

You will see from our letter of the 8th February, 1892,\* addressed to the late Mr. Ballance, that, at a meeting of the principal bondholders which took place at that time, a resolution was passed stating that in their opinion the treatment received by the subscribers to the New Plymouth Harbour Board loan justified an opposition to the quotation of any New Zealand loan on the Stock Exchange, and requesting the Council of Foreign Bondholders to give the bondholders their support.

In communicating this resolution to Mr. Ballance the Council expressed their great reluctance to adopt such a course, and begged the colonial Government to take steps in order to obviate this extreme measure.

In the following July a committee was appointed to act with the Council to protect the bondholders' interests, and this was duly communicated to the then Premier in our letter of the 12th of that month.

On the 10th January,† 1893, the Chairman of the Council addressed a personal communication to Mr. Ballance on the same subject, informing him that the bondholders' committee had pressed the Council to take action in the matter, and again expressed his earnest hope that an adjustment might be arrived at, so as to render any such step unnecessary.

Subsequently, on the 22nd February, 1893, a general meeting of bondholders was held, when further resolutions were passed requesting the Council to take all such measures as they might deem desirable for the protection of the bondholders' interests, and calling on holders to deposit their bonds with the Council. These resolutions were communicated to Mr. Ballance in our letter of the 23rd February, 1893.‡

In September, 1894, we received from the Agent-General a copy of the Budget of the Hon. J. G. Ward, in which he announced that it was the intention of the Government to ask 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. The committee at once wrote to Sir Westby Perceval, reminding him of the resolutions they had passed with regard to opposing the quotation of any new loan; a course which, to their regret, they felt compelled to adopt, as the only means left them of asserting the bondholders' claims.

Matters remained in this unsatisfactory condition until a few weeks ago, when the Council determined to avail themselves of the presence in London of the Colonial Treasurer to see if some solution of the difficulty could not be found. A special committee of members of the Council, consisting of the Right Hon. Sir John Lubbock, Bart., M.P.; the Right Hon. Lord Playfair, G.C.B.; the Right Hon. W. L. Jackson, M.P.; The Right Hon. Sir Edward Thornton, G.C.B.; Admiral Field, M.P.; His Honour Judge Snagge; W. H. Bishop, Esq., was appointed to meet and confer with Mr. Ward, whose courteous and conciliatory attitude they are glad to take this opportunity of acknowledging.

As the result of the conferences with him and the Agent-General it has been finally agreed that Mr. Ward should recommend his Government to submit to arbitration the question, Whether the 200,000 acres of land returned to the Natives in the Taranaki District, in 1882-83, formed part of the endowment of the Harbour Board, and consequently of the security pledged to the bondholders, or not. It was at first decided that Mr. Ward should cable the colonial Government on the matter; but it was suggested by the Agent-General that, as Mr. Ward was about to return to the colony, it would be better to give him the opportunity of explaining the question fully to his colleagues. This proposal was agreed to, and we now hope to hear shortly from the Government that they are in accord with Mr. Ward's views.

We are of opinion that the suggested arbitration is the best possible solution of a question which, until it is finally disposed of, must remain a constant source of annoyance to the Government and irritation to the bondholders. It has not been without considerable difficulty that the Council has induced the bondholders' committee to accept the course proposed, and suspend their right to oppose the quotation of the new loan on the London Stock Exchange. In this they have been greatly assisted by Mr. McGuire, the member for Egmont, who happened to be in London at the time.

The Council feel assured that you will recognise the efforts made by them to arrive at an amicable adjustment of the question, and that your Government will willingly adopt the proposal now under their consideration as the best means of arriving at a speedy and honourable settlement of the differences between the bondholders and the colonial Government.

I have, &c.,

JAMES P. COOPER,  
Secretary.

Hon. R. J. Seddon, Minister for Public Works, &c., New Zealand.

\* B.-16, 1892, No. 4.

† *Vide* sub-enclosure 2 in No. 3, *supra*.

‡ *Vide* B.-13, 1893, No. 6.

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