

No. 81.

The AGENT-GENERAL to the PREMIER.

(No. 449.)

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

27th April, 1893.

SIR,—

I beg to inform you that the cancelled debentures specified in the attached schedule have been forwarded to the Treasury by the mail-box which has been shipped by the s.s. "Aorangi."

I have, &c.,

The Hon. the Premier, Wellington.

W. B. PERCEVAL.

Enclosure in No. 81.

CANCELLED DEBENTURES FORWARDED IN NO. 65 MAIL-BOX, SHIPPED PER S.S. "AORANGI."

£64,000 New Zealand Government 5-per-cent. Debentures, Consolidated Loan Act, 1867,—					
Nos. 1-64 = 64 @ £1,000 each	..	..	..	..	£64,000
£500,000 New Zealand Government Debentures, 4 per cent., guaranteed,—					
Nos. 501-1,250 = 750 @ £100 each	..	..	..	..	£75,000
" 2,251-2,625 = 375 @ £200 each	..	..	..	..	75,000
" 1,001-1,300 = 300 @ £500 each	..	..	..	..	150,000
" 1-200 = 200 @ £1,000 each	..	..	..	..	200,000
With coupons dated from 1st May, 1893 (inclusive) attached					£500,000
£400,000 New Zealand Government 4-per cent. Debentures, Public Revenues Act (No. 3), 1887,—					
Nos. 1-50 = 50 @ £1,000 each	..	..	..	..	£50,000
" 1-20 = 20 @ £5,000 each	..	..	..	..	100,000
" 1-25 = 25 @ £10,000 each	..	..	..	..	250,000
					£400,000

New Zealand Provincial Loans.

£6,600 Otago 6-per-cent Debentures,—					
Nos. 1,786-1,791 = 6 @ £100 each	..	..	..	..	£600
" 790-795 = 6 @ £1,000 each	..	..	..	..	6,000
With coupons dated from 1st July, 1893 (inclusive) attached					£6,600
£2,000 Auckland 6-per-cent Debentures,—					
Nos. 2,056-2,063 = 8 @ £250 each	..	..	..	..	£2,000
With coupons dated from 1st October, 1893 (inclusive) attached.					

No. 82.

The AGENT-GENERAL to the PREMIER.

(No. 628.)

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

8th June, 1893.

SIR,—

I beg to acknowledge the receipt of your cablegram of the 6th instant,* in which, in referring to my letter No. 440, of the 21st April last, you state that the Government prefer that the Sinking Fund Trustees should retire those debentures of the Lyttelton and Christchurch Railway Loan which mature on the 1st July next, if funds are available.

I do not feel altogether certain as to the meaning of the instructions conveyed in your message; but I gather from it that the Treasury would prefer payment of the debentures in question to be made out of the Sinking Fund, rather than by the sale of 3½-per-cent. Stock under the conversion proposals of February, 1891.

If this construction of the meaning of the message is correct, I venture to point out that such a mode of payment is, to some extent, a reversal of the financial policy provided for under "The Consolidated Stock Act, 1884," which had for its object, so far as I understand it, the conversion by means of redemption or otherwise of existing Sinking Fund loans into Consolidated Stock, thus setting free the sinking funds for the purposes set forth in the Act. In the conversion operations of 1891-92, for instance, the whole of the outstanding 6-per-cent debentures of 1860 were converted into 3½-per-cent. Stock, the process being that the debentures in question were first paid off, then sent into the Bank of England for conversion into 3½-per-cent Stock, which stock was afterwards sold and the proceeds paid into the Public Account.

Notification of these conversions having been given in the prospectus issued in February, 1891,† the debentures in question being included in such prospectus, and also in the deed-poll of 12th March, 1891,‡ authorising the creation of the necessary stock, I see no reason, so far as the London money-market is concerned, why this process should not be repeated in the case of the Lyttelton and Christchurch Railway debentures; or, if preferred, that a sufficient amount of 3½ per-cent. Stock already created by the deed-poll of 12th March, 1891, should not be sold and the proceeds used to redeem the debentures, or to refund to the Public Account the amount previously drawn therefrom for that purpose.

In the case of the debentures maturing on the 1st proximo, the Sinking Fund is in the hands of the Sinking Fund Commissioners in the colony, as specified in New Zealand Parliamentary Paper B.-8, 1892; but as the amount of money necessary for their redemption is small, I shall have no difficulty in paying them off by drawing provisionally on the Public Account for that purpose, and I can then hold them pending your final instruction, as to the mode in which the funds shall eventually

* No. 76, *supra*.† *Vide* B.-14, 1891, Enclosure 1 in No. 10.‡ *Vide* B.-14A, 1891, Enclosure in No. 9.