

1892.
NEW ZEALAND.

3½-PER-CENT. CONVERSION LOAN, 1889

(FURTHER CORRESPONDENCE RELATIVE TO THE).

[In continuation of B.—14, 1890.]

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

The SECRETARY to the TREASURY to the COLONIAL TREASURER.

(Memorandum.)

The Treasury, Wellington, 27th January, 1891.

AN overlap of interest occurred in respect of the 10-40 loans paid off, and of the 3½-per-cent. stock created for the purpose of procuring funds. This interest charge becomes a part of the cost of raising the 3½-per-cent. stock. The parcel (£2,700,000) placed upon the market has not realised sufficient to pay off the debentures together with the expenses of raising. I estimate that between £75,000 and £76,000 will be required to be raised for this purpose.

The Stock Agents, not deeming the market favourable, have withheld a further issue, which has resulted in an overdraft of £39,204 15s. 11d. in the Conversion Account, and the Audit Office do not care to see this amount increased.

I think the Agent-General should be advised by telegram to create temporary debentures for an amount sufficient to cover all charges to date, and upon advice of their being ready we could invest our Public Works Fund moneys in these debentures, and so put the accounts straight by the 31st March next. When the market is favourable the Stock Agents could issue the 3½-per-cent. stock and redeem the debentures.

Hon. the Colonial Treasurer.

J. B. HEYWOOD,
Secretary to the Treasury.

No. 2.

The COLONIAL TREASURER to the AGENT-GENERAL..

Agent-General, London.

Wellington, 3rd February, 1891.

THREE-AND-A-HALF-PER-CENT. LOAN. Controller and Auditor-General pressing clearing Conversion Account. If market unfavourable sale stock, suggest create £75,000 short-dated debentures. Will make investment here. Conversion Account wanted before 31st March.

No. 3.

The AGENT-GENERAL to the COLONIAL TREASURER.

Treasurer, Wellington.

(Received 4th February, 1891.)

THREE-AND-A-HALF-PER-CENT. LOAN.—Although favourable market, am anxious to avoid press sales inscribed stock until have ascertained aggregate amount loan of 1863 converted, lest prices drop after fixing equivalent. Would there be any objection postpone creating short-dated debentures until about the middle of March?

London, 3rd.

No. 4.

The COLONIAL TREASURER to the AGENT-GENERAL.

Agent-General, London.

Wellington, 4th February, 1891.

MESSAGE of third received. There is no objection.

No. 5.

The AGENT-GENERAL to the PREMIER.

Premier, Wellington.

(Received 16th February, 1891.)

THREE-AND-A-HALF-PER-CENT. LOAN.—With reference to telegram 3rd instant, if it has been arranged make investment, why not, instead creating short-dated debentures, inscribe 3½-per-cent. stock now, equal to the amount expenses in round numbers, in names Agent-General, Audit Officer, London, thereby closing account?

London, 14th.

No. 6.

The PREMIER to the AGENT-GENERAL.

Agent-General, London.

Wellington, 17th February, 1891.

THREE-AND-A-HALF-PER-CENT. LOAN.—Message of 14th received. Your proposal approved.

No. 7.

The AGENT-GENERAL to the PREMIER.

Premier, Wellington.

(Received 24th February, 1891.)

THREE-AND-A-HALF-PER-CENT. LOAN.—Agents for inscribed stock accounts were sent by last mail. Balance favour the Public Account in round numbers £65,000, amount inscribed £68,000, price being provisionally taken 96½.

London, 23rd.

No. 8.

The PREMIER to the AGENT-GENERAL.

(No. 13.)

SIR,—

Premier's Office, Wellington, 24th March, 1891.

Referring to your telegram of the 23rd ultimo, stating that £68,000 of 3½-per-cent. stock had been inscribed at £96½, and the proceeds paid into the Public Account, I would like to point out that this sum appears to me to be insufficient to meet the expenses which have been incurred in respect of the £2,700,000 loan.

	£	s.	d.
The debentures to be paid off amounted to	2,595,300	0	0
The cash paid to Public Account, including exchanged debentures, &c., amounted to	2,548,364	18	7
Deficient	46,935	1	5
Further charges to come in (see your letter of the 15th April, 1890—[No. 34, B.—14, 1890])—			
Sundry payments by Stock Agents	£350	0	0
Crown Agents' commission	10,590	0	0
	10,940	0	0
Overlap of interest which I have charged to Conversion Account	15,275	6	10
And further charges in respect of the £68,000 now inscribed—say	700	0	0
Required	73,850	8	3
Proceeds of £68,000 at 96½	65,620	0	0
Deficient	£8,230	8	3

I shall be glad to hear from you how the Stock Agents intend to make good this deficiency.

I have, &c.,

J. BALLANCE.

The Agent-General for New Zealand, London.

No. 9.

The AGENT-GENERAL to the COLONIAL TREASURER.

(No. 200.)

Westminster Chambers, 13, Victoria Street, London, S.W.,
6th February, 1891.

SIR,—

I received in due course your telegram of the 3rd instant, stating that the Controller and Auditor-General desired the account of the conversion of 1889 to be closed, and suggesting that, if the market was not favourable for selling the stock which has to be sold for defraying the expenses of that conversion, the Stock Agents should create a short-dated debenture for £75,000, for which you proposed to make an investment in the colony.

I replied on the same day that, although the market was favourable at the present time, the 3½-per-cent. stock being quoted a little over 97, I was anxious to avoid having to make sales of any 3½-per-cent. stock until we should know how much of the sixes is brought in for conversion; because, if we had to fix in a few days the equivalents to be offered to holders in the loans proposed to be converted, and then, after fixing those equivalents, had to sell any considerable amount of stock, prices would certainly droop during the interval between the issue of the bank prospectus and the date in March when holders would have to declare their election, and any fall in price during that interval would, of course, discourage holders from bringing in their bonds.

We shall know, however, by the middle of March how many of the sixes are brought in, and it is probable that there will be no difficulty then in making the necessary sales to recoup the Public Account for its advances; whereupon it would be unnecessary to create short-dated debentures. I therefore cabled to you asking whether there was any objection to postpone the question of creation until that time, and was glad to receive your reply next day conveying your assent.

With regard to the last paragraph of your telegram of the 3rd, stating that the conversion accounts must arrive at the Treasury before the 31st March, the necessary steps were immediately taken for their preparation, and they will go to you (in as complete a shape as they can) by the next San Francisco mail, leaving on the 21st instant; so that they will reach you within the time desired.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

F. D. BELL.

No. 10.

The AGENT-GENERAL to the PREMIER.

(No. 283.)
SIR,—Westminster Chambers, 13, Victoria Street, London, S.W.,
21st February, 1891.

After writing to the Treasurer on the 6th instant (No. 200) on the subject of the creation of short-dated debentures, and an investment in them pending the sale of stock for recouping the Public Account, it struck me that, if it had been decided to make the investment, it might be as well, instead of creating any short-dated debentures, to inscribe an amount of $3\frac{1}{2}$ -per-cent. stock at once, about equal in round numbers to the expenses of the conversion, in the names of the Agent-General and the Audit Officer, thereby enabling the accounts to be closed. I accordingly telegraphed to you to that effect on the 14th instant, and was glad to receive your reply of the 17th approving the proposal. I am therefore taking steps for the inscription, and the result will be reported to you shortly.

The Hon. the Premier, Wellington.

I have, &c.,

F. D. BELL.

No. 11.

The PREMIER to the AGENT-GENERAL.

Agent-General, London.

Wellington, 2nd April, 1891.

UNDERSTOOD from telegram 24th February proceeds £68,000 paid Public Account. If not, should be, as investment not made here. Reply.

No. 12.

The AGENT-GENERAL to the PREMIER.

Premier, Wellington.

(Received 3rd April, 1891.)

THREE-AND-A-HALF-PER-CENT. LOAN.—Message received. There has evidently been misunderstanding with reference to £68,000 inscribed stock. Shall now sell, placing proceeds to the Public Account.

London, 2nd.

No. 13.

The PREMIER to the AGENT-GENERAL.

(No. 18.)

SIR,—

Premier's Office, Wellington, 23rd April, 1891.

Referring to the correspondence and telegrams which have passed between us in relation to the closing of the Stock Agents' Conversion Account of the 1889 $3\frac{1}{2}$ -per-cent. loan, I think it is right to explain that your telegram dated the 23rd February last was understood to mean that the proceeds at 96 $\frac{1}{2}$ of £68,000 of stock had been paid into the Public Account, and the New Zealand Public Account, London, was accordingly debited in our books with the sum of £65,620. On receipt, however, of the statement of account enclosed in your letter of the 21st idem it was at once discovered that your telegram referred to the balance *due* to the Public Account; hence my telegram to you dated the 2nd April.

The entries in our books have been reversed, and I am now waiting to hear from you the result when the sale of the parcel inscribed has been effected.

I am unable at present to deal with the entries in connection with the interest charges contained in the account you have been good enough to send. I note that you intend to forward an explanatory memorandum in connection with this account, and I therefore defer making any remarks until the receipt of same.

I have, &c.,

A. J. CADMAN,

The Agent-General for New Zealand, London.

For the Premier.

No. 14.

The AGENT-GENERAL to the PREMIER.

(No. 569.)
SIR,—Westminster Chambers, 13, Victoria Street, London, S.W.,
3rd April, 1891.

I received yesterday your telegram stating that you had understood from my message the 23rd February, that the proceeds of the £68,000 of $3\frac{1}{2}$ -per-cent. stock which had been inscribed for the balance due to the Public Account in connection with the loan of 1889 would be paid into the Public Account, and instructing me that if this had not been done it should be, as no investment had been made in the colony.

These instructions will now necessitate the sale of the $3\frac{1}{2}$ -per-cent. inscribed stock, and I telegraphed to that effect in reply to your message. It will, however, be necessary for the sales to be gradually made, so as not to bring down the market.

There has evidently been some misunderstanding between us. Your telegram of the 3rd February proposing the creation of short-dated debentures to the amount of £75,000 for clearing the accounts of converting the 10-40s went on to say that you would make an investment in the colony. Replying the same day, I expressed the desire to avoid having to press sales of stock at that time; and on the 14th February I cabled again, on the supposition of your having decided to make the investment, asking whether it would not be better, instead of creating short-dated debentures, to

inscribe the stock at once to the necessary amount in the names of the Agent-General and Audit Officer. On receiving your reply of the 17th February approving my proposal I telegraphed to you on the 23rd that the £68,000 had been inscribed accordingly. I shall probably be able to cable to you in a few days what can be done in selling the stock.

The Hon. the Premier, Wellington.

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

No. 15.

The AGENT-GENERAL to the PREMIER.

Premier, Wellington. (Received 22nd May, 1891.)
£68,000 sold. Will substitute new stock equal to the amount.

London, 21st.

No. 16.

The PREMIER to the AGENT-GENERAL.

Agent-General, London. Wellington, 22nd May, 1891.
HAVING sold £68,000, further action not necessary.

No. 17.

The AGENT-GENERAL to the PREMIER.

(No. 669.) Westminister Chambers, 13, Victoria Street, London, S.W.,
SIR,— 1st May, 1891.

I have received your letter, Treasury No. 13, of the 24th ultimo, giving a statement of the receipts and charges incurred in the conversion of the 10-40 and 1879 debentures, which shows a deficit of £8,230 8s. 3d., after giving credit for the proceeds of the sale of the £68,000 3½-per-cent. stock.

The account which was sent out with my letter No. 466, of the 21st March, with explanatory memorandum, will, however, I think, explain how this apparent discrepancy between the accounts of the Stock Agents and that given in your letter has arisen; and I shall therefore now await your further communication in respect thereto.

The Hon. the Premier, Wellington.

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

No. 18.

The AGENT-GENERAL to the PREMIER.

(No. 775.) Westminister Chambers, 13, Victoria Street, London, S.W.,
SIR,— 15th May, 1891.

In accordance with the instructions contained in your telegram of 2nd April, I have now sold, at 96, the £68,000 of 3½-per-cent. stock created for the balance of expenses of the conversion loan of 1889. I enclose copy of the contract of sale. The proceeds, amounting to £65,109 8s., were paid into the Public Account on the 13th instant.

The question now arises whether, as the price at which the stock was sold is ½ per cent. less than the price it was taken over at in the Stock Agents' Account, any change should be made in the balances as between the Stock Agents and the Public Account; and I shall be glad to receive instructions on this point.

The Hon. the Premier, Wellington.

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

No. 19.

The AGENT-GENERAL to the PREMIER.

(No. 816.) Westminister Chambers, 13, Victoria Street, London, S.W.,
SIR,— 22nd May, 1891.

I received in due course your telegram of the 21st instant, stating that the Treasury had made an investment for the £68,000 3½-per-cent. stock created for conversion expenses, and that the stock need not be realised until the market was favourable. On replying that the original stock was sold, but that new stock to the same amount would be substituted, your further message came to-day, stating that, the stock having been sold, no further action was necessary.

The Hon. the Premier, Wellington.

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

Approximate Cost of Paper.—Preparation, nil; printing (1,325 copies), £2 12s.

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1892.

Price 3d.]