

No. 68.

The AGENT-GENERAL to the PREMIER.

(No. 243.)
 Sir,— Westminster Chambers, 13, Victoria Street, London, S.W.,
 3rd March, 1893.

Since my letter No. 174, of the 13th ultimo, when I forwarded copies of the deed-poll and declaration relating to the $3\frac{1}{2}$ -per-cent. Stock, required for the purpose of converting the £400,000 debentures now in the hands of the Colonial Bank of New Zealand, I have now to report the final completion of the transaction. On the 24th ultimo the proceeds of the sale of the $3\frac{1}{2}$ -per-cent. Stock (£401,099 8s.) were paid into the Public Account, and £420,000 of the newly-created stock was inscribed in the name of the purchaser's nominee. On the 1st instant the sum of £400,000 was paid to the Colonial Bank, and the debentures representing that amount were handed to the Bank of New Zealand. A sum of £7,495 17s. 9d. (Bank order No. xxix., dated 4th January, 1893), was also paid to the Colonial Bank for interest.

I have instructed the Bank of New Zealand to forward the debentures for £400,000 to the Bank of England, in order that they may be cancelled, and if possible a rebate of stamp duty obtained.

This completes the conversion of the £400,000, with the exception of paying the stamp duty on the newly-created stock, and the expenses incidental to the conversion, which will be reported in due course.

I think that the Government may be congratulated on the successful result of this operation, which has been carried into effect at a time when the market for colonial securities has not been favourable, and without injuriously affecting the price of New Zealand stocks, which still stands high compared with those of the Australian colonies.

The Hon. the Premier, Wellington.

I have, &c.

W. B. PERCEVAL.

No. 69.

The PREMIER to the AGENT-GENERAL.

(No. 17.)
 Sir,— Premier's Office, Wellington, 20th April, 1893.

I have the honour to acknowledge the receipt of your letter of the 3rd ultimo, No. 243, reporting the final completion of the transactions of paying off the Colonial Bank of New Zealand's advance of £400,000, and the conversion of the debentures issued under "The Public Revenues Act, 1887 (No. 3)," deposited with the Bank as security for the advance, and expressing your opinion that the Government may be congratulated on the successful result of the operation in the face of an unfavourable market for colonial stocks.

I cordially reciprocate your congratulations, recognising that the success is in no small degree attributable to your careful negotiation and sound judgment.

The Agent-General for New Zealand, London.

I have, &c.,

J. BALLANCE.

No. 70.

The AGENT-GENERAL to the PREMIER.

(No. 300.)
 Sir,— Westminster Chambers, 13, Victoria Street, London, S.W.,
 16th March, 1893.

I beg leave to bring under your notice, for consideration, the question of doing away with the practice of remitting to this country the full amount of the Sinking Fund of the 5-per-cent. (drawing) bonds of the Consolidated Loan, 1867.

It has hitherto been the practice to hand over to the Crown Agents by quarterly payment an annual amount equal to 1 per cent. on the amount (£7,283,100) of bonds originally issued, plus 5 per cent on the amount of the drawn bonds, and also 5 per cent. on the outstanding bonds held by the public.

The Crown Agents, I understand, place on deposit at a bank such amount as is not required for payment of interest on the bonds still outstanding—namely, 1 per cent. on £7,283,100, and the 5 per cent. on the amount of the drawn bonds, and every year bonds are drawn to the extent of the accumulated amount. The amount representing the drawn converted bonds is then repaid to the Government, and the remainder of the accumulated fund is used to pay off the drawn bonds which are in the hands of the public.

I do not find that there is any obligation to pay the annual amount of the sinking fund to the Crown Agents in the manner which has hitherto been adopted, and therefore it would seem sufficient, in order to meet the requirement of the case, if the fund was allowed to accumulate in the colony, and that each year bonds to the extent of the accumulated fund were drawn at the Crown Agents'.

On the drawing being effected, the amount of the drawn converted bonds would be dealt with in the colony, and the Crown Agents would be furnished with sufficient funds to pay off those which were in the hands of the public.

Assuming that the conversion of the bonds were proceeded with next year, the amount to be thus furnished in each year to the Crown Agents would be provided by the sale of the $3\frac{1}{2}$ -per-cent. Stock created for the purpose.

Of course, the Treasury would still have to remit the amount required for the payment at the Crown Agents' of the interest on the outstanding bonds in the hands of the public.

The Hon. the Premier, Wellington.

I have, &c.,

W. B. PERCEVAL.