

and importance of the works from a national rather than a local point of view," thus clearly indicating that the Government countenanced the raising of the loan. It is further stated in the prospectus that the Government "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 province." "The area of the waste lands at present held by the Crown consists of about 570,000 acres, representing a value of about £1,400,000. In addition, the Government are in negotiation to purchase from Natives 500,000 acres, estimated to be worth about £1,000,000," thereby indicating that this second lot of land will be appropriated to the service of the Harbour Board and the security of the loan. Again, it is stated in the prospectus that "the Taranaki District contains some of the finest land in the colony."

It naturally occurs to a bondholder to ask what has become of the 1,070,000 acres of land, said "to consist of some of the finest in the colony," valued at £2,400,000, and how it arises that some £11,400 per annum cannot be obtained from it, and the "rating-power," as noted in the prospectus "vested in the Board to the extent of 1s. in the pound upon property within the rating district, the annual value of which for rating purposes has been recently estimated at £60,000." The statements in the prospectus appear at variance with the facts as they now exist and are said to be in the Board's circular of 20th March last, thus leading one to conclude that the prospectus was a false, puffing one, or that the management of the Board, both of the Harbour and the land, is thoroughly bad.

I am not aware of any Harbour Board or municipal body being in default, and it seems disgraceful that so important a colony as New Zealand should be the first country to show that so weak and unfortunate a position should be held by one of its harbours in which the Government are so deeply interested. It is the duty of the Government to see the bondholders protected, and to uphold the credit of the country. The fact of the interest being in default, though only amounting to some £2,000, has already very seriously affected the value of all New Zealand stocks, and there is no saying where this weakening of the colony's credit will end. It may cost the colony hundreds of thousands of pounds hereafter to restore confidence unless the Government take early action in the New Plymouth matter.

Pray excuse me writing to you, and at so great a length.

I have, &c.,

GILBERT FARIE.

Sir Francis Dillon Bell, K.C.M.G., C.B., Agent-General for New Zealand.

No. 11.

The AGENT-GENERAL to the COLONIAL TREASURER.

(Memorandum.)

Westminster Chambers, 13, Victoria Street, London, S.W., 5th September, 1890.

NEW PLYMOUTH HARBOUR BOARD.—I beg to enclose an article which appeared in the *Economist* respecting the default made by the New Plymouth Harbour Board, and the statement made by the Hon. Mr. Mitchelson in the House of Representatives during the debate at the end of June. As the matter was, at the departure of the last mail from the colony, still before a Select Committee, I have not thought it right to take any notice of the article; indeed, whatever may be the report of the Committee, it would have been difficult to make any official statement in this country at this moment, after what had passed in the House on the subject. But the honourable Minister will have seen that the article has not had any bad effect on the credit of the colony, as the price of the inscribed stock is to-day $106\frac{1}{2}$ to $107\frac{1}{2}$, which is much higher than it was when the article appeared a fortnight ago.

F. D. BELL.

Enclosure in No. 11.

[Extract from the *Economist*, 23rd August, 1890.]

NEW PLYMOUTH HARBOUR BOARD INTEREST.—AN INDEFENSIBLE ACT.—Did the Hon. Edward Mitchelson, a member of the New Zealand Ministry, quite realise the purport of his words in reply to a question asked in the House of Representatives on the 27th June? An account had been presented to the New Zealand Parliament of the "unauthorised expenditure" in the past financial year, which included £4,992 19s. 3d. interest upon New Plymouth Harbour Board bonds. Here is his reply: "On the 24th October last the Government remitted to London a sum of £5,115 17s. 1d. to enable the interest on the Harbour Board's coupons to be met on 1st November. About that time the Loan Agents were making preparations for converting the $3\frac{1}{2}$ -per-cent. £2,700,000 loan, and it was thought that if default were made by the New Plymouth Harbour Board the success of the conversion would be greatly jeopardized. The Loan Agents advised that, in the interests of the loan they were about to raise, the Government should pay interest upon the coupons of the Board, rather than that default should be made. The Committee agreed with the Premier that it was advisable under all the circumstances to remit this money. The debit balance on the 31st May was £3,399 14s. 10d., but there was a doubt as to whether any portion of the £5,115 could be charged against the Harbour Board. The officers of the department assured them that the advances, not having been paid at the request of the Board, could not be deducted from the funds payable to the Board through the Government, so that in all probability the amounts already deducted would have to be refunded." So, then, the New Plymouth Harbour Board in reality defaulted in November last year, and the Government, without any request from the Board, and without the sanction of Parliament, stepped in and paid the interest, because they found it convenient for their own purposes to hoodwink the bondholders and the British public. The suppression of material facts thus