

P A P E R S

RELATIVE TO OVERDRAFTS BY PROVINCIAL GOVERNMENTS.

No. 1.

CIRCULAR.

(68-341.)

SIR,— Colonial Secretary's Office, Wellington, 19th March, 1869.

As there is reason to believe that your Bank may be applied to on behalf of some Provincial Executives for loans, either by way of overdraft or otherwise, the Government deems it right that you should be informed that it is advised that advances made to Provincial Executives, either by way of overdraft or otherwise, to be repaid out of Provincial revenues are illegal, and that any Act or Ordinance of a Provincial Council purporting to appropriate money for the payment of any such overdraft or loan would be invalid.

The Legislature, as you are probably aware, in the last Session of the General Assembly, declared in the Provincial Appropriations Validation Act that loans by way of overdraft were illegal, and certain Provincial Ordinances which had been passed to appropriate money to repay such advances were declared invalid until validated by the General Assembly, and a special authority was required to enable the Governor to assent to certain Provincial Bills passed for the same purpose.

The Legislature has also repeatedly enacted that no further debts were to be contracted by Provinces without its previous authority. There is therefore no ground for supposing that the General Assembly will again validate any Provincial Bill passed for appropriating money to repay overdrafts, or that it will itself appropriate moneys to the payment of moneys advanced in defiance of the law. Under these circumstances, it will be the duty of the Government to advise His Excellency to disallow any Act or Ordinance passed by any Provincial Council, appropriating money to the payment of any such loan or overdraft, and to withhold his assent from any such Bill which may be reserved for his assent.

I have further to inform you that should any officer of your Bank receive any revenue of a Province in payment of any money advanced by way of overdraft or loan to such Province, without the authority of an Act of the General Assembly, the provisions of "The Provincial Audit Act, 1866," will be enforced.

I have, &c.,

E. W. STAFFORD.

P.S.—Please inform the other Branches of your Bank to the effect of the above letter.

No. 2.

Mr. BUCHANAN to the Hon. E. W. STAFFORD.

Bank of Australasia,

Wellington, New Zealand, 22nd March, 1869.

SIR,— I beg to acknowledge the receipt of your circular of the 19th instant (No. 68-341), and to thank you for the information contained therein. In accordance with your request, a copy of the circular shall be forwarded to the other branches of this Bank within this Colony.

I have, &c.,

The Hon. the Colonial Secretary.

J. H. BUCHANAN, Manager.

No. 3.

Mr. COWIE to the Hon. E. W. STAFFORD.

Inspector's Department, Union Bank of Australia,

Wellington, New Zealand, 3rd April, 1869.

SIR,— I have the honor to acknowledge receipt of your circular, dated 19th ultimo, on the subject of advances to Provincial Governments, and as to the improbability of the General Assembly in future sanctioning any appropriation for their repayment.

In reply, I have the honor to thank you for the information conveyed in your circular as to the state of the law on the subject of making advances to Provincial Executives.

I have, &c.,

The Hon. the Colonial Secretary.

GEO. COWIE,
Assistant Inspector.

No. 4.

Mr. MURDOCH to the Hon. E. W. STAFFORD.

Inspector's Office, Bank of New Zealand,

Auckland, 17th April, 1869.

SIR,— I have the honor to acknowledge receipt of your letter of 19th ultimo, on the subject of loans to Provincial Executives.