

mand higher prices than the securities of such countries as the United States, Germany, and Russia.

The considerations I have pointed out are not foreign to the question, whether the Colony can permit the Provinces to borrow without becoming liable for their debts. It is not sufficient to say in any Loan Bill that the Colony is not liable for the debt: the duty still remains to enforce the law.

It is true that there may be an enactment without a power in the administration to enforce it, or without a penalty provided for non-fulfilment. If the Colonial Loan Acts merely said that loan payments should have priority, and the law provided no means to enforce such priority, then I could not have argued that the Imperial Government are in the position of undisclosed guarantors. But I founded my argument on the fact that the law also provided that all payments should be initiated by Governor's warrant; and the Governor being an Imperial servant, the Imperial Government would be responsible if their nominee did not respect the priority which the law established. Two instances in connexion with Provincial Loans will show what I assume to be the liability of the Colony and its non-liability. Suppose that an Act of the Assembly authorizing a Provincial Loan gave security over the Provincial land revenue, and over some special Provincial tolls: the Colonial Government would, I hold, be liable to see that the land revenue was applied in the order of the priority fixed by the law, because the collection and application of the land revenue is within the control of the Colonial Government. But the Colonial Government might have no power to enforce the law in respect to the tolls. The Act might be silent in respect to the machinery by which the Provincial authorities could be compelled to apply the tolls in accordance with the intention of the Act, and the Provincial Government might laugh alike at remonstrance and threat. In such a case, however, although the Colonial Government would be powerless, the Legislature would doubtless consider itself bound in good faith, and in accordance with public policy, to compel compliance with its enacted law. So that, for all practical purposes, we may consider that if the Colonial Legislature authorize the Provinces to give any security for loans, the Colony is bound to see that such security, if given, is valid and enforceable.

Nature and extent of Imperial responsibility for Colonial Loans.

Extent of Colonial Liability or Non-liability for Provincial Loans.

Duty of Colonial Legislature.

It may seem that I have discussed this subject at unnecessary length; but when I say that I am about to make proposals to enable Provincial Governments to borrow, it is impossible to over-estimate the responsibility which devolves on me to invite honorable Members to examine minutely the liability which they are asked to cast upon the Colony. We dare not allow the least doubt to exist as to the exact measure of the Colony's liability; and I do not shrink from affirming that it will be our duty to define exactly how the law is to enforce the provisions which, by the action of the Legislature, acquire the force of law.

Mode of enforcing security must be defined.

The Committee will, then, be prepared to learn that we propose to submit to the Legislature a measure to enable the Provinces, by virtue of Provincial Ordinances, to borrow money within the Colonies only. I will indicate its nature. It will empower Superintendents and Provincial Councils to pass Ordinances authorizing loans for particular purposes, namely, Harbour Works, including Wharves, Jetties, and Docks; Reclamations, Branch Railways, Roads, Bridges, Gold Fields Works, Hospitals, Lunatic Asylums, and School Buildings. The security, it will be proposed, shall be in all cases of a more or less special nature. For Reclamations, we propose that special security shall be given over the proceeds from the land reclaimed; and if reclamation is effected in connection with Harbour Works, then the security may be over Harbour, Jetty, and Wharf Dues, or any one or more of them. As to School Buildings, Hospitals, and Lunatic Asylums, it will be proposed that the security shall be over reserves or endowments appropriated for either of those purposes, but without necessarily involving power of sale. Where the Trusts merely leave to any such institutions the enjoyment of revenue resulting from reserves or endowments, it will be proposed that, as regards interest and sinking fund on account of the loan, security shall be given only over such revenue. As regards Roads and Bridges, security may be given over tolls, if any; and, as to Branch Railways, the excess of traffic receipts over expenditure may be

Provincial Ordinances to authorize borrowing, but only in Colonies.

Works for which loans may be obtained.

Security to be special, in each case.

Examples.