

The reports of the Committees were fully and exhaustively debated by the Government and members in the House, and the conclusion arrived at was, that it could not be admitted for one moment that the colony could accept liability for any local loan. The terms of the Act, and of the debentures issued by the Board thereunder, expressly provided that the revenues of the colony should not be made liable for the principal or interest of the money borrowed by the Board.

The Government have very carefully considered the various points raised in your letter now under reply, and have come to the conclusion that, without direct instructions from Parliament, they are unable to give effect to the proposals contained in your letter under consideration, for if the colony once decided to accept liability in connection with any local loans, it would, without doubt, have to bear the burden of all the local indebtedness, as it would be scarcely possible to make any distinction or discrimination.

I enclose copies of the reports of the Committees and of the debates which took place on the subject.

I have, &c.,

The Right Hon. Sir John Lubbock, Bart, M.P., J. BALLANCE.
Chairman, Council of Foreign Bondholders, 17, Moorgate Street, London, E.C.

No. 3.

THE AGENT-GENERAL to the PREMIER.

(No. 97.) *New Plymouth Harbour Board Debentures.*

Westminster Chambers, 13, Victoria Street, London, S.W., 22nd January, 1892.

In accordance with the instructions received by Treasury letter No. 59, of the 3rd December last, I handed the letter therein enclosed to Sir John Lubbock immediately on its receipt, and I have received acknowledgment of the same from the Secretary of the Council of Foreign Bondholders on behalf of Sir John Lubbock.

The Hon. the Premier.

W. B. PERCIVAL.

No. 4.

SIR JOHN LUBBOCK to the PREMIER.

(No. 210.) Council of Foreign Bondholders, 17, Moorgate Street, London, E.C.,

SIR,— 8th February, 1892.

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 of 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 on 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 of the bondholders.

I have, &c.,

The Hon. J. Ballance, JOHN LUBBOCK, Chairman.
Colonial Treasurer and Minister of Native Affairs, New Zealand.