MINUTES OF EVIDENCE.

THURSDAY, 19TH SEPTEMBER, 1867.

PRESENT:

Mr. Campbell,	Mr. Moorhouse,
Dr. Featherston,	Hon. Mr. Stafford,
Hon. Mr. Fitzherbert.	Mr. Stevens,
Mr. Jollie,	Mr. Vogel,
Mr. Macandrew,	Mr. Williamson.

Hon. Mr. Fitzherbert in the Chair.

Thomas Russell, Esquire, called in and examined.

T. Russell, Esq. 19 Sept., 1867.

1. *By Mr. Williamson.*] Are the persons you represent holders of any large number of Provincial Bonds; and if so, of how many Provinces, and to what extent?—They are holders of a very large number of Provincial Bonds, at the present moment, of Auckland, Otago, and Canterbury.

2. As representative of such bondholders, do you see any objection to the repeal of the Surplus Revenues Act, and the provisions of the Public Revenues Act?—Certainly I do. I have indicated some of those objections, briefly, in the printed Memorandum which I have circulated among the members of the Committee, and which I now hand in. (*Vide Appendix.*)

3. You have submitted clauses to be added to the Loans Consolidation Bill. Do you think the Provincial Bondholders would be more ready to accept the terms of the proposed arrangement if those clauses were added?—I think so. The only doubt I have in my mind is, that if the 15th clause of the new clauses proposed to be added were inserted, whether they would pay so high a premium as five per cent. I think they would. For my part I should be prepared to do so. I see no fair way of evading the insertion of the 15th clause. It is the consideration due to the bondholders for the repeal of the Surplus Revenues Act, and the enactment of the 12th and 13th clauses of the Consolidated Loans Act, and the 44th clause of the Public Revenues Act.

The Witness withdrew.

Adjourned to Friday, the 20th September, 1867.

FRIDAY, 20TH SEPTEMBER, 1867.

PRESENT:

Mr. Campbell,	Mr. Moorhouse,
Mr. Curtis,	Hon. Mr. Stafford,
Dr. Featherston,	Mr. Stevens,
Mr. Jollie,	Mr. Vogel,
Mr. Macandrew,	Mr. Williamson.

Hon. Mr. Fitzherbert in the Chair.

Thomas Russell, Esq., called in and examined.

T. Russell, Esq. 20 Sept., 1867.

4. *By Mr. Moorhouse.*] Will you give your opinion as to the best plan for securing a complete and final consolidation of the Provincial Loans?—If by "consolidation" I am to understand the conversion of all Provincial Loans into one General Government Loan, of, say six per cent., the Government still desiring to make a profit on the conversion, then I think the plan I propose in my Memorandum, and the clauses attached, is the best. This plan briefly is, (1.) The exchange of all the Provincial six per cent. Bonds for General Government six per cent. Bonds. (2.) The exchange of all other Provincial Bonds bearing different rates of interest, according to their value, as proposed in my eleventh clause. (3.) Upon these exchanges a small premium may fairly be charged; the premium to be such as not to prevent the bondholders' acceptance of the exchange. (4.) Power to be retained as proposed in the Act, to buy any bonds for cash. I believe this plan would be quite successful, and in six months would ensure the conversion of all the Provincial Bonds. As nearly as I can ascertain, there are now in circulation, Provincial Bonds, six per cent., about £1,470,000; these would all be dealt with under the tenth clause I propose to insert in the Bill. There are also in circulation about £500,000 of Provincial Bonds, bearing seven, eight, and ten per cent. These bonds do not injure the credit of the Colony so much as the six per cent. bonds, which are of the same rate of interest as the General Government issue. The greatest part of this sum of £500,000 is due at short dates, and I do not consider it of great importance to get rid of it. I think the holders of it would come in and exchange upon the terms I propose; but those who did not choose to accept the terms offered for the exchange might retain their bonds and no evil would follow. If, however, by "consolidation" I am to understand simply the getting rid of Provincial Bonds, and the substitution of General Government Bonds in lieu of them,—the removal of the discredit at present attaching to New Zealand securities by the presence of Provincial paper of undefined value in the market,—then unquestionably the best and simplest course, and one quite certain of success, is to pass an Act accepting the liability for all Provincial Loans as they stand, upon all the bondholders exchanging their bonds for General Government Bonds of a similar amount and rate of interest within a given time. By this course no "profit" can be made; but as I hold that the Colony is liable for these bonds, I see no injustice in accepting that liability