

Enclosure 3 in No. 2.

B.

STATEMENT showing—(1) The Amount of $3\frac{1}{2}$ -per-cent. New Zealand Government Stock, inscribed in the Names of the Agent-General and Audit Officer, in respect of Debentures on account of which Payments have been made out of the Public Account; and (2) the Amount of Stock sold up to date.

1891.	Dr.	£	1891.	Cr.	£	£
Sept. 25.	Balance of stock inscribed at date in the name of the Agent-General and Audit Officer	324,654	Nov. 27.	Amount of stock sold, and proceeds of same paid to Public Account	20,000	
1891-92.			Dec. 11.	Ditto	40,000	
Oct.-Mar.	Amount of stock inscribed to meet payments made out of Public Account, on account of the debentures of loan of 1860.. ..	520	" 30.	"	10,000	
	Amount of stock inscribed to meet payment made out of Public Account, on account of £9,500 debenture of the loan of 1863, December series	10,450	1892.			
			Jan. 29.	"	30,000	
			Mar. 11.	"	45,000	
						145,000
			" 31.	Balance of stock inscribed at date in the names of the Agent-General and Audit Officer	190,624	
		<u>£335,624</u>				<u>£335,624</u>

London, 31st March, 1892.

W. B. PERCEVAL, Agent-General.
C. WRAY PALLISER, Audit Officer.

No. 3.

The AGENT-GENERAL to the PREMIER.

(Memorandum No. 734.)

I BEG leave to transmit copies of sale-notes for £20,000 $3\frac{1}{2}$ -per-cent. Stock, the proceeds (£19,224 7s. 6d.) of which will be paid to the credit of the Public Account this day: also copy of sale-note for £20,000 of the same stock; the proceeds (£19,324 8s.) will go into the Public Account on 15th June.

I am in receipt of your cablegram of yesterday, instructing me to press sales of this stock, and this I am doing so far as it is possible to do so without depressing the market. I shall, I expect, next week be able to report by cable the sale of a further amount.

W. B. PERCEVAL.

Westminster Chambers, 13, Victoria Street, London, S.W., 27th May, 1892.

No. 4.

The AGENT-GENERAL to the PREMIER.

(No. 769.)

Westminster Chambers, 13, Victoria Street, London, S.W.,
30th May, 1892.

SIR,—

In the early part of last year (1891) some correspondence took place between Sir F. D. Bell and yourself with respect to a further conversion operation in connection with the 5-per-cent. Consol debentures of 1867 (annual drawing), which resulted in the decision not to include them in the conversion offers of that year.*

I herewith enclose a statement showing the present position of these debentures, by which it will be seen that there are £1,107,500 still outstanding in the hands of the public, and which accordingly are available for conversion.

In dealing with these debentures in 1885 and 1886, the process of conversion consisted principally of exchanging them for 5-per-cent. debentures convertible this year into 4-per-cent. Stock. I do not, however, think that this mode of conversion should be adopted in dealing with those that are still outstanding. The simplest and, I believe, the most advantageous plan would be to offer the holders $3\frac{1}{2}$ -per-cent. stock in exchange for their debentures, and to keep the offer open, as is being done in the case of the provincial loans, so that in each year, prior to the drawing, the holders would be invited to convert their debentures into $3\frac{1}{2}$ -per-cent. stock.

If this was done I see no reason why the present arrangement, as regards the annual provision of the sinking fund, should not be so altered as to render the remitting from the colony of the quarterly amounts unnecessary. The stock required for the conversion, when once created, could be from time to time realised so as to provide for the paying off of the drawn debentures as they become due; in fact, somewhat the same process could be adopted as has been successfully carried out in the case of the debentures of 1863, which matured last year. The annual drawings could be continued in accordance with the declared understanding made in 1885, and the amount drawn of the debentures held by the public would be provided for by the sale of a sufficient portion of the $3\frac{1}{2}$ -per-cent. stock created for the purpose.

A further advantage to be derived from this mode of dealing with these debentures would be that the debentures representing the sinking fund created in future years under the Consolidated Stock Act of 1884 would be virtually encashed within the year that they were issued.

The most opportune time at which such an offer could be made would be, I think, within a month or so before the next drawing takes place.

* Vide B.-14, 1891, No. 9.