

of the rate of interest, and possibly of the duration of the sinking fund. In adopting this course the Government would receive the interest on the purchase price of the land sold at an equivalent or probably higher rate, and would be able to recoup the expenditure out of the land revenues, the administration of which is in their own hands. This is, practically, the course recommended in 1881 by the New Plymouth Harbour Inquiry Committee, and which, I submit, the justice of the case demands. The capital amount of the harbour debentures now outstanding is, I am informed, £184,600.

The present claim does not rest on any ground involving the recognition by the Government of an obligation to assume the responsibilities of local authorities, or creating a precedent which the Government might find it difficult to refuse to follow in other cases, but on the broad principle of the right of citizens of the Empire to compensation at the hands of the State for damage sustained by the interference by the State, for purposes of public utility, with the private rights possessed by the citizen. The position of these debenture-holders is fortified by the fact that, in their case, such right to compensation arises in connection with public works, which have always been recognised as of a national and not merely of a local character.

In conclusion, I may add, for your information, that the Council of Foreign Bondholders, of which I am the Chairman, is an organization of recognised standing in the City of London, formed for the object of watching over and protecting the rights of the holders of bonds of foreign and colonial States, whether the direct issues of Governments or of public bodies; and not for the purposes of profit on any financial operation. The Council have within the last twenty years been instrumental in effecting arrangements between foreign States and the holders of bonds representing an aggregate of upwards of £856,000,000 sterling. Their desire in all these cases is to look at the question intrusted to them from an independent point of view, with the object of bringing about arrangements which may be satisfactory alike to the State and to those having claims on the State.

In the present case, their intervention 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.

I have, &c.,

JOHN LUBBOCK, Chairman.

III.—STATEMENT BY MR. OLIVER SAMUEL.

FRIDAY, 17TH JULY, 1891. (Mr. G. HUTCHISON, Chairman.)

Mr. OLIVER SAMUEL examined.

[Mr. Oliver Samuel attended as representative of the New Plymouth Harbour Board.]

1. *The Chairman.*] The Committee would like you to give any information you can respecting the present position of the endowments of the New Plymouth Harbour Board?—I suppose that would include any information I can afford with respect to what may be the probable effect of the colony taking back its endowment of 25 per cent. of the land revenue, and taking over the balance of the loan yet payable. The loan, Mr. Chairman and gentlemen, as you, of course, are aware, was originally £200,000. This is practically now reduced to about £176,000 by the amount of sinking fund which has accumulated and been invested in the purchase of the bonds of the Harbour Board. The loan may therefore be now taken, for practical purposes, as amounting to only about £176,000. Advertising to the prospectus under which this loan was raised in 1879, you will have noticed that it was stated as follows: "The Government, recognising the necessity and importance of this work from a national point of view, have endowed the Harbour Board with one-fourth part of the gross revenues arising from the sale, occupation, or other disposal of the waste lands of the Crown within the provincial district. This subsidy commenced in the year 1875, and the proportion of the proceeds of land-sales so appropriated to the Harbour Fund has been duly paid by the Colonial Treasurer to the credit of the Harbour Board with the Bank of New Zealand from time to time. Future payments of revenue from this source will be set apart in order to provide, in the first instance, for interest and sinking fund. The area of waste lands at present held by the Crown within the provincial district consists of about 758,000 acres, representing a value of about £1,400,000." At that time it is clear, beyond doubt, that in the term "Crown lands" was included the confiscated lands which had been taken from the Natives, and which were then waste lands of the Crown. Although in 1874, when the New Plymouth Harbour Board Endowment Act was passed, these confiscated lands, although owned by the Crown, were not technically Crown lands, yet by the Land Act of 1877, section 5, these confiscated lands were expressly made Crown lands. That being an Act passed prior to the raising of the loan in 1879, the security for the payment of the loan and interest had been improved, so to speak, from what it was in 1874. It is quite clear that the bondholders—the persons who lent the money—as well as the inhabitants of Taranaki—the persons who borrowed the money—completed the transaction upon the position as established by the Act of 1877—the improved position—that is, that the whole of the confiscated lands were Crown lands. I cannot see that there can be any possible doubt upon that point. I should also like to point out that this loan was not raised in the same manner as loans have been since raised by Harbour Boards, and it is altogether exceptional in this respect. It was not referred to the ratepayers of the district, or to any general poll of ratepayers, whether or not this loan should be raised; and therefore it becomes the more material to consider what was the inducement held out to the people of the district to induce them to acquiesce in the raising of the loan, accompanied by rating-powers. This unquestionably was one of the inducements: that the confiscated lands, very large in extent and very considerable in value, were made liable to the extent of 25 per cent. for the repayment not only of the loan itself, but also for the payment of interest, so as to prevent the rate (which was