

No. 24.

Mr. J. SHARP to the Hon. JOHN HALL.

Telegram.

Nelson, 2nd June, 1868.

FULL particulars by mail on fifth. To save delay, Superintendent has already made provision for payment of coupons next due on first July.

J. SHARP,
Provincial Treasurer.

The Hon. the Colonial Treasurer, Wellington.

No. 25.

Copy of a Letter from His Honor O. CURTIS to the Hon. E. W. STAFFORD.

Superintendent's Office,
Nelson, 1st June, 1868.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 21st ultimo respecting the debentures of this Province which will become due on the 1st July next.

The statement of facts with which your letter commences is perfectly correct, so far as regards the intention of the Provincial Council in its appropriation of the sum of £15,000 and the steps taken by the late Superintendent in carrying out that intention by placing the sum of £12,000 on fixed deposit in the names of three members of his Executive Council, at the Union Bank of Australia, until the date at which the debentures become due.

The amount was, as you are aware, never added to the Sinking Fund Account nor paid over to the trustees appointed for the management of that fund, and was, on the contrary, retained, and now remains within the direct control of the Executive Government, and therefore at all times subject to re-appropriation by the Provincial Council.

In the meantime the General Assembly, by the second clause of the Public Debts Act, relieved the Provinces from the date of the passing of that Act, namely, the 10th of October, 1867, from all liability to provide for the payment of the principal of their loans otherwise than by the operation of the ordinary sinking funds.

The same clause provides that the interest and sinking fund on Provincial Loans shall also be paid by the Colony, but only after proclamation of time and place by the Governor, the obligation on the Colony to provide for the due payment of the loans themselves being, on the contrary, made operative from and after the passing of the Act.

The third clause provides that all payments made by the Colonial Government on account of interest and sinking fund upon Provincial Loans shall be charged against the Province in respect of which such payment may have been made, and deducted from any moneys payable to such Province.

No such provision for repayment is made with respect to the loans themselves, and it appears to me to be beyond dispute that it was the intention of the Legislature and that the Legislature deliberately enacted that immediately on the passing of the Public Debts Act the Provinces should be absolutely relieved from the repayment of their loans otherwise than by the operation of sinking funds, and that such loans should be provided for, as they become due, by the General Government, and not in any way charged back again to the Provinces.

I cannot conceive that the provisions of the Public Debts Act admit of any other interpretation, or that there is any ground whatever to justify the exception of the Province of Nelson from the benefit of those provisions.

It is true that before the passing of the Public Debts Act, when it was the duty of the Provinces, and not as now, of the Colony, to provide for the payment of their loans, the Legislature of this Province appropriated a sum of money towards the liquidation of their debt. The Provincial Government however, retained possession of that money, and I conceive it is impossible to question the right of the Provincial Legislature, under totally altered circumstances, when relieved by the legislation of the Colony from the liability which it was intended to meet, to dispose of the amount as they think most desirable.

I may mention that it was never my intention, as you appear to conclude, to re-appropriate the £12,000 without the sanction of an Act of the Provincial Council.

Shortly after the passing of the Public Debts Act, viz., on the 28th November, 1867, I furnished the Colonial Government, at your request, with full particulars of the position of the debentures in question, including the date when due, rate of interest and sinking fund, and also the amount of sinking fund, which was stated as £860. No reference whatever was made to any sum of £15,000 or £12,000 or any sum, beyond the ordinary sinking fund, being available to provide for the payment of these debentures; while, on the other hand, in my letter of the 28th of November, accompanying the return, I called your attention to the fact that they would become due on the 1st July, 1868, any further explanation being rendered unnecessary by conversations I had with the Colonial Treasurer in Wellington.

I must therefore be allowed to protest, most emphatically, against that part of your letter to which I am now replying, which implies that you are only recently in possession of the intentions of the Provincial Government on this subject.

The possible disallowance of the Public Debts Act, by the Queen, does not appear to have been in the contemplation of the Colonial Government at the time of its enactment by the General Assembly, or they would otherwise, I presume, have reserved the measure for the signification of Her Majesty's pleasure thereon, as is the usual practice in such cases, instead of advising the Governor to give his assent to it on Her Majesty's behalf, so as to bring it into immediate operation, wholly without reference to the other measures to which you refer, or to the completion of any arrangements whatever.

I am unable to discover that the honor and credit of the Province of Nelson can in any way be