

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.,
J. BALLANCE.

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

No. 3.

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. PERCEVAL.

No. 4.

Council of Foreign Bondholders, 17, Moorgate Street, London, E.C.,
8th February, 1892.

SIR,—

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 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.,
JOHN LUBBOCK, Chairman.

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

No. 5.

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

SIR,—

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