

thereof the promise of a distant Government to pay in future. Possibly they do not estimate that promise at its real value; but in such a matter they surely have a right to form their own judgment. The euphemistic phrase "proportionately released" assumes that individual debenture-holders have only a right to that portion of the sinking fund which it is suggested has been paid in respect of the particular debentures they hold. I submit that this is an erroneous construction and restriction of their right, and that the whole of the present sinking fund of each loan belongs to the whole of the outstanding debenture-holders of that loan, at least until the accumulation equals the whole of their united claim. If I am wrong in this construction, I shall be glad to be set right by any competent legal or financial authority to whom the question may be referred.

2. I submit that the provisions of the Public Debts Sinking Fund Act are unjust to those of us who are trustees or holders of the funds in question (section 10). We did not seek the office: it is a somewhat onerous and responsible one, and we shall be glad to be relieved of it; but we certainly do not intend to abandon our trust, and our duty to those who imposed it on us, at the dictation of a Body to whom we owe no allegiance, whose legislation as regards trustees in England (section 9) we believe to be utterly nugatory and *ultra vires*, and who, as we believe, have no equitable title to the funds we hold for others. It is true, as suggested in section 10, that we are beyond the jurisdiction of the Supreme Court of New Zealand, as we are beyond the legislation of the General Assembly; but we are within the jurisdiction of the Court of Chancery here. Either the Government of New Zealand has an equitable title to the funds we hold or it has not. If it has, it can enforce that right by application to the Court here. To the decision of that Court we should of course readily and cheerfully submit. Will the agents of the New Zealand Government do the same? If they shrink from this test, I submit that they will thereby furnish proof that they know they have no such right as an English Court of Equity would enforce. And if this be so, will Her Majesty's Government allow them to enforce an illegal and inequitable claim by penalties upon those who are within their jurisdiction? For this is the effect of section 10, and therefore—

3. Most of all is this an unjust attempt at confiscation as against the Provincial Government of Canterbury. The case shortly and nakedly stated is this:—

A. (the province) owes B. (the debenture-holder), a debt; A. hands funds of his own to C., to be held by C. for the payment of the debt when due; D. (the Colony) offers to undertake the payment of A.'s debt to B. on certain terms. A. agrees, B. and C. do not dissent—they could not do so. The terms are embodied in a Statute, which receives the sanction of the Crown in 1867. A. fulfils his part of the agreement entirely, D. only partially, hitherto. Twelve months afterwards, D. thinks he might have made a better bargain, discovers that there was an "evident omission" in the agreement, and insists, as a further condition for his fulfilling it, that C. shall hand over to him the money in his hands belonging to A. and B. A., B., and C. all refuse to consent to this; whereupon D. threatens to deduct the amount from other moneys which D. owes to A., and which he is bound by Statute to pay to A.

I believe this to be a simple and accurate statement of the effect of "The Public Debts Sinking Funds Act, 1868," section 10, and to this monstrous injustice the sanction of Her Majesty is asked.

I confidently trust that sanction will be refused, and I hope I am not asking too much when I request, that when the Act is disallowed, the Governor of New Zealand may be instructed not to sanction any similar legislation in future, without reserving it for the signification of Her Majesty's pleasure.

I ask this on behalf of British subjects in this country, who have no other mode of protection against such an arbitrary infringement of their vested interests; I ask it on behalf of the Province, with whose well-being I have from its creation been closely identified, though I resigned my (honorary) office as English Agent two or three years ago; and I ask it on behalf of the Colony itself, whose financial reputation will, as I believe, be seriously injured, if the proposed legislation be suffered to take effect.

It is to be noted, section 20, that the Act carefully avoids dealing with the sinking fund of the loan guaranteed by the Imperial Government. Why? Because the Imperial Government represents, in that matter, the whole of the British public, whose rights the Crown would not suffer to be infringed. Will it allow the rights of individual members of the public to suffer? I am fully aware that, as a general rule, your Lordship would be unwilling to interfere with the action of Colonial Legislatures as affecting individuals, except in extraordinary cases; but I respectfully submit that the facts I have stated show that this is an extraordinary case, in which an attempt has been made to violate the principles of British justice.

I am aware that no remonstrance can have arrived as yet from the Provincial authorities, nor have I at present any specific official authority to write this on their behalf, for this sufficient reason; that no copy of the Act in question had reached Canterbury when the last mail left, so rapidly had it been driven through the Legislature at Wellington, from which place I received direct my copy of the Act; but I know the feeling of deep indignation with which the proposal of the Government to rescind so summarily the agreement of 1867 was received at Christchurch, and I know that I am expressing the feeling of all those interested in the subject. It may be, no official remonstrance may arrive by the next mail; but if not, the reason I know will be solely because there are so many ways in which a high-handed Government can punish its opponents, that the latter may literally be afraid to raise the voice of complaint to the higher authorities. This may not be very chivalrous. I need not say that it is human nature.

My letter is too long already; and I can only suggest to your Lordship the further consideration whether some of the provisions of the Act, section 7, for instance, are not in contravention of the unalterable section No. 54 of the New Zealand Constitution Act. The General Assembly cannot authorize, as is purported to be done, the Colonial Treasurer to pay money out of the consolidated fund.

And again, if I am right in my contention that these sinking funds are Provincial revenue (they certainly were exclusively provided out of it), is not the assumption of the General Assembly