

SESS. II.—1897.
NEW ZEALAND.

DESPATCHES

RELATING TO THE INTENTION OF THE COUNCIL OF FOREIGN BONDHOLDERS TO OPPOSE ANY APPLICATION TO THE STOCK EXCHANGE FOR A QUOTATION FOR A FUTURE NEW ZEALAND LOAN.

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

No. 1.

The Right Hon. the SECRETARY of STATE for the COLONIES to His Excellency the GOVERNOR.
MY LORD,—

Downing Street, 18th May, 1896.

I have the honour to transmit to you for communication to your Ministers a copy of a letter from the Council of Foreign Bondholders, intimating their intention, in view of the non-ratification by your Government of the arrangement made with them by Mr. Ward in regard to the New Plymouth Harbour Board debentures, to oppose any application to the Stock Exchange for a quotation for a future New Zealand loan.

I have no doubt your Ministers will give this matter their careful consideration.

I have, &c.,

Governor the Right Hon. the Earl of Glasgow, G.C.M.G., &c.

J. CHAMBERLAIN.

Enclosure in No. 1.

SIR,—

Council of Foreign Bondholders, 17, Moorgate Street,
London, E.C., 1st May, 1896.

New Plymouth Harbour Board Debentures.—With further reference to your letters of the 13th and 29th March, 1895 (No. 4174/95), I am desired to say that, acting on the suggestion made in the latter communication, the Council of Foreign Bondholders had some interviews with the Agent-General and the Colonial Treasurer in order to arrive at an amicable understanding with regard to the matters at issue between the Colonial Government and the holders of the debentures of the New Plymouth Harbour Board.

As the result of these conferences, Mr. Ward undertook to recommend to his Government that the question as to whether the 200,000 acres of land returned by the Government to the Natives in the Taranaki District formed part of the endowment of the Harbour Board or not should be submitted to arbitration. The Council did everything in its power to meet Mr. Ward's views as to the *locale* and *personnel* of the proposed arbitration, and Mr. Ward expressed himself as confident that his colleagues would adopt his recommendation on the point named.

During the progress of the negotiations the Government of New Zealand, as stated in my letter to Lord Ripon of the 6th March, 1895, were placing a loan of £1,500,000 3-per-cent. stock on this market, and the committee representing the debenture-holders were anxious that the Council should oppose the quotation of this loan on the Stock Exchange. In view, however, of the understanding arrived at with the Colonial Treasurer, it was decided to refrain from taking any action in the matter.

After a long delay we have lately been notified, to our surprise and regret, that the Colonial Government has refused to accept Mr. Ward's recommendation.

The debenture-holders' committee is naturally indignant at this treatment, and they have resolved to request the Council to oppose a quotation on the Stock Exchange of the next issue of any New Zealand loan.

Although the interest is no longer in arrear, the sinking fund is in suspense, and, under the circumstances, it is difficult to see how the Council can refuse to accede to the committee's request, much as they would regret to be compelled to take a step so antagonistic to the Colonial Government, which they have done everything in their power to avert.

I have, &c.,

The Under-Secretary of State for the Colonies,
Colonial Office, London.

JAMES P. COOPER, Secretary.