

SESS. II.—1891.
NEW ZEALAND.

NEW PLYMOUTH HARBOUR COMMITTEE

(REPORT OF).

Brought up 19th August, 1891, and ordered to be printed.

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

FRIDAY, THE 12TH DAY OF JUNE, 1891.

Ordered, "That a Select Committee be appointed to inquire into and report within three weeks upon the state of the New Plymouth Harbour and the position of the New Plymouth Harbour Board with regard to the £200,000 loan, and the securities for the same; with power to call for persons and papers. Such Committee to consist of Hon. J. McKenzie, Hon. Mr. Richardson, Mr. Macarthur, Mr. Macdonald, Mr. McGuire, Dr. Newman, Mr. Shera, Mr. E. M. Smith, and the mover."—(Mr. G. HUTCHISON.)

TUESDAY, THE 16TH DAY OF JUNE, 1891.

Ordered, "That three be the quorum of the New Plymouth Harbour Board Committee."—(Mr. G. HUTCHISON.)

THURSDAY, THE 18TH DAY OF JUNE, 1891.

Ordered, "That the name of Mr. Wright be added to the New Plymouth Harbour Committee."—(Mr. G. HUTCHISON.)

WEDNESDAY, THE 1ST DAY OF JULY, 1891.

Ordered, "That the New Plymouth Harbour Committee have leave to order certain papers to be printed."—(Mr. G. HUTCHISON.)

TUESDAY, THE 14TH DAY OF JULY, 1891.

Ordered, "That leave be granted to the New Plymouth Harbour Committee to postpone bringing up their report for three weeks."—(Mr. G. HUTCHISON.)

REPORT.

In 1874 an endowment was created by Act of the General Assembly of one-fourth "of all revenues arising from the sale, occupation, or other disposal of the waste lands of the Crown" in the Provincial District of Taranaki, which, from and after the constitution of a Harbour Board under any Ordinance of the Provincial Council of the Province of Taranaki, was to be paid over to such Board for any of the general purposes of a Harbour Board, or as might be defined in any Ordinance under which the future Board might be constituted.

In 1875 the Taranaki Provincial Council constituted a Harbour Board which was empowered to construct a harbour at New Plymouth, and for that purpose to raise a loan of £350,000 on the security of its endowment and other revenues. It also provided, as a contingent means for meeting interest and sinking fund, for the imposition of a rate over a limited area. The whole provincial district was estimated to comprise 2,137,000 acres, of which only 404,490 acres were then in the hands of Europeans or of the Crown, available for settlement. The rating area as defined was estimated to comprise 1,767,000 acres.

In 1876 the General Assembly amended the Ordinance by cutting down the borrowing powers to £200,000, which might be raised at £95 for every debenture of £100, with interest at £6 per cent. per annum. The land revenue under the endowment was directed to be set aside specially for the payment of interest and sinking fund on the loan so authorised.

When the endowment was made in 1874, the area of "waste lands of the Crown" within the provincial district was about 750,000 acres of uncertain value. The district had been the theatre of serious Native troubles in the past, and the whole of the land within the boundaries of the provincial district held by the aboriginal natives had been confiscated as the penalty for rebellion, but without being for some time treated or described as "waste lands of the Crown."

"The Land Act, 1877," by the fifth section, enacted that "Crown lands shall . . . include all lands heretofore designated waste lands, Crown lands, and *confiscated lands* respectively."

In 1879 the Harbour Board issued in London a prospectus which seems to have been somewhat carelessly drawn. It referred to the area of endowment as 758,000 acres, without apparently being aware of the inclusion of the confiscated territory, and it estimated the value of the land mentioned at about four times the value at which it has since been disposed of. If, however, the area, inclusive of the confiscated territory, had been referred to, the valuation (although made on a different basis) would have been nearly correct.

The loan was subscribed for at the minimum of 95, the net proceeds being £185,855 12s. 1d. The Board proceeded to spend the money on harbour-works. Public attention was soon after directed to the character and conduct of these works, with the result that a Select Committee of the House of Representatives in 1881 investigated the matter, and reported that, having regard to the impracticability of completing the harbour as designed within the limit of the loan, the work should be discontinued. At this time nearly half the loan had been expended. A Bill was introduced into Parliament to give effect to the report, but was not carried through. The rest of the loan was afterwards spent, but the harbour still remains incomplete, and only available for vessels of medium size.

For three years after the raising of the loan the revenues of the Board from cash sales of land, from the instalments or interest on capitalised instalments of deferred-payment land, and from the rents of perpetual-leasehold lands afforded ample means to keep both interest and sinking fund regularly paid; but after 1883 the cash sales began to seriously fall off, and some Natives in the district again threatened disturbance. About three years ago recourse was had to the rate in its full extent.

A cause prejudicially affecting the income of the Board was the important change made by the General Assembly in the land laws of the colony. When the loan was raised the deferred-payment system was in force, by which settlers could take up land in limited areas and pay for it at a sum calculated at 50 per cent. (afterwards reduced to 25 per cent.) in addition to the capital value, the purchase-money being distributed in the shape of redemption payments over ten years—afterwards enlarged to fourteen years. By the Land Act of 1885 settlers were afforded the right to take up land on perpetual-leasehold tenure by paying 5 per cent. on the capital value, subject to a right to purchase the fee-simple after six years and before twelve years of the term at the capital value; afterwards, in 1887, these restrictions to the right of purchase were removed, and it was made exercisable without any time limit. Official representations were made at the various land-sales in the rating district that the rate would probably not be required for some twenty-six years, and reliance was no doubt placed on these representations by many who would not otherwise have taken up the land. These facts may be important in considering what effect the change in the land-laws has had upon the recent failure of the Board to meet its engagements. The Board's share of the land revenue has failed to meet the amount required for interest and sinking-fund charges, and the rate has been for years imposed with detrimental effect upon struggling settlers without supplying the deficiency. The general advance of the district has been retarded, and difficulties, involving, it may be said, to some degree the honour of the colony, have supervened.

A more important change had meanwhile been taking place in connection with the confiscated territory. Acting under the reports of the Royal Commissioners appointed for the purpose, Crown grants were ordered to issue in 1882 and 1884, in favour of Natives, to the extent of 198,278 acres of some of the best land in the provincial district. That land has been estimated by the Surveyor-General at £362,000,—this being a very safe if not a very low estimate. The endowment, no doubt, was expressly confined to the "revenues" from the disposal of land within the district, but this land, from which undoubtedly revenue would have accrued if dealt with as "The Land Act, 1877," provided, was, without the assent of the bondholders, withdrawn from the endowment and made the subject of a national act of conciliation, beneficial to the whole colony as cementing peace between the European and the Native races.

Another aspect of the land-question deserves consideration. The endowment of one-fourth of the revenues of lands in the district would necessarily include those which the Crown might in the future acquire. It is beyond any manner of doubt that the lands still held by Natives under their customs and usages, and which are destined in large part to pass into the hands of European settlers, are such as should be acquired by the Crown. The doubtful position of the Board within late years has prevented the acquisition of any such lands. Successive Governments have been unwilling to endow to the extent of 25 per cent. of the gross returns a Board which has done so little to inspire confidence. An instance of the way in which the whole district has directly, and the colony indirectly, suffered by the indisposition of successive Governments to acquire more land in the Taranaki Provincial District is afforded by the fate of the North Island Main Trunk Railway Loan Application Bill of 1889. By that measure it was proposed to allocate a sum out of the balance of the Railway Loan for the purpose of purchasing land, as an endowment for the railway, in the Provincial Districts of Auckland, Wellington, and Taranaki, through which proposed routes for the railway had been surveyed. The feeling of Parliament against contributing anything further to the New Plymouth Harbour Board operated to the exclusion of all reference to the Provincial District of Taranaki in the Bill, so that no expenditure respecting some of the finest lands in the colony is permitted from that source. The same influence appears to exclude any purchases by the Crown in any part of the provincial district. The area of land under the head of unacquired Native lands, after deducting 10 per cent. for education, roads, and other reserves, is about 757,350 acres, of an estimated value of £355,207.

Under these two heads—territory withdrawn and territory unacquired—the figures show an approximate value at the lowest estimates of £717,207 at the present date, the fourth of which might be claimed as part of the endowment of the Board as representing £179,402; the first alone (in respect of lands taken out of the endowment area) amounting to £90,500. The other and definite endowments are as follows:—

- (1.) Deferred-payment lands, comprising 94,818 acres, representing a capitalised value of unpaid instalments of £73,621, and a present annual interest return of £920;
- (2.) Perpetual-leasehold lands, comprising 69,152 acres, representing a capitalised value of £68,200, and yielding a present annual interest return of £3,410;
- (3.) Crown lands surveyed and open for selection, 31,919 acres, of the estimated value of £22,118;
- (4.) Crown lands unsurveyed and not yet open for selection, after allowing 10 per cent., and of roads, education, and other revenues, of the estimated value of £187,228.

The summary of the values of the foregoing four branches of actual and potential revenue may be grouped as follows :—

(1.) Deferred-payment land	...	...	...	£73,621
(2.) Perpetual-leasehold land	...	...	...	68,200
(3.) Crown lands surveyed	...	...	...	22,218
(4.) Crown lands unsurveyed	...	...	...	187,228
				351,267

One-fourth of which is £87,816

If to this amount 25 per cent. of the estimated value of the confiscated lands restored (£362,000) be added, there would be an additional ... 90,500

Representing a total endowment of £178,316

This is without taking into account any Native lands unacquired, 25 per cent. of the value of which is estimated to amount to £88,902.

The Harbour Board has already, by investing sinking funds in buying up its own bonds, reduced the debt to about £176,500.

The present position of the interest account is that, after default in part being made in payment of the half-yearly instalment of interest due on the 4th May, 1890, and again in part on each of the succeeding half-yearly instalments on the 4th November, 1890, and the 4th May of this year, some arrears have been made up, with the result that at present there is outstanding as interest overdue the sum of £4,984.

As the interference of the General Government in the engagements of the Board in London has been made the subject of reference by the bondholders, it may be as well here to narrate briefly what occurred: Early in 1889 the Board applied for and received an advance from the General Government of £2,200 against the Board's share of the Land Fund to accrue, so that it might meet its interest due in May. The Board, seeing no prospect of being able to meet its interest coming due in November, 1889, gave instructions to its agents in London to make intimation accordingly. This intended default of the Board became known to the Colonial Treasurer, and, in view of the conversion loan contemplated by the General Government to be floated in October of that year, £5,115 was remitted from the Public Account in the colony to London, where the necessary amount was applied in payment of the interest of the Board due on the 4th November; no intimation, however, being given to the public that the interest was not provided by the Board out of its own funds. There would seem to be no doubt that some investors were deceived by the due payment of the interest in full into the belief that the Board was solvent.

The half-yearly payments following were not met in full, nor is there any prospect of the Board being able, under existing circumstances, to meet its engagements as they become due. The Board has, since the advance in October, 1889, repudiated liability for the £5,115 on the ground that they did not request the favour; and the Treasury has since (under advice) paid to the Board the moneys which had been meanwhile impounded from the 25 per cent. of the land fund accruing due to the Board.

The Committee have not referred to some reserves vested in the Board in the town and vicinity of New Plymouth, as the Committee prefer to deal exclusively with the land revenue of the provincial district, which is under the control of the General Government.

An appendix to this report shows the particulars of the land endowment.

The loan stands at £176,500, which is payable on the 1st May, 1909, with 6 per cent. interest meanwhile, payable half-yearly; the sinking fund has been in abeyance for some years. The Council of Foreign Bondholders, by their chairman, Sir John Lubbock, in a communication (which appears in the Appendix) to the Colonial Treasurer, states that the debenture-holders "would doubtless be prepared to meet the Government by accepting a modification of the rate of interest, and possibly of the duration of the sinking fund," and concludes that the intervention of the Council of Foreign Bondholders "has been sought on behalf of the whole body of debenture-holders of the New Plymouth Harbour Board by a requisition signed by a majority of the whole issue, and the adhesion of the whole body can confidently be counted on to any reasonable arrangement arrived at."

After a careful consideration of all the facts and surroundings of the case in its special relation to the general Land Fund, which places the New Plymouth Harbour Board in a position unlike that of any other local authority in the colony, the Committee consider, after allowing for postponement of realisation—for withdrawal of the confiscated lands—for the uncertainty as to the future acquisition of land in the provincial district—and also allowing for the abolition of the harbour rate—that there is a reasonable sufficiency of assets to justify the Colony in taking over the endowment, so that the 25 per cent. of the land revenue of the provincial district previously set apart shall return to and remain part of the general land revenue of the colony, in return for the liability under the loan, which the Committee consider ought to be taken over by the colony.

The Committee, therefore, recommend 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.

G. HUTCHISON,
Chairman.

19th August, 1891.

APPENDIX.

I.

RETURNS PREPARED BY THE CROWN LANDS DEPARTMENT SHOWING DEALINGS ACTUAL AND PROSPECTIVE WITH THE HARBOUR BOARD ENDOWMENT.

RETURN of all Lands dealt with under Deferred Payments and Perpetual Leases, with an Estimate of the Capitalised Value to accrue thereunder as part of the Endowment of the New Plymouth Harbour Board, showing dealings prior and subsequent to date of raising the £200,000 Loan, *i.e.*, 1st May, 1879.

1.—DEFERRED PAYMENTS.

When selected.	Area.	Capitalised Value of Unpaid Instalments.
	Acres.	£
Prior to 1st May, 1879	1,786	671
Subsequent to 1st May, 1879	93,032	72,950
Totals	94,818	73,621

2.—PERPETUAL LEASE.

When selected.	Area.	Rental per Annum.	Capital Value.
	Acres.	£	£
Prior to 1st May, 1879	...	...	...
Subsequent to 1st May, 1879	69,152	3,410	68,200
Totals	69,152	3,410	68,200

3.—RETURN of Lands surveyed and open for Sale and Selection on the 31st March, 1891.

Locality.	Area.	Cash Value.
TOWN LANDS.		
	A. R. P.	£ s. d.
Waitara West	5 2 0	260 0 0
Inglewood	2 0 0	60 0 0
Stratford	42 3 0	1,473 10 0
	50 1 0	1,793 10 0
SUBURBAN LANDS.		
Cape Survey District	7 3 34	32 0 0
Kaupokonui Survey District	112 0 0	168 0 0
Waipuku Village	7 3 24	22 5 0
Egmont Village	10 0 0	27 7 0
Tikorangi Village	5 1 0	20 1 0
Huirangi Village	20 0 0	50 5 0
Manganui Village	18 2 33	46 15 0
Mataitawa Village	1 2 0	3 0 0
	183 1 11	369 13 0
VILLAGE ALLOTMENTS.		
Pungarehu	6 0 0	30 0 0
Makaka	15 0 0	110 0 0
Tarata	20 0 37	302 16 0
	41 0 37	442 16 0

3.—RETURN of Lands surveyed and open for Sale and Selection on the 31st March, 1891.—*contd.*

Locality.	Area.			Cash Value.					
FIRST-CLASS RURAL LANDS.				A.	R.	P.	£	s.	d.
Huiroa Survey District	...	...	...	2,046	0	0	2,322	12	0
Ngatimaru Survey District	...	...	...	661	0	0	661	0	0
Upper Waitara Survey District	...	...	...	488	0	0	488	0	0
Waitara Survey District	...	...	...	240	0	0	240	0	0
				3,435	0	0	3,711	12	0
SECOND-CLASS RURAL LAND.									
Egmont Survey District	...	...	...	3,229	1	2	2,251	0	6
Moa Survey District	...	...	...	204	0	0	153	0	0
Huiroa Survey District	...	...	...	6,428	0	0	3,415	0	0
Kaupokonui Survey District	...	...	...	449	0	0	336	15	0
Ngatimaru Survey District	...	...	...	3,291	0	0	2,882	0	0
Upper Waitara Survey District	...	...	...	710	0	0	355	0	0
Tikurangi Survey District	...	...	...	56	0	0	28	0	0
Waitara Survey District	...	...	...	2,217	0	0	1,307	15	0
Cape Survey District	...	...	...	4,727	0	0	3,086	0	0
Opunake Survey District...	...	...	...	1,034	0	0	620	17	6
				22,345	1	2	14,435	8	0
SMALL GRAZING-RUNS.									
Opaku Survey District	...	...	...	5,864	0	0	1,466	0	0
Totals...	...	...	...	31,919	0	0	22,218	19	0

4.—RETURN of Crown Lands unsurveyed, and not yet open for Sale or Selection, on 31st March, 1891.

Locality.	First Class.	Second Class.	Third Class.	Totals.
WITHIN THE CONFISCATION BOUNDARY.				
In the Counties of Clifton and Stratford ...	Acres. 17,000	Acres. 142,000	Acres. 91,000	Acres. 250,000
In the Patea County ...	...	3,000	33,000	36,000
OUTSIDE THE CONFISCATION BOUNDARY.				
Mangaotuku Block ...	3,500	15,360	20,000	38,860
Mangaere Block ...	2,250	4,000	...	6,250
Aratawa, Raoraomouku, and Mangapukatea ...	...	10,000	5,400	15,400
Kaitangiwhenua ...	...	13,000	78,600	91,600
Rawhitiroa ...	...	5,300	30,000	35,300
Kaharoa Nos. 1 and 2 ...	...	12,800	...	12,800
Mangamingi No. 2 ...	5,000	3,200	...	8,200
Opatu ...	2,000	4,340	...	6,340
Whitinui ...	...	2,080	...	2,080
Kaitieka ...	...	1,300	2,000	3,300
Pukekino ...	...	5,900	...	5,900
Kaimanuka ...	...	1,160	4,000	5,160
Mangaehu ...	560	...	...	560
Totals ...	30,310	223,440	264,000	517,750

Total area ... 517,750 Acres.
Deduct 10 per cent. for roads, education, and other reserves ... 51,775

465,975

Estimated cash value ... £187,228

SUMMARY.

Class.	Area.	Cash Value.
	A. R. P.	£ s. d.
Town lands	50 1 0	1,793 10 0
Suburban	183 1 11	369 13 0
Village allotments	41 0 37	442 16 0
First-class rural lands	3,435 0 0	3,711 12 0
Second-class rural lands	22,345 1 2	14,435 8 0
Small grazing-runs	5,864 0 0	1,466 0 0
Unsurveyed Crown lands, less roads and reserves ...	31,919 0 10 465,975 0 0	22,218 19 0 187,228 0 0
Totals	497,894 0 10	209,446 19 0

5.—RETURN of Lands within the Confiscated Territory which have been restored, granted to, or held in Trust for Aboriginal Natives in 1882 and 1884 since the passing of "The New Plymouth Harbour Board Endowment Act, 1874."

Locality.	No. of Grantees.	Area.	Remarks.
RESERVES GRANTED.			
Whitecliffs to Bell Block	1,382	26,657 1 19	West Coast Confiscated Reserves.
Omata to Waiweranui	351	25,035 0 35	" "
Waiweranui to Moutoti	578	21,482 2 0	" "
Moutoti to Taungatara	250	45,398 2 24	" "
Taungatara to Waingongoro	676	26,604 1 29	" "
Waingongoro to Patea River	1,328	32,538 3 27	" "
Patea River to provincial boundary... ..	157	4,871 1 20	" "
COMPENSATION AWARDS.			
Waipingao to Titoki	12	3,458 0 0	" "
Titoki to Urenui	35	6,450 0 0	" "
Urenui to Rau o te Huia	38	2,700 0 0	" "
Lands set apart for absentees, but not yet granted	...	2,074 0 0	
Total	...	197,270 1 34	Estimated value, £362,000.

6.—RETURN of Lands still held under Native Title or Tenure, with an Estimate of their Value should they be acquired by the Crown and surveyed and opened for Sale or Selection.

Locality.	First Class.	Second Class.	Third Class.	Totals.
	Acres.	Acres.	Acres.	Acres.
Rohe Potae Block	98,000	268,000	110,000	476,000
Mohakatino Pariminihi Nos. 1 and 3	3,500	20,500	38,000	62,000
Koiro	5,000	2,000	...	7,000
Maraekowhai	3,000	11,500	42,500	57,000
Whitianga	2,000	10,000	19,000	31,000
Taumata Mahoe	12,000	45,000	89,000	146,000
Whakaihawaka North and South	...	3,000	50,000	53,000
Pahautuhia	...	6,700	...	6,700
Kaharoa No. 3	...	...	2,800	2,800
Totals	123,500	366,700	351,300	841,500

Total area Acres. 841,500
Deduct 10 per cent. for education, roads, and other reserves 84,150

757,350

Estimated cash value £355,207

NOTE.—The attention of members is directed to the following Parliamentary Papers: D.-9 and D.-9A, 1871; No. 13, L.C., 1877; No. 21, L.C., 1877; I.-7A, I.-7B, and I.-7C, 1881; I.-4A, 1881; I.-7, 1881; I.-4A, 1882; D.-4, 1889; B.-15, Sess. II., 1891.

II.

Sir JOHN LUBBOCK to the Hon. the COLONIAL TREASURER.

Council of Foreign Bondholders,

17, Moorgate Street, London, E.C., 2nd April, 1891.

SIR,—

As Chairman of the Council of Foreign Bondholders, I have the honour to address to you this communication on behalf of the debenture-holders of the New Plymouth Harbour Board, and to ask in their name the favourable consideration of your Government of the position in which they are placed.

The Bank of New Zealand, in the year 1879, as financial agents of the New Plymouth Harbour Board, offered on this market, for public subscription, 6 per cent. debentures of that Board for £200,000. This loan was authorised by Acts of the Legislative Assembly of the colony for the purposes of harbour-works at New Plymouth, the only harbour of importance on the west coast of the North Island from Kawhia to Wellington, a distance of about three hundred miles. The necessity and importance of this work from a national point of view had been recognised and the undertaking initiated by the colonial Government. The surveys and design of the works were made by the engineers and surveyors of the colony, and in 1876 the Government undertook the construction of the works by means of prison-labour. Subsequently, however, the Government withdrew from the scheme, and the Legislative Assembly passed an Act authorising the New Plymouth Harbour Board to raise a loan of £200,000 to build the harbour, and, as the prospectus stated, in view of the national importance of the work, endowed the Harbour Board with one-fourth of the gross revenues arising from the sale, occupation, or other disposal of the waste lands of the Crown in the Provincial District of Taranaki, and enacted that the revenue to be derived from this source should be set aside in order to provide, in the first instance, for the interest and sinking fund of these debentures in accordance with section 19 of the Harbour Companies Act of 1877, and for no other purpose. The words "in the first instance" indicate that the New Zealand Government anticipated that the revenue from this source would amply suffice for the future service of the debenture loan.

The prospectus represented that the area of waste lands then held by the Crown within the provincial district was about 758,000 acres, representing a value of about £1,400,000, one-fourth of which—viz., £350,000—is nearly double the amount of the loan in question, which might therefore be considered to be amply secured thereby. The Premier, on the 12th December, 1887, stated before a Committee of the House of Representatives that the object of this grant was to give to the Board, for the purposes of the loan, one-fourth of the selling-value of the lands in question (not merely the interest on the selling-value postponed for a long period or the rental of the lands), and he estimated that the proceeds of such one-fourth would cover the charge for interest and sinking fund in respect of the debentures for a period of twenty-six years without resort to any other sources of revenue.

The service of the loan was further secured by the rating-power vested in the Board on property within the rating district; but, as the land revenue was estimated to be more than sufficient, it was not expected that any such rate would be required.

The prospectus invited subscription, by tender, at a minimum price of 95 per cent., and the amount offered was duly subscribed, more especially on the faith of the representations made with regard to the importance attached to the undertaking from a national point of view, confirmed as they were by the fact of the grant of public revenues stated to be of ample value to cover the whole amount of the loan.

The interest on the debentures was duly met up to November, 1889, the Harbour Board, as well as the debenture-holders, relying for this purpose mainly on the land revenue; and the debenture-holders as a body were wholly unaware that, in the interval, the Legislative Assembly which had made the assignment of the revenues, on the faith of which the loan had been issued, had subsequently made such changes in their collection as practically had deprived the debenture-holders of the benefit of a source of revenue which constituted the principal security upon which the money had been advanced. The debenture-holders were entitled to expect that no change would or could, without their consent or cognisance, be made to their prejudice in the mode of collection of the specific public revenues which the Government had "endowed" the Harbour Board with a view to the service of the loan and consequent success of the harbour scheme. Had this change not been made, there is every reason to believe that the land revenues appropriated to the loan would have each year sufficed for its service.

At the time the loan was issued, and for some years afterwards, the mode of selling waste lands was for cash, or on deferred payments spread over ten years, the price being in that case enhanced by 50 per cent. Subsequently this enhanced price was reduced to 25 per cent., and afterwards altogether waived; and buyers on deferred payment were, after a single payment, allowed to capitalise unpaid instalments for a series of years, paying 5 per cent. interest on the capitalised amount. In 1887 the system of letting lands on perpetual leases, which up to that time had been limited to one-third in area of rural lands, was extended to all waste lands. The object of these alterations, and it has been largely successful, was to attract to the Crown lands permanent settlers, whose productive industry has largely augmented the exportation of produce, whereby the colony at large has been benefited. The alterations in the law have increased the amount of land disposed of, but on lower terms than those at which adjoining lands in private hands are saleable, showing conclusively that their effect, on a question of value only, has been to diminish the value of the security pledged to the debenture-holders. It may have been anticipated that the increase in the total quantity of land disposed of would keep up the annual revenue available for the debenture-holders; but, if so, the anticipation has not been realised, and, in fact, sales of a very much smaller proportion on the original cash basis would have yielded a larger amount of annual revenue, whilst a much larger quantity of land would still remain for sale. Now it has been parted with to such an extent that in future the land fund can never rise to its former level per annum.

It is clear, therefore, that these successive alterations have been to the prejudice of the Board and of the debenture-holders, and have been made solely in the interest of the colony at large, as a matter of public policy. The direct effect of these alterations has been to deprive the debenture-holders for present purposes of the main source of revenue on which they relied, and practically the only one from which the service of the loan can be provided, seeing that the other sources of revenue of the Harbour Board are insufficient to meet the current working-expenses. The debenture-holders had no notice of these Acts, nor any opportunity of being heard, or even of bringing the question before Her Majesty on the Royal assent—a course which has been adopted with success in the case of another colony, where the position of bondholders would have been prejudiced by proposed legislation. They were entitled to expect that when changes were made which were calculated to promote the general welfare of the colony, but which affected their security, arrangements would at the same time have been made for safeguarding their interests or compensating them for any injury sustained.

The debenture-holders have no desire to question the general policy of the colony with regard to its land-laws; but, as a matter of public law, I submit that individuals pecuniarily damaged by the operation of any general or special law have the right to look for compensation at the hands of the State, and in the present case the debenture-holders have a direct claim to have such compensation provided out of the general land revenues of the colony, seeing that the periods of payment of those specially pledged to them have been indefinitely postponed for reasons of public utility. In the existing circumstances it cannot be urged, on behalf of the New Zealand Government, that the indorsement upon the bonds of a statement that the colony would not in any way be responsible for default indemnifies the colony against the bondholders' present claim. That, no doubt, would be a good answer to any claim so long as the colony had not interfered, to the prejudice of the bondholders, with the revenues assigned in their interest to the service of the loan. In other words, it was an implied term in the contract of loan that the mode of collecting the gross revenues from the waste lands should be left by the Government of the colony *in statu quo*; and the reservation of the liability of the colony only means a reservation of liability so long as the original conditions of the grant made by the colony for the purposes of the loan are adhered to. But, having so interfered, the colony has, I submit, rendered herself responsible to make good the loss which has been occasioned thereby. Were this not so, the colony, to carry the argument to its logical conclusion, might have withdrawn the whole of these lands from sale, and have made free grants of them to settlers, and have thus absolutely confiscated the rights of the bondholders to whom they were pledged without making compensation.

In 1887 a Committee of your Government inquired into the position of the New Plymouth Harbour Board, and the evidence then tendered proves that, had the land revenues been administered in the mode in force when the loan was obtained, the Board would have been able to meet its engagements, and that the difficulties in which the Board is placed arise mainly, if not solely, from the alterations made in the mode of collection of this revenue.

In 1889 the Harbour Board, being unable to meet the coupons, had prepared communications to the bondholders explaining the position of affairs; but these, at the instance of the Government, were withdrawn, the Government finding the funds, or the major part of them, to pay the coupons in May and November of that year. The reply given by the Hon. E. Mitchelson to questions put in the House of Representatives on this subject on the 27th of June last shows clearly that the national credit was so much bound up in this loan that a default on it at that time would have jeopardized the success of the conversion of the direct loans then being proceeded with in London.

By inducing the withdrawal of these communications, the Government prevented the debenture-holders from taking prompt and efficient action for their protection until the opportunity of successfully doing so had passed; and further, this action of the Government has been the direct cause of loss to such of the present holders as have, since that date, purchased debentures for investment, under a belief in the soundness of the securities for the loan, whilst those responsible were aware that, in consequence of the changes which had taken place, they were wholly insufficient to provide for the current interest. I submit, on behalf of the debenture-holders, that this withholding of the information was a grave breach of duty on the part of the Harbour Commissioners, unless they were acting in the well-founded belief that the Government would undertake in the future to provide any deficiency in the amount of the revenues.

The building of the harbour has opened up a large extent of back country, and has thus brought into the market Crown lands which otherwise would not have been available, and has reduced the landing charges on goods from 16s. a ton to 2s.—benefits to the colony which have been brought about by means of the expenditure of the money provided by the debenture-holders, on whose shoulders, as matters at present stand, the whole burden of such expenditure is thrown, without prospect of payment of a fair interest, much less of even a gradual repayment of the principal. I understand also that Crown and Native lands in the district which formerly contributed a large proportion of the rate for harbour purposes have recently been exempted from payment of such rate, thus further reducing the revenue available for security of the debenture-holders.

The above facts show, as I submit, that the credit of the colony is involved in this question, and that the debenture-holders have a right, on grounds of public law, to compensation for the injury sustained by the action of the Legislature of the colony. On behalf of the debenture-holders, therefore, I crave the favourable consideration of your Government, that steps may be taken which may lead to an arrangement satisfactory to all parties.

As a matter of national and colonial importance, the Government might very well directly assume the burden of the expenditure on the harbour provided by means of this loan by an exchange of direct bonds for those of the Harbour Board. Such an issue might be taken to represent the capital value of the fourth of the Crown lands hypothecated to the debenture-holders, who would doubtless be prepared to meet your Government by accepting a modification

of the rate of interest, and possibly of the duration of the sinking fund. In adopting this course the Government would receive the interest on the purchase price of the land sold at an equivalent or probably higher rate, and would be able to recoup the expenditure out of the land revenues, the administration of which is in their own hands. This is, practically, the course recommended in 1881 by the New Plymouth Harbour Inquiry Committee, and which, I submit, the justice of the case demands. The capital amount of the harbour debentures now outstanding is, I am informed, £184,600.

The present claim does not rest on any ground involving the recognition by the Government of an obligation to assume the responsibilities of local authorities, or creating a precedent which the Government might find it difficult to refuse to follow in other cases, but on the broad principle of the right of citizens of the Empire to compensation at the hands of the State for damage sustained by the interference by the State, for purposes of public utility, with the private rights possessed by the citizen. The position of these debenture-holders is fortified by the fact that, in their case, such right to compensation arises in connection with public works, which have always been recognised as of a national and not merely of a local character.

In conclusion, I may add, for your information, that the Council of Foreign Bondholders, of which I am the Chairman, is an organization of recognised standing in the City of London, formed for the object of watching over and protecting the rights of the holders of bonds of foreign and colonial States, whether the direct issues of Governments or of public bodies; and not for the purposes of profit on any financial operation. The Council have within the last twenty years been instrumental in effecting arrangements between foreign States and the holders of bonds representing an aggregate of upwards of £856,000,000 sterling. Their desire in all these cases is to look at the question intrusted to them from an independent point of view, with the object of bringing about arrangements which may be satisfactory alike to the State and to those having claims on the State.

In the present case, their intervention has been sought on behalf of the whole body of debenture-holders of the New Plymouth Harbour Board by a requisition signed by a majority of the whole issue, and the adhesion of the whole body can confidently be counted on to any reasonable arrangement arrived at.

I have, &c.,

JOHN LUBBOCK, Chairman.

III.—STATEMENT BY MR. OLIVER SAMUEL.

FRIDAY, 17TH JULY, 1891. (Mr. G. HUTCHISON, Chairman.)

Mr. OLIVER SAMUEL examined.

[Mr. Oliver Samuel attended as representative of the New Plymouth Harbour Board.]

1. *The Chairman.*—The Committee would like you to give any information you can respecting the present position of the endowments of the New Plymouth Harbour Board?—I suppose that would include any information I can afford with respect to what may be the probable effect of the colony taking back its endowment of 25 per cent. of the land revenue, and taking over the balance of the loan yet payable. The loan, Mr. Chairman and gentlemen, as you, of course, are aware, was originally £200,000. This is practically now reduced to about £176,000 by the amount of sinking fund which has accumulated and been invested in the purchase of the bonds of the Harbour Board. The loan may therefore be now taken, for practical purposes, as amounting to only about £176,000. Advertising to the prospectus under which this loan was raised in 1879, you will have noticed that it was stated as follows: "The Government, recognising the necessity and importance of this work from a national point of view, have endowed the Harbour Board with one-fourth part of the gross revenues arising from the sale, occupation, or other disposal of the waste lands of the Crown within the provincial district. This subsidy commenced in the year 1875, and the proportion of the proceeds of land-sales so appropriated to the Harbour Fund has been duly paid by the Colonial Treasurer to the credit of the Harbour Board with the Bank of New Zealand from time to time. Future payments of revenue from this source will be set apart in order to provide, in the first instance, for interest and sinking fund. The area of waste lands at present held by the Crown within the provincial district consists of about 758,000 acres, representing a value of about £1,400,000." At that time it is clear, beyond doubt, that in the term "Crown lands" was included the confiscated lands which had been taken from the Natives, and which were then waste lands of the Crown. Although in 1874, when the New Plymouth Harbour Board Endowment Act was passed, these confiscated lands, although owned by the Crown, were not technically Crown lands, yet by the Land Act of 1877, section 5, these confiscated lands were expressly made Crown lands. That being an Act passed prior to the raising of the loan in 1879, the security for the payment of the loan and interest had been improved, so to speak, from what it was in 1874. It is quite clear that the bondholders—the persons who lent the money—as well as the inhabitants of Taranaki—the persons who borrowed the money—completed the transaction upon the position as established by the Act of 1877—the improved position—that is, that the whole of the confiscated lands were Crown lands. I cannot see that there can be any possible doubt upon that point. I should also like to point out that this loan was not raised in the same manner as loans have been since raised by Harbour Boards, and it is altogether exceptional in this respect. It was not referred to the ratepayers of the district, or to any general poll of ratepayers, whether or not this loan should be raised; and therefore it becomes the more material to consider what was the inducement held out to the people of the district to induce them to acquiesce in the raising of the loan, accompanied by rating-powers. This unquestionably was one of the inducements: that the confiscated lands, very large in extent and very considerable in value, were made liable to the extent of 25 per cent. for the repayment not only of the loan itself, but also for the payment of interest, so as to prevent the rate (which was

then authorised without the express sanction of the ratepayers) from being imposed at all. These calculations I am now about to submit as to the area of Crown lands then available, and their value, were based upon the official information furnished to the Harbour Board at the time.

2. By whom?—They were furnished from the Survey Office. I think Mr. Humphries was Chief Surveyor.

3. Have you got any information from the Board on the subject, as it is important?—I have a copy of the original information furnished to the Board.

4. *Mr. Wright.*] I see the name of T. K. Skinner on these papers; who was he?—He was then, I believe, a Government official, and is a man of the highest ability and integrity.

5. How was the valuation of £1,400,000 arrived at?—

6. *The Chairman.*] Have you any information on that point?—I have copies of the original papers on which the statement of the value of the land was based. I shall produce them, and leave them at the disposal of the Committee. They contain a full statement of the then estimated extent and value of the landed endowments. The information is given in considerable detail. I have also the original letter forwarded by the Chairman of the Board to Mr. Skinner, upon which these returns were prepared.

7. Was Mr. Skinner a General Government officer?—He was then; he is not now. He was an extremely reliable man. There is an approximate estimate given of the areas of land liable to be rated for harbour purposes. I shall put all these papers in, if the clerk will kindly see that they are preserved and returned. Taking it, then, as established that the Harbour Board had a right to expect, that the people of the district had a right to expect, and that the lenders of the money had a right to expect, that these confiscated lands would be a part of the harbour endowments, it is within the knowledge of the Committee that that expectation has not been fulfilled. By legislation altogether subsequent to the raising of the loan in 1879 these expectations failed to be realised. The policy of handing back the land to the Natives was, I think, first spoken of—at any rate, gravely proposed—in 1880, when the first West Coast Reserves Settlements Act was passed. Certainly there was no intimation or indication previous to that date that these lands would be given away without value received. The Committee are also familiar, no doubt, with the grounds of complaint which the Harbour Board and bondholders have against the Legislature in respect of alterations of the land-laws. I do not propose to dwell upon that business, because I think it would be undesirable at any rate, if not improper, for me to take up the time of the Committee in doing so; but I merely wish to mention it because in the figures I propose to give I have put on one side all such complaints and all such claims for compensation, although they must not be deemed abandoned. I have taken into the calculation the value of the confiscated lands, which, I think, must be done. Supposing the Government were to take over the balance of the loan at the present time, to convert, as I am given to understand outside, has been proposed by the Council of Foreign Bondholders, into a Government loan, at such rate of interest as Government can arrange—

The Chairman: There is no evidence whatever of that.

Mr. Wright: There is some information by Sir John Lubbock that some reasonable arrangement might be come to.

Mr. Samuel: I put it in this way: Supposing that some such arrangement can be effected, as indicated by Sir John Lubbock in his letter now before you, it would have the result of the Government converting the present loan into a Government loan, at such a lesser rate of interest as the colony is able to borrow money at. I undertake to show that, taking into consideration the compensation (which the colony unquestionably, I think, owes to the Harbour Board, as the trustees for the people of the district, and for the bondholders) for the confiscated lands which the Government has given away, the colony will have an actual gain in £ s. d. by merely taking back the endowment of one-quarter of the land revenue which they have given, and for which the colony is liable. The following are the figures which, I think, show this. They set forth, in the first place, the lands which would have been sold and the moneys which would have been received by the New Plymouth Harbour Board but for alterations in the land-laws, even at the Government valuations, which I shall show in a few minutes are very much less than the land was really worth. The figures are as follows:—

	Area.	Value.	Harbour Fourths.	Annual, 5 per Cent.
	Acres.	£	£	£
Lands in confiscated territory given back to Natives, &c. ...	197,270	362,000	90,400	3,520
Land now held on deferred-payment system ...	94,818	73,621	18,405	920
On perpetual lease ...	69,152	68,200	17,050	853
	361,240	503,821	125,855	5,293

This shows that these three items give a credit to the Harbour Board of £125,855, all still outstanding, and not paid over to the Board. Coming, then, directly to the question of the value to the colony of the land revenue endowment, which is still to be paid to the New Plymouth Harbour Board, the following are the figures:—

	Area.	Value.	Harbour Fourths.	Annual, 5 per Cent.
	Acres.	£	£	£
Crown lands held on deferred payment ...	94,818	73,621	18,405	920
Crown lands held on perpetual lease ...	69,152	68,200	17,050	853
Crown lands open for sale, &c. ...	31,919	22,219	5,554	277
	195,889	164,040	41,009	2,050

So that these three columns show that the Government now have money belonging to the Harbour Board appropriated—

The Chairman : Not appropriated.

Mr. Samuel : Well, money belonging to the Harbour Board now invested at 5 per cent., to the extent of £41,009—money which, if the land-laws had not been changed, and the lands had not been disposed of upon deferred payment and perpetual lease instead of sale for cash as prior to 1879, would be now at the bank to the credit of the Harbour Board, and available for payment of their interest and sinking fund, and which, with the £90,400 compensation for confiscated land, makes up £131,409. The next heading comprises Crown lands unsurveyed and not open for sale at present.

	Area. Acres.	Value. £	Harbour Fourth. £	Annual, 5 per Cent. £
Crown lands unsurveyed and not open for sale, &c.	465,975	187,228	46,807	2,340

Thus making the amount which the Board is or will shortly be entitled to receive from the colony £178,216, a sum quite equal to the amount required to pay off the loan itself. The Native lands which are represented in the prospectus as certain to be acquired by the Crown, and to become then Crown lands, and part of the Harbour Board endowments, are thus stated :—

	Area. Acres.	Value. £	Harbour Fourth. £	Annual, 5 per Cent. £
Native lands yet to be acquired	57,350	355,207	88,802	4,440

So that the colony would in the future make a clear profit or saving of about £88,000 by the transaction. It has never been denied that the lands which might be in the future acquired from the Natives, and which were within the Provincial District of Taranaki, must be subject to the claim of the New Plymouth Harbour Board for 25 per cent. of their gross proceeds; and this makes the prospective value of the New Plymouth Harbour Board endowments, in respect of Native lands yet to be acquired in Taranaki, £88,802. Thus the present value of the Crown lands in Taranaki, together with the value of the Native lands yet to be acquired, the two amounting to no less than £176,618, is money held or to be held in trust by the New Plymouth Harbour Board. In addition to this, it must be conceded that the colony owes to the Harbour Board, as trustees for the settlers of the district and for the bondholders, one-fourth of the value of the confiscated lands which it gave back to the Natives. The following are the figures under this head :—

	Area. Acres.	Value. £	Harbour Fourth. £	Annual, 5 per Cent. £
Compensation for confiscated lands given away	197,270	362,000	90,400	3,520

Whether that amount was or was not excluded from the prospectus issued by the Board I submit that it is perfectly clear that those lands were, in 1879, Crown lands by virtue of "The Land Act, 1877," section 5, and that therefore there can be no doubt whatever of the Board's right to one-fourth of their value. That value has been differently stated by the Property-tax Department and the Surveyor-General. The valuation of the Property-tax Department is £438,441, and the Surveyor-General's estimate is £362,000. Taking the valuation even at the lesser amount, the money which would have been paid to the Harbour Board had these lands not been given away would have been, as already stated, £90,400; and then, even if no interest be allowed to the Harbour Board, that would, together with the £176,618 I have mentioned, make up a sum of £267,018. I say, therefore, that if it be admitted, as it must be, that the colony is liable to pay as damages, at any rate the value of these lands when they were given away, although without any interest, and that the Government will have to pay the New Plymouth Harbour Board 25 per cent. of the value of the Crown lands in the district, then the colony will receive value to the extent of £267,018 for whatever sum they may have to raise to extinguish the present debt of about £176,000. In addition to this, I may be permitted to point out that it will free the colony from the charges which have been made against it of tampering with the endowments by altering the different land-laws; that it will enable it to make those alterations which have been proposed from year to year to be carried into effect, and which I see this session are proposed by the new Land Bill, reducing the rate of interest payable to 4 per cent. from 5 per cent., extending the term of leases to fifty years, and allowing for further revaluations and reductions of amounts payable, all of which I would respectfully submit are means of tampering with the security of the bondholders, and of the Taranaki ratepayers, and reducing the amount which from time to time ought to become payable to the Harbour Board. I purpose to read extracts from the notes of Mr. King, the Chairman of the Board, so that they may be placed on record.

EXTRACTS FROM MR. KING'S NOTES.

CHANGES OF LAND LAWS.

"In 1885 the valuation of deferred-payment land above the cash-price was reduced from 50 to 25 per cent., and deferred-payment holders were permitted to exchange their tenure to a perpetual lease, or to capitalise after one year's occupation. In 1887 the restriction of the area to one-third of the land for perpetual lease was repealed, and intending occupiers of land were allowed the option of purchasing for cash, or under the deferred-payment system, or on perpetual lease. In that year, therefore, cash sales virtually ceased after an interval of eight years since the raising of the loan.

SALES OF PRIVATE LANDS COMPARED WITH CROWN LANDS.

The Toko Block of 4,000 acres was sold in August, 1889, by auction, and realised an average price of £1 7s. 6d. an acre—to be paid 20 per cent. in cash and the balance in four instalments of 20 per cent., bearing interest at 6½ per cent. Land of equal quality belonging to the Crown, and

only divided by a road from the Toka Block, was offered at £1 for cash, £1 2s. 6d. for deferred payment, or at a rental of 1s. per acre on perpetual lease. The purchase of 1,000 acres in the Toko Block would at the end of five years have paid in principal and interest, at $6\frac{1}{2}$ per cent., £2,397 4s. 11d., equivalent to a rental on his outlay, at $6\frac{1}{2}$ per cent., of £165 16s. 10d. A purchaser of 1,000 acres in the adjoining block at £1 2s. 6d. per acre on deferred payment, paying all instalments as they become due for five years, would at the end of that period have paid in principal and interest, at $6\frac{1}{2}$ per cent., £759, equivalent to a rental of £49 6s; but his interest on the capitalisation of the nine annual payments thereafter, at 5 per cent. on the balance of £625, would be only £31 5s. His entire rental would therefore be £80 11s. for nine years. If, however, he capitalised after the first year's payment, his first year's outlay for principal and interest would be £133 2s. 6d., and at the end of five years—four years' annual instalments of £56 5s. having been paid, with interest at $6\frac{1}{2}$ per cent.—would amount to £433 15s. 6d., equivalent to a rental of £28 4s.; while his annual payment to the Government being £56 5s., his rental would be equivalent for nine years to £84 9s. If he obtained his 1,000 acres on perpetual lease at 1s. per acre, at the end of five years he would have paid in cash and interest, at $6\frac{1}{2}$ per cent., £303 1s. 2d., or a rental equivalent to £19 14s., which, added to his rent to the Government of £50 per annum, would be equivalent to a rental for the remainder of the term of his lease of £69 14s.

				£	s.	d.	£	s.	d.
Toko Block	...	...	...	...	...	...	165	16	10
Deferred payment for five years	...	...	...	80	11	0			
Deferred payment for one year	...	...	...	84	9	0			
On perpetual lease	...	...	...	69	14	0			
				£234	14	0			
averaging £78 4s. 4d. ; which doubled would be	...	...	...	...	...	...	156	8	8
or	...	...	...	...	...	...	9	8	2

more than twice the rental of Toko Block purchaser.

This is understood to be the first instance when private and Crown lands of equal quality and position were disposed of at the same time. The private land was bought at the higher price because the purchaser was not restricted in area, and was not subject to occupation and improvement clauses; hence the difference of more than 100 per cent. paid by the purchaser as against the occupant of Crown land. It follows from this that the land disposed of by the Government since the raising of the loan under special conditions has realised so little as compared with land disposed of without special conditions. In the case of land adjoining the Toko Block, which is a typical one, the difference of price amounted to more than 100 per cent. It would therefore be an exceedingly low estimate to add 50 per cent. to the price obtained for Crown land and on the valuation made in the returns for land to be disposed of hereafter with special conditions.

The capitalised amount due by deferred-payment holders who have capitalised to March, 1889, was	...	...	...	...	£
The capitalised value of the rental of perpetually-leased land at same date was	...	...	...	...	73,621
					68,200
					141,821
Add 50 per cent. to the Government returns	...	...	...	...	70,910
					£212,731
One-fourth due to Harbour Board in account	...	...	...	...	53,183

The Government estimate of the extent and value of the unsold land in the provincial district at March, 1891, is,—

Surveyed Land open for Sale.

A.	R.	P.				£	s.	d.
50	1	0	town land	...	...	value	1,793	10 0
183	1	11	suburban land	...	...	value	369	12 0
41	0	37	village land	...	...	value	442	16 0
274	3	8					£2,605	19 0
3,435	0	0	first-class rural land	...	...	value	3,711	12 0
22,345	1	2	second-class rural land	...	...	value	14,435	8 0
5,864	0	0	grazing-runs	...	...	value	1,466	0 0
							19,613	0 0

Unsurveyed Land.

465,975	0	0	first-, second-, and third-class rural	...	...	value	...	187,228	0 0
								206,841	0 0
Add 50 per cent. to Government value	...	...						103,420	0 0
								310,261	0 0
Add at nominal price, as above	...	...						2,606	0 0
								£312,867	0 0
One-fourth due to Board, as sold	...	...						78,217	0 0
Capital due at 31st March, 1891	...	...						53,183	0 0

If the Board were credited at once with the accrued capital of £53,183, bearing interest at 5 per cent., and if the whole of the unsold land was disposed of in equal amounts during ten years at the price estimated by the Government, with 50 per cent. added, as in the case of the lands already disposed of under special conditions, were credited to the Board year by year the result would be as follows; if less than one-tenth of the land was sold per annum the result would be less; if more, the result would be more. All amounts credited by the Government to the Board, whether proceeding from cash sales of land or capitalisation of land sold under conditions, should bear interest at 5 per cent., being the rate received by the Government from its tenants and capitalised deferred-payment holders; and all coupons paid under conversion should be debited as paid, and interest charged thereon at the same rate. The account would commence by a credit to the Board of one-fourth of the amount of the capitalised deferred-payment land and the capitalised value of the rental due from perpetual-lease holders, which, as before shown, with 50 per cent. added, would amount to £53,183. This would be added to from year to year by the proceeds of land disposed of, and debited with the coupons. At the termination of the loan in 1909 a surplus of somewhat more than £50,000 would remain at the credit of the Board, and, as the sinking fund held by the Board would be another £50,000, one-half of the capital of the loan would be extinguished. But in this estimate no allowance has been made for the Board's claims for land granted to Natives to the extent of 197,270 acres, lands granted for educational, municipal, and other purposes, nor for concessions made to occupants of land not sold for cash on the revaluation of their holdings. It will be shown, moreover, that the valuation of the unsold land still in the hands of the Government is grossly undervalued, even if 50 per cent. is added to that valuation, for the lands called second- and third-class rural would, under a system of free sale, meet with a ready market in comparatively large holdings."

The remarks which Mr. King makes, and the examples which he gives of the sale of private lands, show that the values which are stated in the calculations I have produced are really very much underestimated, when taken in connection with what ought to be the right of the Harbour Board as the trustees for the bondholders and for the ratepayers of the district. From the calculations I have produced I have excluded altogether any question of the greater value of these lands if they had been dealt with otherwise than for settlement purposes—if they had been dealt with for commercial purposes—and, if the additional value were taken, at least 50 per cent. would have to be added to the amount which would be receivable by the Harbour Board and to the amount which ought to be paid to the Harbour Board by way of compensation for the confiscated lands which have been given away. It has been always admitted that the Harbour Board was entitled to the proceeds of the confiscated land. That being so, the Board is entitled to compensation for those lands which have been so given away. The question of the confiscated lands being subject to the claim of the Harbour Board was raised on more than one occasion by the Hon. Mr. Waterhouse, as will be found by reference to *Hansard*. I am sure a reference to *Hansard* will show that it was brought before Parliament over and over again. It was always admitted by successive Governments that the lands were subject to the Harbour Board's claims, and that moneys have been continually paid out of the colonial Treasury from the proceeds of the confiscated lands sold. I think the *Hansard* of sessions 1882 and 1883 will be found to contain long debates on the subject, and to show the strong position the Hon. Mr. Waterhouse took up in opposition to the right of the New Plymouth Harbour Board to receive 25 per cent. of the proceeds of the confiscated lands disposed of. I wish, if I may be permitted to do so, to lay still more stress upon one phrase I have over and over again used—namely, that the New Plymouth Harbour Board are the trustees for the bondholders and for the settlers of the district. The Harbour Board have naturally no personal interest in the matter, but they are the trustees. The ratepayers of the district, for the most part, are those who have purchased land since the raising of the loan. They have never been consulted in the slightest degree as to whether it should be raised or not. These settlers have paid some £15,400 in rates which they should never have paid had the Government not given back the confiscated lands, or had conducted the sale of land on the same system as was in vogue at the time of the raising of the loan. I would respectfully submit that this payment of £15,400 in rates by the settlers of Taranaki, although it cannot be given back again, still forms a strong ground why relief should not be longer delayed. Supposing that this could not be done, and that the liability of the district for the loan could not be wiped out by taking back the endowments, I would submit, then, that the Board unquestionably should have credit given to them in the first place to one-fourth the value of the confiscated lands which were given back, amounting to £90,400. This, of itself, would pay for many years the deficiency in the interest which has accrued from year to year, and prevent any further default.

Mr. Wright: There would be no more default.

Mr. Samuel: No. I also think that the Board should have credit given to them in account for the £41,000, the value of the land revenue endowment, which is money of the Board now held by the Government, and on which Government is receiving 5 per cent.

The Chairman: Not held by the colony; invested in the colony's name.

Mr. Samuel: It is invested at the present time in the name of the colony, and on it the Government are now receiving 5 per cent. This is in respect of land held on deferred payment, perpetual lease, and open for sale, and much of which no doubt is sold by this time. That £41,000 in itself would prevent any further default for years to come, and go a great way towards extinguishing the liability on account of loan. I have worked this matter out, but I do not propose to trouble the Committee with the particulars. The colony should give the Board credit for the £41,000—moneys of the Board now invested by the colony—and for the interest on this amount, which the colony is receiving at the rate of 5 per cent. per annum; and the Board should be debited with the deficiency from time to time payable in order to discharge the coupons as they became due. For many years to come any default would be thus postponed. And if, in addition, compensation for the confiscated

lands given away were allowed, it would become certain that the interest and sinking fund would be paid, and that the loan itself would be wiped out by the accumulations. At the same time, I myself think that the better plan would be for the colony to take back the special endowments of one-fourth of the land revenue given in consideration for taking over the loan itself. Then let the Harbour Board carry out their legitimate functions, and effect improvements with the moneys realised from their small landed endowments and from income from ordinary sources, whilst the colony may deal as it chooses with its Crown lands. There is only one other matter I shall trouble the Committee with. It is continually urged that this would be exceptional treatment, and that if one harbour loan is taken over all the others must be similarly dealt with; but I submit that this is an exceptional case. There is no other Harbour Board which has endowments at the present time of greater value to the colony than its loan, and, therefore, it is the only case in which the taking over of a Harbour Board's liabilities can be shown to be actually a paying commercial speculation, as in the case of the New Plymouth Harbour Board it would undoubtedly be.

8. *The Chairman.*] Can you tell us, on behalf of the Board, the amount at present in arrears for interest?—That is shown in the balance-sheet. I do not think the amount owing to the bondholders in respect of unpaid coupons at the present time exceeds £5,000.

9. You do not mean to say that the default that occurred in May or November of last year, when some $2\frac{1}{2}$ or 4 per cent. was paid, has been made up?—Yes; the Government paid a large amount in respect of the moneys previously deducted.

10. It would be well to have the exact amount of interest due. I think it is £5,122?—I shall supply the exact amount of the interest due.

[Exact amount subsequently supplied by Mr. Samuel as follows: "The balance owing in respect of unpaid coupons (exclusive of those held by the Board's Sinking Fund Commissioners and of those taken up and paid by Government) is now £4,984."]

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