

the Province of Hawke's Bay with the request that I should cause to be paid to the Colonial Sub-Treasurer the sum of £526 6s. 6d. shewn to be due by the Province on separate account to 30th September last, together with a sum of £25,000 on account of interest and sinking fund on money raised for land purchases in this Province pending settlement of the account. I beg to refer to your letters of 11th and 27th November last, on the subject of similar demands against this Province to 30th June, 1860, in which communications I am informed that as it does not appear probable that either of the Provinces of Wellington or Hawke's Bay will adopt the accounts furnished by the Assistant Treasurer, the Government considered it advisable that the whole question should remain in suspense until the next Session of the General Assembly. Consequently, under these circumstances I may be excused for not complying with your request.

However, I beg to state that I should like to be furnished with the accounts for the period between 30th June and 30th September, 1860 as the accounts transmitted with your letter of 29th August last extend only to the previous mentioned period as I am at a loss to understand how this Province on the separate accounts furnished with your letter of 7th January, is shewn as indebted in the sum of £2758 14s. 3d. to the latter period above mentioned.

I am also desirous of being informed the cause of the 3/8ths of the Custom Revenue usually appropriated to Hawke's Bay as her portion of that Revenue being debited in surplus Revenue account for the year ending 30th June, 1861.

I beg to remark that under the head of Supply Resolution No. 2. of the 3rd November, 1860, page 241 of Journals of House of Representatives it was resolved—

“That the surplus Revenue for financial period ending 30th June, 1860 be paid to the Provinces together with 3/8ths of the Customs Revenue for the current year.”

“That any excess of expenditure on Revenue for payment of the above mentioned amounts be provided for by the issue of Treasury Bills extending over a period of two years from current year.”

“That the repayment of such Treasury Bills be charged against any surplus Revenue arising after payment of 3/8ths of Customs Revenue to the Provinces from year to year until such Treasury Bills be paid.”

I have, &c.,

J. C. LAMBTON CARTER,  
Superintendent.

The Hon. the Colonial Secretary,  
Auckland.

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No. 9.

MR. FOX TO THE SUPERINTENDENT OF HAWKE'S BAY.

Colonial Secretary's Office,  
Auckland, 30th January, 1862.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 18th instant, and in reply thereto to inform you that the question of the adjustment of the account between Hawke's Bay and Wellington, for the Interest and Sinking Fund on sums raised for Land Purchases, has been allowed to remain in suspense, agreeably to the decision conveyed to your Honor on the 27th November last; but the postponement of such ultimate settlement need not prevent the adjustment of the interest from time to time to such an extent, as may reasonably be presumed to be *within* the ultimate liability of the Province.

A copy of the suspense account has been transmitted to your Honor, from which you will see that so large a sum as seven thousand three hundred and eighty pounds, has been advanced on this account from the Colonial Treasury. It is considered only reasonable to require that a portion of this amount should be paid up by the Provinces, within the limits of the sum which they cannot dispute their liability to discharge eventually.

Another half year's interest on the same account has been since paid from the Colonial Treasury, a further remittance must shortly be made to England, and two thousand five hundred pounds has been fixed as a moderate demand to make upon the Hawke's Bay Treasury on this account.

The Government cannot consent to revise the decision they have already arrived at on this question, as conveyed to you on the 7th instant; and should your Honor still decline to accede to the requirements therein made, it will be necessary to re-imburse the Colonial Treasury by withholding the usual advances from the current revenues.

A Copy of the separate account with the Province of Hawke's Bay to the 30th September, 1860, showing a balance of two thousand seven hundred and ninety-eight pounds, fourteen shillings, and threepence, was furnished in February last year, with the Surplus Revenue Account for the financial year ended 30th June, 1860.

With respect to the 3/8ths Customs Revenue, it may be explained that it was provided by the Resolution of the House of Representatives, to which your Honor refers, that the excess after payment of 3/8ths Customs Revenue to the Provinces (collectively) should be applied to the discharge of Treasury Bills, and this rule has been observed in making-up the Revenue Account for the last financial year ended 30th June, 1861.

It would be manifestly unfair, and contrary to the spirit and provision of the “Surplus Revenue Act, 1858,” to make good any deficiency in the payment of 3/8ths Customs to some of the