

ment land was at first offered to be spread over a period of ten years, but further concessions were afterwards made from time to time; so at present a deferred-payment settler, after paying the first half-year's instalment, is allowed to capitalise the balance for thirteen years, and to pay 5 per cent. interest on the capitalised amount. On perpetual lease the occupant pays a rental on the price of the land at 5 per cent. interest, and his improvements are protected.

It is quite possible that, if the system of cash payments for land had been continued exclusively, after a certain lapse of time a demand for land on the old terms would have again arisen, and one-fourth of the revenue, with a maximum rate, might have been sufficient to pay the coupons, but there would have been a pause for an indefinite time, during which the sales would have been very small. As it is, so much of the best-situated land has been disposed of on the new terms that I cannot see how a sufficient revenue can arise from one-fourth of the land fund and a maximum rate to pay more than 4 per cent. interest on the bonds, if, indeed, so much, for there is a proposal before the Parliament that in future perpetual-lease settlers, instead of paying interest on entering into occupation, are to be allowed to pay no interest for two years, and the payment of the two years' interest is to be spread over the remainder of the term. The Government has not purchased any Native land in this provincial district for many years, and, as far as I can see, it is not inclined to do so in the future. If it did, one-fourth of the proceeds of sale or occupation would be receivable by the Board.

I have no doubt the question of default will be brought before the Parliament, which is now sitting, but with what result I am unable to conjecture.

I have stated in the early part of this letter that I was not aware whether the Government would not render assistance to the Board on this as on previous occasions, but I am sure that no member of the Board had communicated the probability of default, so as to enable some bondholders to uncover before default was made. The Sinking Fund Commissioners have bonds for £7,500 in the hands of the Agent-General for the colony in London, and these have not been put upon the market.

The Board's accounts are audited annually, and are scrutinised with the utmost care by the Auditor-General. The receipts from the fourth of the land revenue during the several years have been—1878, £6,994 9s.; 1879, £4,123 1s. 7d.; 1880, £2,638 10s. 7d.; 1881, £32,986 13s. 1d.; 1882, £17,145 15s. 3d.; 1883, £20,138 11s. 9d.; 1884, £6,367 10s. 1d.; 1885, £4,927 6s. 11d.; 1886, £2,364 1s. 2d.; 1887, £5,649 11s. 3d.; 1888, £4,330 15s. 8d.; 1889, £2,803 11s. 10d.

I have, &c.,

Gilbert Farie, Esq., 14, Second Avenue, Brighton.

T. KING, Chairman.

No. 15.

The PREMIER to the AGENT-GENERAL.

Agent-General, London.

Wellington, 28th February, 1891.

NEW PLYMOUTH HARBOUR BOARD.—November, 1889, coupons: Ascertain if cancelled and returned to Board.

No. 16.

The AGENT-GENERAL to the PREMIER.

Premier, New Zealand.

(Received 3rd March, 1891.)

HARBOUR coupons, November, 1889, were cancelled and forwarded Bank of New Zealand branch, Taranaki.

London, 2nd.

No. 17.

The AGENT-GENERAL to the PREMIER.

SIR,— Westminister Chambers, 13, Victoria Street, London, S.W., 17th April, 1891.

I beg to enclose copy of a letter from Sir John Lubbock, Chairman of the Council of Foreign Bondholders, covering one (which I send on in original) on behalf of that Council, in reference to the New Plymouth Harbour Board default.

I have informed Sir John Lubbock, in reply, that some of the statements contained in his letter are new to me, and others I am unable to verify; but I have assured him that the questions he has raised will receive the careful consideration of your Government.

After what has been said in the House of Representatives, I feel it incumbent upon me no longer to keep silence as to my own opinion on the question. In my letter to your predecessor of the 30th March, 1889, No. 428, I pointed out how strongly it was held in all financial circles here that the colony had from the first intended to endow, and had virtually endowed, the New Plymouth Harbour Board with a continuing proportion of the land revenue as it stood at the time; and that as, by reason of a change in the administration of the general land-law, the Board only got a trifling sum instead of the fair amount it was intended to receive, an equitable claim on the colony had been created.

Not having been called upon by the Government at the time to express any opinion of my own on the policy involved I refrained from doing so officially as Agent-General. But I never had any doubt that the differentiation between the case of the New Plymouth Harbour Board and the case of any other Harbour Board was one which ought to be plainly admitted; and that the colony could not, whether directly by new land-legislation, or indirectly by new administration of the existing land-law, rightly take away an endowment which it had once conferred.

In July, 1889, the Government cabled to me, asking whether I thought that if the Harbour Board made default in paying the coupon of 1st November it would be detrimental to the success of the conversion loan to be brought out in October. I replied that, while I still thought that a default would only have a transient effect, a default ought certainly not to be allowed to come upon this