

land, and the rate on "the special settlements." If such is the case the outlook for your colony at large is a poor one. If the Government so greatly recognised the importance on "national grounds" of the harbour-works, and gave their countenance to the issue of the prospectus of the loan—as they clearly did—the Government is undoubtedly responsible to the bondholders, and also responsible for your Board in the outlay of the money. Why do you not apply to the Government to make good the deficiency of the coupon, and ask them to manage the sale and settlement of the land on a system that would insure the bondholders being properly treated? I shall be pleased to receive from you any statement of accounts you can send me of the financial affairs of the harbour, and the sale and settlement of the land within the province. I should also like to be informed if your Board render statements of accounts to the colonial Government. I need not refer more than casually to the indirect loss that your colony must and has already suffered by the default of your Board, as any one with a knowledge of investors in this country must be aware that confidence is of vast importance to every country.

I am, &c.,

GILBERT FARIE.

The Chairman and Members of the New Plymouth Harbour Board of New Zealand.

SIR,—

1, Fenchurch Buildings, London. (Capetown, 30th May, 1890.)

As a trustee for three different estates, I am holding bonds of £1,500, £1,000, £1,000, £3,500, and I invested this money eight or nine years ago, believing that I had good security, in so far that the New Zealand Government has passed the Act for this New Plymouth Harbour, and that all interests had been well guarded. I was induced by the late Mr. Westgarth to place this money in what was then held up to be one of the best and safest of the harbour loans, from the valuable land-grants set aside for the payment of the interest and capital. Your printed circular of the 20th March, 1890, sent *via* San Francisco, was rather a sudden intimation of default, and, with very deep regret, I am now aware of the poor resources said to be at your disposal. Here in South Africa, as in most new countries, harbours are constructed to benefit the whole country, and are so undertaken by the Government; but if the New Zealand Government did not want to make their debt look larger some eight or nine years ago for these particular loans they, nevertheless, fostered this process of constructing these harbours out of the pockets of the London capitalists. It has no doubt been said that the interest was high, but it was colonial interest at the time the loan was issued, and it was a bargain made then. I am on a visit here, but on reaching London I shall undoubtedly join in a measure for our protection. But there ought to be no occasion for this. The country of New Zealand has been improved by the making of the New Plymouth Harbour, and the New Zealand Government have broken the terms of the land-grant under which the money was borrowed. Under these circumstances, they had better take over their New Plymouth Harbour, and return the money which was borrowed.

I am, &c.,

T. King, Esq., Chairman of New Plymouth Harbour Board.

DANIEL DE PASS.

The Chairman of the Harbour Board has forwarded to the bondholders the following letters, which explain the reasons why their coupons were not paid in full:—

SIR,—

New Plymouth, 10th July, 1890.

I have the honour to acknowledge the receipt of your letter of 30th May. In reply, I forward a copy of letter I have this day written to Mr. Gilbert Farie, of 14, Second Avenue, Brighton, which will explain to you the causes which have led to default in the payment of interest. I can assure you that no blame attaches to the Board in this matter. When the land fund fell short of our requirements we levied the maximum rate on the occupiers of land at once, and collected it with what some people considered great harshness, for we had to summon in a good many cases, and in some instances we had to distrain. Its imposition was looked upon as a hardship, as it was never thought it would be likely to be levied.

I am, &c.,

Daniel de Pass, Esq., 1, Fenchurch Buildings, London.

T. KING, Chairman.

SIR,—

I have the honour to acknowledge the receipt of your letter of the 8th May last. I cannot wonder, under the circumstances you mention, that you naturally feel aggrieved at finding a few days only after your purchase of bonds had been made that the May coupons had not been met in their entirety.

I did not telegraph to London that the default would be made, because on two previous occasions the Government had advanced sufficient funds to enable the coupons to be paid, and my letter to the bondholders, in terms similar to mine of the 20th March, had been suppressed. On the last occasion I considered it not unlikely that the May coupons would be paid in full from the same source.

On referring to the prospectus which was issued when the loan was raised, you will see that at that time the Board had every reason to believe that the fourth of the land fund would suffice to meet the interest, without having recourse to a rate. I doubt, indeed, whether, great as was the need for a harbour, the occupiers of land would have felt inclined to acquiesce in the issue of a loan if the imposition of a rate had appeared to be probable at an early date. A maximum rate at that time would not have realised more than £3,000 per annum.

For nine and a half years the funds derived from the land revenue were sufficient for the payment of interest, but, owing to the alterations in the land-laws, and the depression which resulted from the abstention from borrowing for public works, the demand for the purchase of the land had almost ceased, and a considerable exodus of people, whose income had been derived from the expenditure of borrowed money, had commenced. To insure the settlement of the country, exceedingly favourable terms for the occupation of land on deferred payment and on perpetual lease were offered to the public. The result has been that cash sales have almost ceased. Deferred-pay-