

*Enclosure 4 in No. 5.*

SIR,—

13, Victoria Street, S.W., 2nd June, 1893.

I have the honour to acknowledge the receipt of your letter of the 26th ultimo transmitting for my information a copy of a letter from the Department of the Lords Commissioners of the Treasury in which it is stated that my Lords are unable to comply with the request of my Government to be relieved of the payment of the stamp duty on the stock issued in the place of the debentures which were covered by the guarantee of the Imperial Government.

I beg leave to express regret at the view taken by Her Majesty's Treasury of the request which I had the honour to make on behalf of my Government, more especially as, in specifying the grounds on which that view is based, and which Lord Ripon has been requested to point out to me, my Lords altogether ignore the very special circumstances of the case, and which I submit were such as to justify my Government in expecting that the comparatively slight relief applied for would be conceded without hesitation.

I am well aware that the stamp duty on colonial stocks represents a statutory requirement of the Imperial Parliament, and, as no doubt Her Majesty's Treasury are cognisant of, this requirement has always been met by my Government without demur. It is possible, also, that Her Majesty's Government have no power under any circumstances to dispense with it. But such formal inability ought not to stand in the way of doing what I suggested in my letter to you of the 23rd March last—namely, of reimbursing my Government the amount of the stamp duty as soon as it is paid to the inland revenue. Such a course is one which no doubt Her Majesty's Government could easily find means of carrying into effect.

Inasmuch, therefore, as Her Majesty's Government have not apparently considered the request which I made on behalf of my Government as the justice of the case appears to me to demand, I beg permission to request that it will be made the subject of reconsideration on the special grounds that the New Zealand Government have relieved Her Majesty's Government of a considerable liability attached to the guarantee covering the debentures in question; that in doing this my Government have on their part incurred considerable additional liability; and that, therefore, it is a perfectly justifiable request on their part that Her Majesty's Government should co-operate with them, at all events to the extent which I have now the honour to again press upon their favourable consideration, or in such other way as, while equivalent thereto, may be more consonant with the requirements of Her Majesty's Treasury.

I have, &amp;c.,

W. B. PERCEVAL.

The Under-Secretary of State for the Colonies.

*Enclosure 5 in No. 5.*

SIR,—

Colonial Office, Downing Street, 25th July, 1893.

With reference to your further letter of the 2nd ultimo, respecting the application on behalf of the Government of New Zealand to be relieved of the payment of stamp duty composition on the colonial stock issued in the place of the New Zealand Government (guaranteed) debentures, I am directed by the Marquis of Ripon to transmit to you, for your information, copy of a letter (C.O., 24th June, 1893) which his Lordship caused to be addressed on the subject to the Lords Commissioners of the Treasury, together with a copy of the reply (Treasury, 11th July, 1893) received from that department.

I am, &amp;c.,

R. H. MEDE.

The Agent-General for New Zealand, 13, Victoria Street.

*Enclosure 6 in No. 5.*

SIR,—

Downing Street, 24th July, 1893.

With reference to your letter of the 19th May last, respecting the application made on behalf of the Government of New Zealand to be relieved of the payment of stamp duty composition on the colonial stock issued in the place of the New Zealand Government (guaranteed) debentures, I am directed by the Marquis of Ripon to transmit to you, to be laid before the Lords Commissioners of the Treasury, a copy of a further letter (2nd June, 1893) from the Agent-General urging a reconsideration of their Lordships' decision in this matter.

The Colonial Government have redeemed debentures carrying 4 per cent., and have substituted a loan at 3½ per cent. The only reason given for the present application is that the change has relieved their Lordships from the guarantee for which the debentures were given. Lord Ripon would suggest, however, that a further reason for meeting the wishes of the Colonial Government may be found in the fact that the loan is issued to obtain £500,000 in order that that sum may be paid to their Lordships, and it cannot but appear ungracious to tax a loan which is raised to pay the Treasury, and not for expenditure in the colony.

Lord Ripon would be glad if their Lordships should be able to find means for reimbursing the New Zealand Government an amount equivalent to the amount of the stamp duty when paid to the inland revenue, or to meet the wish of that Government in any other way which may appear to them to be possible.

I am, &amp;c.,

R. H. MEDE.

The Secretary to the Treasury.

*Enclosure 7 in No. 5.*

SIR,—

Treasury Chambers, 11th July, 1893.

I am directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of your letter of the 24th ultimo, enclosing copy of a further letter from the Agent-General for New Zealand, claiming that the Imperial Government ought to repay to the New Zealand Government the amount of the stamp duty composition on the new stock issued in place of the £500,000 guaranteed debentures of 1865.

2. The Agent-General bases his claim "on the special grounds that the New Zealand Government have relieved Her Majesty's Government of a considerable liability attached to the guarantee covering the debentures in question." But their Lordships would request you to point out to the Secretary of State for the Colonies—firstly, that this liability was originally incurred on behalf not of the Imperial but of the Colonial Government, who, as the Crown Agents themselves admitted in 1865, could not otherwise have raised the £500,000 required to meet their liabilities except at "a ruinous sacrifice"; secondly, that the immediate object of the New Zealand Government in redeeming the bonds was not to relieve the Imperial Government of any liability caused by the guarantee, but, as stated by the Agent-General in his letter to you of the 26th August, 1892, to facilitate the conversion and consolidation of the public debt of the colony; and, thirdly, that the relief rendered to the Imperial Government by that redemption was, as my Lords are sure the New Zealand Government would be the first to admit, a relief from a nominal liability only.

3. The Secretary of State urges the further consideration that it would be "ungracious to tax a loan which is raised to pay the Treasury, and not for expenditure in the colony." His Lordship's words would seem to imply that the New Zealand Government are raising a new loan in order to pay off an outstanding debt to the Imperial Government; but my Lords would submit that the utmost that can fairly be said is that the Colonial Government are substituting new stock in the place of debentures which were issued in 1865 in order to discharge the then existing debt to the Imperial Government for expenditure incurred on behalf of the colony before 1865. My Lords cannot accept any claim on the part of the colony for exceptional treatment on the ground that the 1865 debentures were issued in order to pay off an Imperial debt, for such claims are wholly barred, in their opinion, by the final settlement of 1868. Neither can they accept the argument that those debentures are being converted in order to discharge that debt. As a matter of fact, the Colonial Government have not undertaken that measure in order to make any payment at all to the Imperial Government, but have simply taken advantage of their improved credit to convert part of their public debt in their own interests.

4. That the New Zealand Government should be in a position successfully to carry out the conversion is, my Lords are glad to feel, a matter for congratulation to the colony; but, so far as Imperial interests are concerned, their Lordships cannot, for the reasons shown above, admit that any sufficient argument in favour of waiving the