

- (1.) Deferred-payment lands, comprising 94,818 acres, representing a capitalised value of unpaid instalments of £73,621, and a present annual interest return of £920;
- (2.) Perpetual-leasehold lands, comprising 69,152 acres, representing a capitalised value of £68,200, and yielding a present annual interest return of £3,410;
- (3.) Crown lands surveyed and open for selection, 31,919 acres, of the estimated value of £22,118;
- (4.) Crown lands unsurveyed and not yet open for selection, after allowing 10 per cent., and of roads, education, and other revenues, of the estimated value of £187,228.

The summary of the values of the foregoing four branches of actual and potential revenue may be grouped as follows :—

(1.) Deferred-payment land	...	...	...	£73,621
(2.) Perpetual-leasehold land	...	...	...	68,200
(3.) Crown lands surveyed	...	...	...	22,218
(4.) Crown lands unsurveyed	...	...	...	187,228
				351,267
One-fourth of which is	...	...	...	£87,816
If to this amount 25 per cent. of the estimated value of the confiscated lands restored (£362,000) be added, there would be an additional	...	...	...	90,500

Representing a total endowment of £178,316

This is without taking into account any Native lands unacquired, 25 per cent. of the value of which is estimated to amount to £88,902.

The Harbour Board has already, by investing sinking funds in buying up its own bonds, reduced the debt to about £176,500.

The present position of the interest account is that, after default in part being made in payment of the half-yearly instalment of interest due on the 4th May, 1890, and again in part on each of the succeeding half-yearly instalments on the 4th November, 1890, and the 4th May of this year, some arrears have been made up, with the result that at present there is outstanding as interest overdue the sum of £4,984.

As the interference of the General Government in the engagements of the Board in London has been made the subject of reference by the bondholders, it may be as well here to narrate briefly what occurred: Early in 1889 the Board applied for and received an advance from the General Government of £2,200 against the Board's share of the Land Fund to accrue, so that it might meet its interest due in May. The Board, seeing no prospect of being able to meet its interest coming due in November, 1889, gave instructions to its agents in London to make intimation accordingly. This intended default of the Board became known to the Colonial Treasurer, and, in view of the conversion loan contemplated by the General Government to be floated in October of that year, £5,115 was remitted from the Public Account in the colony to London, where the necessary amount was applied in payment of the interest of the Board due on the 4th November; no intimation, however, being given to the public that the interest was not provided by the Board out of its own funds. There would seem to be no doubt that some investors were deceived by the due payment of the interest in full into the belief that the Board was solvent.

The half-yearly payments following were not met in full, nor is there any prospect of the Board being able, under existing circumstances, to meet its engagements as they become due. The Board has, since the advance in October, 1889, repudiated liability for the £5,115 on the ground that they did not request the favour; and the Treasury has since (under advice) paid to the Board the moneys which had been meanwhile impounded from the 25 per cent. of the land fund accruing due to the Board.

The Committee have not referred to some reserves vested in the Board in the town and vicinity of New Plymouth, as the Committee prefer to deal exclusively with the land revenue of the provincial district, which is under the control of the General Government.

An appendix to this report shows the particulars of the land endowment.

The loan stands at £176,500, which is payable on the 1st May, 1909, with 6 per cent. interest meanwhile, payable half-yearly; the sinking fund has been in abeyance for some years. The Council of Foreign Bondholders, by their chairman, Sir John Lubbock, in a communication (which appears in the Appendix) to the Colonial Treasurer, states that the debenture-holders "would doubtless be prepared to meet the Government by accepting a modification of the rate of interest, and possibly of the duration of the sinking fund," and concludes that the intervention of the Council of Foreign Bondholders "has been sought on behalf of the whole body of debenture-holders of the New Plymouth Harbour Board by a requisition signed by a majority of the whole issue, and the adhesion of the whole body can confidently be counted on to any reasonable arrangement arrived at."

After a careful consideration of all the facts and surroundings of the case in its special relation to the general Land Fund, which places the New Plymouth Harbour Board in a position unlike that of any other local authority in the colony, the Committee consider, after allowing for postponement of realisation—for withdrawal of the confiscated lands—for the uncertainty as to the future acquisition of land in the provincial district—and also allowing for the abolition of the harbour rate—that there is a reasonable sufficiency of assets to justify the Colony in taking over the endowment, so that the 25 per cent. of the land revenue of the provincial district previously set apart shall return to and remain part of the general land revenue of the colony, in return for the liability under the loan, which the Committee consider ought to be taken over by the colony.

The Committee, therefore, recommend the Government to open negotiations with the Council of Foreign Bondholders with the view of replacing the debentures of the New Plymouth Harbour Board with New Zealand stock on equitable terms.

G. HUTCHISON,
Chairman.

19th August, 1891.