

1892.

NEW ZEALAND.

PAYMENT OF INTEREST BY THE NEW PLYMOUTH
HARBOUR BOARD

(FURTHER CORRESPONDENCE RELATING TO).

[In Continuation of B.—15, 1891.]

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

The PREMIER to Sir JOHN LUBBOCK.

(No. 211.)

SIR,—

Premier's Office, Wellington, 25th June, 1891.

I have to acknowledge receipt, through our Agent-General, of your letter dated the 2nd April last, referring to the position of debenture-holders of the New Plymouth Harbour Board. Our Parliament being in session, and the matter contained in your communication being of so much importance, I have deemed it advisable to refer the correspondence to the Public Accounts Committee of the House for their consideration. Upon their report being received by the Government, I shall do myself the pleasure of sending you a reply.

I have, &c.,

The Right Hon. Sir John Lubbock, Bart., M.P.,

J. BALLANCE.

Chairman, Council of Foreign Bondholders, 17, Moorgate Street, London, E.C.

No. 2.

The PREMIER to the AGENT-GENERAL, with Enclosure for Sir John Lubbock.

(No. 59.)

SIR,—

Premier's Office, Wellington, 3rd December, 1891.

I have the honour to enclose herewith a reply to Sir John Lubbock's letter of the 2nd April last, on the subject of the default of the New Plymouth Harbour Board in payment of interest on their loan, which I shall be obliged by your handing to Sir John Lubbock. I also enclose a copy of the reply for your information.

I have, &c.,

The Agent-General for New Zealand, London.

J. BALLANCE.

Enclosure in No. 2.

(No. 451.)

Claims of the New Plymouth Harbour Board Debenture-holders.

SIR,—

Premier's Office, Wellington, 3rd December, 1891.

Referring to my letter of the 25th June last, wherein I promised to advise you of the result of the deliberations of Parliament (which was then in session) in connection with the claims of the New Plymouth Harbour Board debenture-holders, on account of the default made by that Board in the payment of interest upon bonds held in London, the claims being more particularly set forth in your letter dated the 2nd April last, addressed to my Government, as Chairman of the Council of Foreign Bondholders, I am now able to inform you of the decisions which were arrived at by the Committees appointed to investigate the matters arising out of the default made by the Harbour Board as previously mentioned.

The New Plymouth Harbour Committee presented their report to the House of Representatives on the 19th August last, and recommended "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." On the same day, the Public Accounts Committee reported that, "having considered the correspondence relating to the payment of interest by the New Plymouth Harbour Board, resolved to report that the Committee cannot recommend Parliament to take any action in the matter."

The reports of the Committees were fully and exhaustively debated by the Government and members in the House, and the conclusion arrived at was, that it could not be admitted for one moment that the colony could accept liability for any local loan. The terms of the Act, and of the debentures issued by the Board thereunder, expressly provided that the revenues of the colony should not be made liable for the principal or interest of the money borrowed by the Board.

The Government have very carefully considered the various points raised in your letter now under reply, and have come to the conclusion that, without direct instructions from Parliament, they are unable to give effect to the proposals contained in your letter under consideration, for if the colony once decided to accept liability in connection with any local loans, it would, without doubt, have to bear the burden of all the local indebtedness, as it would be scarcely possible to make any distinction or discrimination.

I enclose copies of the reports of the Committees and of the debates which took place on the subject.

I have, &c.,

The Right Hon. Sir John Lubbock, Bart, M.P., J. BALLANCE.
Chairman, Council of Foreign Bondholders, 17, Moorgate Street, London, E.C.

No. 3.

THE AGENT-GENERAL to the PREMIER.

(No. 97.)

New Plymouth Harbour Board Debentures.

Westminster Chambers, 13, Victoria Street, London, S.W., 22nd January, 1892.

In accordance with the instructions received by Treasury letter No. 59, of the 3rd December last, I handed the letter therein enclosed to Sir John Lubbock immediately on its receipt, and I have received acknowledgment of the same from the Secretary of the Council of Foreign Bondholders on behalf of Sir John Lubbock.

The Hon. the Premier.

W. B. PERCIVAL.

No. 4.

SIR JOHN LUBBOCK to the PREMIER.

(No. 210.)

Council of Foreign Bondholders, 17, Moorgate Street, London, E.C.,

SIR,—

8th February, 1892.

I have the honour to acknowledge the receipt of your letter of the 3rd December, in which you inform me of the decision come to by your Government on the subject of the New Plymouth Harbour Board default—namely, “That without direct instructions from Parliament they are unable to assume responsibility for the loan in question, as if the colony once decided to accept liability in connection with any local loans, it would have to bear the burden of all local indebtedness, for it would be scarcely possible to make any distinction or discrimination.”

I would here point out that the arguments on which the claims of the debenture-holders are chiefly based have remained unanswered.

Your communication has been considered at a meeting of the principal bondholders, and after some discussion the following resolution was passed:—

“Resolved, (1.) That this meeting have heard with regret the letter from the Premier of New Zealand, and that in their opinion the treatment received by the subscribers to the New Plymouth Harbour Board Loan justifies an opposition to the quotation of any New Zealand loan. (2.) That this resolution be communicated to the Council of Foreign Bondholders, and that they be requested to give the bondholders their valuable support.”

The Council would be very loth to take such an extreme measure in the case of so important a colony as New Zealand, bound, moreover, to the Mother-country by so many honourable ties and traditions, and they desire me once more to ask your Government to reconsider their decision, and to point out that the claims of the debenture-holders of the New Plymouth Harbour Board Loan rest on special facts and circumstances applying exclusively to that loan, and which have no application whatever to other local loans.

My letter of the 2nd of April contained a very full statement of the case. As already mentioned, these arguments are not in any way dealt with in your letter, and it has never been suggested that they have any application to the circumstances of any other local loan, so as directly or indirectly to constitute a precedent for the Government being called on to assume the responsibility of other loans if they met that which, in the special circumstances, the State has, by its acts, come under—by depriving these debenture-holders, for purposes of public utility, of the revenues pledged to them by the State.

In the absence of any further explanations, the Council cannot but consider that, as the debenture-holders have suffered through the act of the Legislature, they are entitled to relief from the same source.

The Council, therefore, confidently hope that your Government will reconsider this matter, believing that a settlement of the question will be alike in the interest of the colony and of the bondholders.

I have, &c.,

The Hon. J. Ballance, JOHN LUBBOCK, Chairman.
Colonial Treasurer and Minister of Native Affairs, New Zealand.

No. 5.

(No. 156.)

The PREMIER to Sir JOHN LUBBOCK.

SIR,—

Premier's Office, Wellington, 21st April, 1892.

I have the honour to acknowledge the receipt of your letter dated the 8th of February last, wherein you ask, on behalf of the Council of Foreign Bondholders, for a reconsideration of the claims of the holders of debentures issued by the New Plymouth Harbour Board.

You also mention that at a meeting of the principal bondholders a resolution was passed expressing their opinion that "the treatment received by the subscribers to the New Plymouth Harbour Board Loan justifies an opposition to the quotation of any New Zealand loan," and "that this resolution be communicated to the Council of Foreign Bondholders, and that they be requested to give the bondholders their valuable support." In connection with these resolutions, I am glad to be informed that your "Council would be very loth to take such an extreme measure."

I am surprised to read that you consider that the arguments contained in your letter of the 2nd of April, 1891, were not in any way dealt with in my letter of the 3rd of December last. You will remember that in my letter of the 25th of June, 1891, I stated that, Parliament being in session, I deemed it advisable to refer the correspondence to the Public Accounts Committee of the House of Representatives for their consideration, and that upon their report being received I would send you a reply. Your letter, as promised, was duly referred to the Committee, besides which a special Committee was appointed to deal with the same subject. The Chairman of this special Committee represented constituents who were ratepayers of the New Plymouth Harbour Board. Both Committees reported to the House of Representatives, and considerable discussion by prominent members of both sides of the House took place upon these reports. The Colonial Treasurer expressed the opinions of the Government and of the country, and in these opinions the leader of the Opposition coincided. Members coming from the Harbour Board district also expressed their views very fully; and you will observe that the result of the discussion in the House was substantially the same as the recommendation of the Public Accounts Committee—namely, "The Committee cannot recommend Parliament to take any action in the matter." I was careful to send you with my last letter the *Hansard* reports of the debate, together with the reports of the two Committees, and other papers, to which I directed your attention; and this was done with the object of your being placed in possession, as fully as possible, of the mind of Parliament and of the Government upon the subject of the claims of the New Plymouth Harbour Board bondholders. All this information was intended as a reply to your communications, and leaves no room, I submit, for the remark that your arguments had not been dealt with. So far as I can see, no more complete reply could have been furnished at the time, and nothing has since transpired which leads me to hold out any hopes of a different result being arrived at should the matter be again placed before Parliament for its consideration.

I have, &c.,

W. P. REEVES,

The Right Hon. Sir John Lubbock, Bart., M.P., For the Premier.
Chairman, Council of Foreign Bondholders, 17, Moorgate Street, London, E.C.

Approximate Cost of Paper.—Preparation (not given); printing (1,300 copies), £1 18s. 6d.

By Authority: GEORGE DIDSURY, Government Printer, Wellington.—1892.

Price, 3d.]

