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Their Lordships conceive that the power of raising money under the guarantee of the Imperial Government cannot properly be entrusted to any individual, and that the money so to be raised could not be obtained upon equally favourable terms for the colony.

My Lords would therefore propose in the Bill to be submitted to Parliament authorizing the raising of this loan, to introduce a clause to enable them to adopt the same course as on former occasions, and to empower Her Majesty to appoint agents for this purpose.

They would also observe, that in the second section of the present Act, the bonds or debentures are to be drawn for sums not less than 50 *l.*, whereas on no former occasion have the debentures been issued for a less sum than 300 *l.* In some instances, where the loans have been taken by the Bank of England or by other large institutions, a wish has been expressed that the debentures should be prepared for much larger amounts; and it was only in the last instance, the loan to Jamaica, that any smaller sum than 500 *l.* was inserted in the debentures.

It may be unnecessary that any further Act should be passed by the Legislature of Prince Edward Island upon these points, but their Lordships would suggest, that the Governor should be informed of the measures which they propose, and that he should appoint "the Lords Commissioners of Her Majesty's Treasury, or any two or more of them," to be agents for raising and managing the loan.

I have to state, that in the meantime their Lordships will cause a Bill to be prepared and submitted to Parliament for giving effect to the arrangements for raising and managing the loan for 100,000 *l.*

I have at the same time to transmit to you copy of the debentures issued in similar cases, and to request that you will move Mr. Secretary Labouchere to inform my Lords at what period, and in what proportions, it will be advisable to raise the sums that will be required for the purposes of the said loan.

H. Merivale, Esq.

I have, &c.
(signed) James Wilson.

— No. 19. —

COPY of DESPATCH from Lieutenant-Governor Sir D. Daly to the
Right Honourable H. Labouchere, M.P.

(No. 34.)

Government House, Prince Edward Island,

13 July 1857.

(Received, 27 July 1857.)

Sir,

(Answered, No. 22, 14 August 1857, page 30.)

I HAVE the honour to acknowledge the receipt of your despatch of the 15th June, No. 17,* transmitting, for my information and guidance, copy of a letter from the Lords Commissioners of Her Majesty's Treasury on the subject of the Act passed by the Legislature of this island for the purpose of raising moneys to be applied to the purchase of lands therein.

2. It affords me much satisfaction to learn that their Lordships approve of the security afforded by this measure for the proposed loan, from which I anticipate much benefit to the colony.

3. With regard to the appointment of agents for raising and managing the loan, no arrangement could be more satisfactory than that which their Lordships point out, and with the concurrence of my Council I have given effect to their Lordships' directions by the accompanying commission, under the public seal of this island, appointing their Lordships, or any two or more of them, to be such agents.

4. With regard to the limit placed by the provincial Act upon bonds or debentures to be drawn for sums of not less than 50 *l.*, that amount was stated under an impression that it would facilitate the sale of the stock; but there being no restriction upon debentures being drawn for such amounts exceeding that sum as may be desirable, I trust no practical inconvenience is likely to result.

5. As it is not intended to raise more money under this Act than will from time to time be necessary for completing such purchases as the local Government

No. 19.
Lieut.-Governor
Daly to Right Hon.
H. Labouchere,
M. P.
13 July 1857.

* Page 28.

Enclosure.