

## Enclosure 1 in No. 3.

Council of Foreign Bondholders, 17, Moorgate Street, E.C.,  
28th September, 1894.

SIR,—

In the copy of the Budget of the Hon. J. G. Ward, Treasurer of the Colony of New Zealand, which you were good enough to forward to us, the Committee of New Plymouth Harbour Board Debenture-holders notice that the Government has announced its intention of asking Parliament to assent to legislation authorising the raising in London of a sum not exceeding £1,500,000 per annum, to be advanced to settlers in the colony on freehold security; and it is proposed that  $3\frac{1}{2}$ -per-cent. stock should be issued from time to time to provide the requisite amount.

In these circumstances I am desired by the committee to remind you of certain resolutions passed by them, which are referred to in the correspondence that has taken place between the Council of Foreign Bondholders and your Government, a copy of which I enclose herewith—viz., letter dated 8th February, 1892, to the Hon. J. Ballance; letter dated 10th January, 1893, to the Hon. J. Ballance.

In accordance with the resolutions referred to, full particulars of the claims of the bondholders were some time ago laid before the Council of Foreign Bondholders and the Committee of the London Stock Exchange, with a view to their being acted on when the occasion might arise.

The Bondholders' Committee are greatly disappointed that the New Zealand Government has up to the present time refused to recognise their just claims or to grant them any redress.

The committee wish to reiterate their extreme regret that they should be compelled, in the defence of the interests they have been called upon to protect, to take steps in the direction of opposing the quotation and settlement of the contemplated new loan.

They feel assured that the Government will, on further consideration, render it unnecessary for the committee to have recourse to any hostile action, and will not allow the approaching session of the Legislature to pass by without seeking to arrive at an equitable adjustment of the bondholders' claims.

I have, &c.,  
JAMES P. COOPER,  
Secretary.

Sir Westby B. Perceval, K.C.M.G., Agent-General for New Zealand.

## Sub-enclosure 1 in No. 3.

17, Moorgate Street, E.C., 8th February, 1892.

SIR,—

Council of Foreign Bondholders.

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 local 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 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 upon 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 the bondholders.

I have, &c.,  
JOHN LUBBOCK.

The Hon. J. Ballance.

## No. 4.

The COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

The Treasury, Wellington, 14th November, 1894.

I am favoured with your letter No. 1179, dated 5th ultimo, in which you transmit a copy of a communication addressed to you by the secretary of the Council of Foreign Bondholders, wherein the writer refers to the correspondence which has taken place between the Government and Sir John Lubbock in connection with the default of the New Plymouth Harbour Board to provide the necessary payment of the coupon interest due upon their bonds issued in London.

It is to be regretted that the Council should again think it necessary to hold out threats against the Government of New Zealand, and to reiterate their statement that the Council will be compelled to take steps in the direction of opposing the quotation and settlement of the contemplated new loan.

Both the Government and the Legislature have given very earnest consideration to the question involved in the Harbour Board's default, and the decision arrived at was that the General Government of the colony cannot in any way be held to be responsible for that default.