

The debentures under "The Lands Improvement and Native Lands Acquisition Act, 1894," though similarly charged by Act on the Consolidated Fund, were issued as charged on the "ordinary revenues of the colony." Surely the difference between "Consolidated Fund" on the one hand, and "consolidated revenue" or "ordinary revenues of the colony" on the other, is as great as that between "Consolidated Fund" and "public revenues." And yet all these debentures have been passed and countersigned by the Audit Office without question—those in 1896, indeed, by the present-Controller.

In light of the foregoing considerations it appears to me that the legality of the debentures is unquestionable, and that the holders cannot be in any way prejudiced or embarrassed as suggested by the Audit Office.

In this case, as in the case of the objections previously raised by the Audit Office with respect to these debentures, I have treated the matter very fully, as the loan has been floated and the public credit is absolutely committed. It is eminently desirable that no colour of suspicion or doubt should by any possibility be allowed to exist as to the validity of Government debentures, and it may therefore be pointed out that, even if they contained any irregularity or defect (which these do not), yet the holders cannot suffer, as when once the debentures are issued their validity cannot be questioned. Section 12 of the Act makes full provision as follows: "No person from whom any part of the aforesaid moneys is raised, or who is the holder of any debenture, scrip, or other security in respect of such moneys, shall be concerned to see or inquire whether or to what extent the powers conferred by or under this Act have been previously exercised, or are intended to be exercised; and all moneys raised or purporting to be raised, and all debentures, scrip, or other securities created or issued, or purporting to be created or issued, under this Act shall, so far as concerns the lender or holder, be deemed to have been lawfully raised, created, or issued within the powers by this Act conferred in that behalf."

I am, however, satisfied that these debentures may be legally issued in their present form. As by section 3 of "The Public Revenues Act, 1891," they are included in the term "public moneys," the legality of their issue might, I think, be determined by the Governor in Council under section 53 of that Act; but, inasmuch as the question of charge on the Consolidated Fund is also raised, it will, on the whole, be better for His Excellency to act under both that section and section 9 of the Amendment Act of 1900. It sufficiently appears that, in the opinion of the Audit Office, the difference of opinion between it and the Treasury involves matter of law.

FRED. FITCHETT,

Crown Law Office, 21st August, 1901.

Solicitor-General.

No. 21.

(On submission of Warrant, for which see papers numbered 26 and 27 of this correspondence.)

For the Solicitor-General.

Wellington, 22nd August, 1901.

In reference to the Audit Office minute of the 17th August, and the Solicitor-General's opinion of the 21st August thereon: The Governor would be glad of a distinct expression as to whether it was the Solicitor-General's intention to convey therein "that the debentures do not declare the security to be other than the Act prescribes which authorises their issue," and that, though the wording is somewhat different, the legal meaning and effect is identical. (2.) That this difference in wording cannot affect the marketable value of the loan or in any way prejudice the subscribers.

RANFURLY.

No. 22.

For His Excellency.

YES; it was my intention to convey the meaning indicated.

22nd August, 1901.

FRED. FITCHETT, Solicitor-General.

No. 23.

Wellington, 22nd August, 1901.

Memorandum for the Right Hon. the Premier.

THE Governor would be glad if the Premier would obtain for him the Solicitor-General's answer on the enclosed minute.

RANFURLY.