

2. Instructions to the Crown Agents as to release of the Sinking Fund.
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- I have, &c.,  
F. D. BELL.
- The Hon. the Premier, Wellington.

*Enclosure 1 in No. 10.*

PROPOSAL BY THE AGENT-GENERAL AS TO RELEASE OF SINKING FUND OF 1863.

The AGENT-GENERAL to the TRUSTEES of the SINKING FUND of the New Zealand Loan of 1863.

GENTLEMEN,—Westminster Chambers, 19th June, 1891.  
In my letter of the 10th April last I informed you of the progress then made in the conversion of the New Zealand loan of 1863, and engaged to make a further proposal to you at this time.

The amount of 6-per-cent. debentures of the loan sent in for conversion to this date is as follows:—

Of the March series	..	..	..	..	..	..	..	£42,400
Of the June series	..	..	..	..	..	..	..	28,700
Of the December series	..	..	..	..	..	..	..	4,400
								£75,500

And the Crown Agents have paid off the following:—

	..	..	..	..	..	..	..	£
Of the March Series	..	..	..	..	..	..	..	110,700
Of the June series	..	..	..	..	..	..	..	138,300
								249,000

Making the aggregate amount paid off and converted .. .. . £324,500

In part release of the amount of sinking fund to be ultimately set free, corresponding to the amount of debentures converted and paid off, interim payments in cash were made in March by the Trustees out of the 1891 fund to the amount of £110,817; and I have now to request that such further interim release may be made as appears expedient.

According to the statutes constituting their trust, the Trustees are always to retain a sufficient amount in the fund to secure the due redemption of all outstanding debentures of the loan. It has not been deemed necessary, when a particular portion of the loan has been converted, to make a formal determination under the Stock Act of 1884 of the specific amount to be retained or released from any subdivision of the fund, because, according to the general principles agreed upon between the Trustees and myself in 1886 and 1887, it was held that, as the entire loan was one entity under the Loan Act of 1863, so the entire sinking fund should be looked at as one entity also, its various subdivisions being treated as convenient allocations for purposes of account, but not as finally binding upon the Trustees in case the safety of the fund as one entity should happen to become endangered. Thus, in making the first interim release in 1887, an ample margin was reserved, enough being left in the subdivision of the fives to insure the redemption of that series in 1914, with a margin added of £20,000, and enough being left in the subdivision of the guaranteed half-million to produce more than £600,000 in 1915. In the present state of the sixes, no such margin is required in their case.

Nothing having happened since 1887 to recommend any change in these principles, I have now to make the following proposal in relation to the sixes:—

Deducting from the total of £417,000 outstanding on the 13th February last the debentures for £324,500, converted and paid off as above recited, the total now outstanding is £92,500, but this will be quickly reduced as more debentures of the June series come in to be paid off. It would be prudent not to value the 4-per-cent. stock above par, but as the last of the sixes will be extinguished in less than six months, and an ample margin is left in the other subdivisions, an estimate at par ought to be ample for the 1891 subdivision. In that case the matter would be very simple: £100 of stock should be kept in the 1891 fund against each £100 of outstanding debentures, and the rest should be released, the cash now at deposit being paid into the Public Account, and the Crown Agents being instructed to go on with gradual sales until the limit was reached of the amount of stock to be kept in the fund, the proceeds of such sales being paid into the Public Account.

If the Trustees concur in this proposal the necessary details can be arranged between the Crown Agents and the Executive Trustee, and no formal determination need be made at present under section 8 of the Stock Act of 1884.

The Trustees of the Sinking Fund of the Loan of 1863.

I am, &c.,  
F. D. BELL, Agent-General.

*Enclosure 2 in No. 10.*

INSTRUCTIONS TO THE CROWN AGENTS AS TO RELEASE OF SINKING FUND OF 1863.

The AGENT-GENERAL to the CROWN AGENTS for the Colonies.

GENTLEMEN,—Westminster Chambers, 22nd June, 1891.

On the 19th instant the Agent-General addressed the Trustees of the Sinking Fund of the 1863 loan with a proposal, printed copy of which is annexed. On consulting my co-Trustee I learn that, while he assents generally to that proposal, he recommends that the 4-per-cent. stock in the fund should not be valued above 95, and I am willing that this should be done.

Subject, therefore, to this alteration, I have to request that you will take the steps necessary for carrying the Agent-General's proposal into effect.

The Crown Agents for the Colonies.

I have, &c.,  
F. D. BELL,  
Executive Trustee of the 1863 Loan.

*Enclosure 3 in No. 10.*

CORRESPONDENCE WITH THE BANK OF ENGLAND AS TO THE CONVERSION AND ADVANCES.

The BANK OF ENGLAND to the AGENT-GENERAL.

SIR,—Bank of England, 24th June, 1891.

With reference to your letter of the 19th and Mr. Kennaway's of the 22nd instant, I beg to inform you, as regards the New Zealand 6-per-cent. debentures of the loan of 1863 (March series), that no further bonds have been received for conversion since the 31st March last, and that the total amount received is therefore the same as that mentioned in my letter of the 9th April last—viz., £42,400.