

No. 11.

The MINISTER ACTING for the COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

The Treasury, Wellington, 18th April, 1895.

With reference to your cablegram of the 5th instant, informing me of the threatened opposition of foreign bondholders to quotation of the loan we are about to issue, and subsequent messages between the Hon. the Colonial Treasurer and myself, which you have doubtless seen, I cannot but express my surprise at the persistence of these bondholders in clamouring to the Government to remedy alleged wrongs which the Parliament and the Government have on several previous occasions declined to recognise. If they are so dissatisfied with their security (now apparently quoted at £5 premium), I cannot imagine why they do not relieve themselves of anxiety by selling out at such a handsome profit as they can realise at will. It is impossible to regard the threat of opposition to the loan seriously, or as being other than a practical admission of the groundlessness of the claim put forward.

That the committee of the Stock Exchange could stultify themselves as they would by refusing quotation of the loan I cannot believe, when they make themselves acquainted with the terms of the New Plymouth Harbour Board debentures and all the facts relating to the case. To injure the colony's credit could do no one any good, while it would, of course, have the double effect of depressing all our local-government securities and embarrassing the finances in the colony, which, in turn, would affect commerce, and thereby diminish the revenues of the New Plymouth Harbour Board.

I enclose extracts from the *New Zealand Times*, which, I think, fairly express public opinion on the question in the colony.

In view of what I have here said, I had no hesitation in cabling to the Colonial Treasurer my distinct refusal to allow, on behalf of the Government of the colony, any reference to arbitration in respect of a grievance of the holders of the debentures, who acquired them with the distinct statement on their face that the colony has no liability in connection with them.

I have, &c.,

R. J. SEDDON,

For the Colonial Treasurer.

The Agent-General for New Zealand, London.

No. 12.

The AGENT-GENERAL to the COLONIAL TREASURER.

(No. 286.)

Westminster Chambers, 13, Victoria Street, London, S.W.,
2nd March, 1895.

SIR,—

I beg to transmit herewith copy of letter and enclosure which I have received from the Colonial Office relating to the question of the New Plymouth Harbour Board loan, and in reference thereto to state that I am conferring with the Hon. Mr. Ward as to the reply which I shall give to it.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

W. B. PERCEVAL.

Enclosure 1 in No. 12.

SIR,—

Downing Street, 14th March, 1895.

I am directed by the Marquis of Ripon to transmit to you a copy of a letter from the Council of Foreign Bondholders, with its enclosures, respecting the case of the debenture-holders of the New Plymouth Harbour Board. Lord Ripon would be glad to be favoured with any observations you may desire to make on the subject at an early date.

I am, &c.,

The Agent-General for New Zealand.

JOHN BRAMSTON.

Enclosure 2 in No. 12.

MY LORD,—

Council of Foreign Bondholders, 17, Moorgate Street, London, E.C.,
6th March, 1895.

I am directed by the Council of Foreign Bondholders to ask your Lordship's attention to the claims of the debenture-holders of the New Plymouth Harbour Board against the New Zealand Government. The enclosed statement, which was prepared some time ago by the Committee of Bondholders acting in conjunction with the Council, and which, the Council have every reason to believe, is a correct summary of the case, sets forth the grounds on which the bondholders' claims are based. From this your Lordship will see that the New Plymouth Harbour Board Loan of £200,000 was authorised and approved by the colonial Government; that the Harbour Board received an endowment of 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; that the loan was successfully raised on these conditions, and with these lands as a special security; that three years later the Government took away 200,000 acres of the best land forming the Harbour Board's endowment, and restored it to the Natives; that the Government also altered the land-laws, thereby diminishing the revenues of the Harbour Board; that in 1889, in order to avoid default on the coupons of the New Plymouth Harbour Board Loan, the Government advanced the money required for their payment; that at this time the Government were contemplating the conversion of one of their own loans, and feared that, if the Harbour Board were allowed to go into default, the success of the operation would be jeopardized; that subsequently the interest on the Harbour Board loan went into arrear, and is at the present moment in arrear; that no proper provision is being made for sinking fund; that a special Committee in the House of Representatives, after an exhaustive inquiry, reported unequivocally in favour of the bondholders' claim.

The colonial Government, it is understood, is now contemplating the issue of a further loan, and the Committee of Bondholders, having been unable to obtain any redress from the Government, in spite of the report of the Committee of the House of Representatives, have announced their intention of opposing the application for a quotation and settling-day for the new loan on the London Stock Exchange, and have appealed to the Council for their support.

The Council do not, as the matter now stands, see how they can decline, and yet they would regard the necessity for this course with feelings of the deepest regret, and they are anxious to take any step in their power to avert such a contingency.