

would accept them or not. They may be thankful that the General Government has thought it expedient to enhance the value of their debentures by professing to make them a charge upon the consolidated revenues of the Colony, but they cannot honestly or legally be compelled, against their will, to part with the security they already possess. Yet this is precisely what they are called on to do by "The Public Debts Sinking Funds Act, 1868," against the allowance of which I am now respectfully protesting.

The amount of outstanding debentures of the Province of Canterbury, held by those who have not yet assented to the offered exchange, is £121,700, as I learn from a statement made a few days since by the Crown Agents for the Colonies. Up to the 1st of September last I believe not a word was heard of any intention on the part of the Government of New Zealand to attempt to lay hands on the accumulated Provincial sinking funds. But, unfortunately, the Government of New Zealand was in want of money, and on that day the Acting Colonial Treasurer, the Honorable John Hall, made his Financial Statement to the House of Representatives at Wellington, and, taking it for granted that "it was an evident omission in the Acts of last Session that when the liability for the repayment of Provincial loans was undertaken by the Colony, the control of the sinking funds by which that repayment was to be provided for was not vested in the Colonial Government," proceeded to say, "the first question to be settled is to whom shall the Provincial sinking funds, as they become freed, be paid over, and it is, of course, a question for the Legislature to determine. The Government is of opinion that if the Colony absolutely undertakes the payment of the Provincial debts, it is but fair and reasonable that the Colony should have use of whatever provision has already been made towards such payment."

This proposition may at first sight appear plausible, but a little examination will demonstrate its fallacy, and inapplicability to facts; and it is literally the only reason I have ever heard or read of for seizing on money in the possession of other people. Mr. Hall avowed that the Government had no intention whatever of appropriating these accrued sinking funds to their original purpose, viz., to the repayment of the debts for which they were provided as security, nor in diminution of the £7,000,000 consolidated debt.

One of the resolutions⁷ moved at the close of that financial statement was that "£90,000 out of the proceeds of the accrued sinking funds '(including that of Canterbury)' shall be paid to the Province of Nelson, and £15,000 to that of Wellington." Mr. Hall's general financial proposals were opposed, defeated, and withdrawn; but in the last nights of a protracted and exhausting Session, when half of the members for Canterbury had left Wellington, or were disabled by sickness from attending to their duties, the Public Debts Sinking Funds Bill was introduced into the House of Representatives, and was rushed rapidly through all its stages, *sub silentio*, without debate, or reason given for it.

I believe that the Royal Instructions to the Governor of New Zealand require him to transmit to the Colonial Minister at home a statement of the reasons and of the occasions for proposing all laws assented to by the Governor in the name of Her Majesty. I have not, of course, the advantage of knowing, as your Lordship knows, what the statement so transmitted by Governor Sir

any of them, were to cease to exist? It is perfectly well known that as the recipients of any part of the public revenues raised by the General Assembly, whether Consolidated Fund or Land Fund, some Provinces are already extinct.

⁷ It is not necessary to remark upon any statements made by a Minister in the course of debate. What was ultimately decided was, that the released sinking funds should be left for appropriation by the General Assembly. It can return them to the Provinces if it chooses. If it chooses to spend them, the Provinces are to that extent relieved of the charge. In other words the Provincial debt is to that extent *diminished*, and the general debt is *increased*.

I have already said that the question is one which may fairly be argued as between the General and Provincial Governments. If the General Assembly appropriates the money no longer wanted, under the contract with the bondholders as sinking fund, to any other purpose than to the Provinces themselves, they may put forward a very strong case, but that never has been done as yet.

The Assembly may still use the money for paying off part of the public debts, or it may give it all back to the Provinces. This part of the question has got to be argued when it is proposed