

August they "reported that, after careful consideration of the facts, they recommended the Government to open negotiations with the Council of Foreign Bondholders, with the view of replacing the debentures of the New Plymouth Harbour Board with New Zealand Stock on equitable terms."

On this report a debate was held in the House of Representatives, and members who had previously been antagonistic to the harbour and its Board strongly urged upon the Government the advisability of giving effect to the recommendations of the report of the Committee. It is only necessary to peruse the *Hansard's* report of the debate to be impressed with the fact that the misfortunes of the Harbour Board have been directly caused by the action of the Government. A few extracts will suffice:—

Mr. McGuire (Egmont) says: "The loan was authorised by this House. To say that this land"—the 200,000 acres above referred to—"could be given away, and put out of the reach of the Harbour Board, without the payment of the 25 per cent., is to say that Parliament can confiscate all securities upon which any loans have been raised by any local bodies in the colony. I consider such an act nothing short of a piece of robbery, for which there can be no justification whatever. . . . It will be seen that this House and past Governments have brought the New Plymouth Harbour Board into its present financial difficulties. Had the Government left the Board to conduct its own affairs, and not meddled with its endowments, it would have had ample revenue to meet all its engagements."

The Auditor-General says: "The inducement held out to subscribers to the loan was that its security was a large tract of good land with so much money. The Government, it is true, did not guarantee that the price would not be altered; but it did not demur to, nor take exception to, the statement made by the Harbour Board that land of such a value was to be security, implying that the power of diminishing the security would not be exercised during the currency of the loan. The fact that the Government did come forward, upon the first occasion on which the Harbour Board was unable to pay its interest, and supplied the funds, cannot fail to be used as an evidence that the Government felt it was not without responsibility in the matter."

The Hon. J. Ballance (Premier) says: "It is quite true that there can be shown in the case of the New Plymouth Harbour Board special circumstances why the Government should interfere. . . . There is no doubt that the default is more or less a disgrace to the colony."

Mr. G. Hutchison (Waitotara): "There is no other harbour, nor any other district under any jurisdiction whatever, in the colony which is under similar circumstances to those of the New Plymouth Harbour. . . . It is impossible to say that the action of Parliament in the interests of the colony at large has not been to the prejudice of the bondholders in England. . . . The fact of the matter is that when the New Plymouth Harbour Board found itself so embarrassed, towards the end of 1889, that it could not hope to meet the interest due in London, the General Government, without saying as much as 'If you please,' pushed that Board aside; but, under the guise of that Board, went into the London market and paid the interest of that Board, for the purposes of deceiving the Stock Exchange and the financial world of London, in view of the conversion scheme coming on a few weeks later. If that does not pledge, or at any rate commit, in honour this colony to do something to redeem the representation so made, then, I may say, the laws of honour and propriety cannot be said to be those under which this House, and this Parliament, and the Government of the day are accustomed to act. . . . I may say there are strong and urgent reasons for the colony taking over this indebtedness; and we claim this not as a great favour, but as a right, and as a matter of business."

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### No. 13.

The MINISTER ACTING for the COLONIAL TREASURER to the AGENT-GENERAL.

SIR,—

The Treasury, Wellington, 15th May, 1895.

I have the honour to acknowledge the receipt of your letter of the 22nd March last (No. 286), forwarding copy of a letter and enclosures addressed to you by the Colonial Office, inviting your observations on the subject of the correspondence, the grievance which the bondholders of the New Plymouth Harbour Board allege they have against the Government of New Zealand.

I do not propose to reply categorically to the statements of the Council of Foreign Bondholders; to do so would be but to repeat an oft-told tale. It is well known that the position which the Government have all along taken up is that of no liability, and from this we cannot move. The bondholders' persistency in urging their claims is a manifest attempt to force the Government into recognising that there is at least a basis for the claim for compensation; this point gained, the complainants would have grounds for proceeding to demand investigation of the extent of their losses at the hands of the Government.

One thing I desire to draw attention to—viz., that, while the statement dwells upon the report of the New Plymouth Harbour Board Committee (1/8/1891), which was favourable to the bondholders, he ignores an almost simultaneous report of the Public Accounts Committee, which says, "The Committee cannot ask Parliament to take any action in the matter."

As no fresh ground has been opened in the correspondence under notice, I can only say that the Government are unable to entertain the claims put forward.

There is at present only £3,000 in arrear for interest due by the Harbour Board, and the Board anticipates payment in full by the end of the year; and, as the Board's revenues have increased, there is every reason to believe that interest will be paid regularly for the future.

I have, &c.,

W. P. REEVES,

For the Colonial Treasurer.

The Agent-General for New Zealand, London.

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### No. 14.

The SECRETARY, Council of Foreign Bondholders, to the Hon. the MINISTER for PUBLIC WORKS.

Council of Foreign Bondholders, 17, Moorgate Street, London, E.C.,

SIR,—

13th June, 1895.

I am directed by the Council of Foreign Bondholders to communicate to you the result of the conferences which have recently been held between the Colonial Treasurer and the Agent-General of New Zealand and the representatives of the Council and the committee of New Plymouth Harbour Board debenture-holders.