of 1860, recouping the amount later on by the sale of the new 3½-per-cent. stock to be inscribed in respect of that loan.

Bank rate having since gone up to 5 per cent., you will probably think it fortunate that these measures were taken in time. They have now placed beyond danger the main object of recouping the amounts required to pay off all unconverted debentures of the March and June series of the loan of 1863, and of the residue of the loan of 1860, leaving the new 3½-per-cent. conversion stock, inscribed in respect of both loans, to be gradually sold later on. This indeed was the natural course to take, but in any case it must have been taken, because at present prices the old 3½-per-cent. stock would be quoted below 94 ex dividend on the 2nd June, and the new stock can of course stand no higher.

I now enclose the following papers recording these arrangements: (1) Minute by the Agent-General to the Stock Agents respecting a further advance of £150,000 from the Bank of England; (2) letter from the Agent-General to the Bank of England requesting the advance; (3) letter from the Stock Agents to the Bank of England directing the inscription of £200,000 new stock as security; (4) letter from the Bank of England to the Agent-General agreeing to make the advance; (5) letter from the Trustees to the Crown Agents directing the first sale of £100,000 4-per-cent. stock; (6) letter from the Trustees to the Crown Agents directing the disposal of the proceeds; (7) letter from the Crown Agents to the Trustees reporting the sale; (8) letter from the Crown Agents to the Trustees reporting the steps for placing proceeds at deposit; (9) letter from the Trustees to the Crown Agents instructing them to sell £130,000 more 4-per-cent. stock.