

Enclosure 1 in No. 10.

DEAR SIR,—

London, 2nd June, 1890.

We have the honour to enclose herewith a petition to the two Houses of Parliament respecting the default of the New Plymouth Harbour bonds, and we have to request you, on behalf of those who have signed, to forward the same to the Government for presentation to Parliament, at the same time asking the Government to support its prayer. Those who have signed this petition have observed that the Government have shown a disposition to see that justice is done to the bondholders, and, in saying this, would refer to the endeavour shown by Sir H. Atkinson before the Select Committee of 1887, also to the action taken by the Government in previous sessions of the New Zealand Parliament. Therefore, in submitting the enclosed petition, it is intended to strengthen the hands of the Government in dealing with the matter in a manner which would be just to the bondholders and creditable to the colony.

We are, &c.,

Sir Francis Dillon Bell, K.C.M.G., C.B.,
Agent-General for New Zealand.

MULLINS, MARSHALL, AND Co.
J. AND A. SCRIMGEOUR.

Sub-enclosure to Enclosure 1 in No. 10.

To the Honourable the Speaker and the Members of the House of Representatives of the Colony of New Zealand in Parliament assembled. The humble petition of the undersigned residents in England, who, either personally or on behalf of clients, are interested in various New Zealand securities, sheweth,—

THAT in the year 1879 an issue of £200,000 in 6-per-cent. debentures of the New Plymouth Harbour Board was raised in London; that the prospectus of the loan stated that “the Government, recognising the necessity and importance of the work from a national point of view, has endowed the Harbour Board with one-fourth of the gross revenues arising from the sale, occupation, or other disposal of the waste lands of the Crown within the provincial district.” It also showed other security, by way of a rate upon the district; but, after stating that the then area of waste lands within the district consisted of about 758,000 acres, representing a value of £1,400,000, pointed out, as the before-mentioned endowment was deemed much more than sufficient for the purpose, no rate was expected to be required. Upon the faith of the above statements, the money for the loan was subscribed in London. That the same opinion prevailed in the colony, as appears from the evidence given by Sir H. A. Atkinson, the present or late Colonial Treasurer, before a Committee of your honourable House which sat in 1887. That at the time when the loan was issued, and for some years afterwards, the mode of selling waste lands was for cash or on deferred payment, but in the latter case the payment was to be 50 per cent. in advance of the cash price, and payable in ten equal instalments in advance, which was practically as favourable for Harbour Board purposes as a sale for cash. That, by various alterations made by legislative sanction in the years 1882, 1885, and 1887, the rates of sale on deferred payment were reduced first to 25 per cent. in excess of cash price, and afterwards to the same figure; and buyers on deferred payment were ultimately, after a single payment, allowed to capitalise unpaid instalments for a series of years, and pay only 5 per cent. interest on such capitalisation during such period. Further, the system of letting lands on perpetual lease, which until 1887 had been limited to one-third in area of rural lands, was in that year extended to all the waste lands. That the effect of these alterations was practically to take away for present purposes the main security upon which the lenders upon the above loan had relied, and the result has been that the Harbour Board were unable to meet the half-year's interest on the loan due in May, 1890, and will apparently be unable to do so in future.

Your petitioners, while not presuming to question the policy of the colonial Legislature in the alterations from time to time made in the mode of sale of waste lands, venture to think that the obligation (as they are informed the only one in the colony of this kind) entered into by the above prospectus was overlooked, and should have been met by some special provision, insuring to the creditors under the loan in question some engagement on the part of the Government which would have been as effective in their favour as if the sale of lands had proceeded on the footing in operation at the time the loan was made, and that if such claim be not now recognised it cannot but have a most prejudicial effect upon the credit of the colony in any future dealings upon the London money-market.

Your petitioners, therefore, feel compelled humbly to appeal to your honourable House, and to ask it to afford such redress as in its wisdom it may deem fit, with a view to placing the holders of debentures of the said loan in as favourable position as they would have been if the mode of disposing of waste lands remained as it was in 1879.

And your petitioners, as in duty bound, will ever pray.

MULLENS, MARSHALL AND Co.,
and twenty-one others.

Enclosure 2 in No. 10.

SIR,—

14, Second Avenue, Brighton, 8th May, 1890.

As a holder of £3,200 of the New Plymouth Harbour bonds, which are in default to the extent of 9s. 2d. in the pound of their coupon due on 1st May, I am constrained to call your attention, as the New Zealand Government's representative in this country, to the matter. I have also to beg that you will be pleased to bring the subject to the notice of your Government, with the view of their making inquiries into the management of the Harbour Board, and seeing that the money is forthcoming regularly for the service of the loan.

Looking at the terms of the prospectus issued of the loan on 1st July, 1879, by the Bank of New Zealand in London, I notice it is stated that “the Government recognise the necessity