

*T. Russell, Esq.* at once, and thus putting an end to the present difficulty. Moreover, this is the course always hitherto proposed by the General Government of the Colony, and I submit is the course indicated in the letter of the present Colonial Secretary to Mr. Crosbie Ward, of date 8th May, 1867, a copy of which I attach to my evidence:—

“Colonial Secretary’s Office, Wellington, 8th May, 1867.

“SIR,—With reference to my letter of the 3rd instant, in which, having special reference to the recent failure of the attempt to place certain debentures of the Canterbury Province on the London market, and to your intended visit to Great Britain in the official capacity of Agent for that Province, I have thought it desirable to inform the Superintendent of Canterbury generally of the intention of the Government to submit to the General Assembly, at its next Session, a measure for the consolidation of Provincial Loans. I now desire to state, more especially for your information and guidance, so far as it is at present practicable to do so, that the Cabinet has definitely determined to introduce, as a part of its financial policy, a Bill to authorize the issue of Colonial Bonds to an amount which will cover the entire amount of Provincial Loans hitherto authorized, including those already raised and those not raised (wholly or in part) respectively. In all probability the interest will be fixed at six per cent., and the Colonial Debentures so to be raised will be secured on the entire revenues of New Zealand, territorial and ordinary.

“As to the interprovincial arrangements and guarantees for repayment which it may be necessary to introduce into the measure, I am unable at present to furnish you with particulars. You are yourself cognizant of the difficulties and complications which will have to be dealt with, but the Government will not be deterred from pushing forward their measure by any consideration of these difficulties.

“It is not, however, necessary for the success of your mission that these interprovincial arrangements should be made known, even if they were finally determined on. It is sufficient that you should be explicitly assured that the proposal will embrace the guarantee by the Colony of New Zealand of all Provincial Loans, subject only to domestic arrangements, that I apprehend being the sole question on which the capitalists will ask for information. The Government regard this measure as one of such great importance as to be inclined to make it a ministerial question; but I am unable at present to speak definitely on this point.

“Crosbie Ward, Esq.”

“I have, &c.,

“E. W. STAFFORD.”

5. What time will be required to effect a complete consolidation by the plan you suggest?—Not more than twelve months.

6. *By Mr. Williamson.*] Are the persons you represent holders of any large number of Provincial Bonds, and if so, of how many Provinces, and to what extent?—They are large holders. Several Provinces. Upwards of £400,000.

7. As representative of such bondholders, do you see any objection to the repeal of the Surplus Revenues Act, and the provisions of the Public Revenues Act?—I do; for the reasons specified in the Memorandum I have laid before the Committee, and in the answers I have given to the several questions put to me by members of the Committee. Further, I observe, by two Loan Acts of the Province of Canterbury, the sums payable to that Province under “The Surplus Revenues Act, 1858,” are specified as part of the security given to the bondholder; and I see in one of the Otago Loan Ordinances an enactment, that “the holder of any debenture issued under this Ordinance shall not have any preference over any other such holder by reason of priority of date or otherwise;” but the effect of the Bills now before the House is, to repeal “The Surplus Revenues Act, 1858,” and to give a preference of one debenture to another of the same loan.

8. You have submitted clauses to be added to the Loan Consolidation Bill. Do you think the Provincial bondholders would be more ready to accept the terms of the proposed arrangement if those clauses were added?—Yes. (See my answers to Mr. Moorhouse’s question No. 1.)

9. What would be the effect of those clauses in regard to the Provinces whose issued debentures it is proposed to include in the Consolidation scheme?—The interest and sinking fund on the debentures issued in exchange would be paid by the General Government, and deducted from the Provincial revenues of the Province. The Province would have to provide and pay interest and sinking fund on all those debentures not exchanged; but, if they made default, the General Government would then pay. If the new loan were issued at six per cent., without a sinking fund, the relief to the Colony would be about £30,000 per annum, and the Colony could in this case impose conditions of repayment to the Colony by sinking fund from the Provinces, or relax them at pleasure, and as the necessities of the country required. I may add that the 12th clause among my proposed clauses forms no part of my plan, and was drawn and inserted to meet the proposition that the profit should belong to the Provinces and not to the Colony.

10. Are you aware of any Auckland debentures having been offered at or below eighty, and refused at that price?—I have never heard of any, and do not think such a case has happened.

11. *By Mr. Campbell.*] Have any Provincial six per cent. Bonds been sold in London above par; and if so, to what extent?—Yes; the first lot of Auckland Bonds (£100,000) sold at and above par. Some of the Canterbury Bonds also sold above par. I cannot tell the number. I know of £150,000.

12. Has the Bank of New Zealand offered or sold any of the Auckland Bonds below par?—The bank has not sold any below par, nor do I believe they have offered any below par.

13. What were the objects proposed to be accomplished by the Auckland Loan of half a million when the General Government assented to it?—Those objects are fully detailed in the printed papers on Provincial Loans. (See Appendix Journals House Representatives, B. No. 5, 1863, Auckland Loan.) The loan was obtained to pay off debentures coming due; for the purchase of Native lands, for immigration, public works, and for the erection of public buildings, such as post office, custom-house, and Supreme Court, &c., &c.

14. Can you tell the Committee what loans were assented to by the Domett Government and the Whitaker-Fox Government?—They authorized the Auckland Loan, 1863; Otago Loan, 1863; Canterbury Loan, 1863, and, I think, a Southland Loan, which has not been put in the market.