

VANCOUVER ISLAND. that the final decision of Her Majesty's Government on that subject should be obtained and communicated with as little delay as possible.

(Signed) JOSEPH NEEDHAM,
President of the Legislative Council.
(Signed) E. J. NESBITT,
Clerk of the Council.

No. 5.

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COPY of a DESPATCH from GOVERNOR KENNEDY, C.B., to the Right Hon.
EDWARD CARDWELL, M.P.

(No. 45.)

Government House, Victoria, June 26, 1866.

(Received, August 8, 1866.)

(Answered, No. 6, August 21, 1866, p. 44.)

SIR,

IN the state of uncertainty which exists as to what the Legislative Assembly of this Colony will or will not do in reference to the finances, I deem it my duty to keep you informed by placing the following address from the Assembly, and my reply thereto, before you.

You will observe that on the 21st May the Legislative Assembly called for a return of all monies borrowed from the banks in 1865-6, and also "a return showing the authority under which the Governor negotiated such loans respectively."

My reply, dated 26th May 1866, fully answers both these questions.

The Bank of British North America, taking alarm, I presume, at the doubts thrown upon the legality of my proceedings by the Assembly, addressed the letter (herewith) dated 31st May 1866, to the Colonial Secretary, stopping all further credit.

I enclosed a copy of this letter in my confidential message dated 1st June 1866. I have not received any reply to either of my communications to the Assembly. The necessary consequence has been a stoppage of payment at the Treasury since the 1st of June, a fact of which the Assembly are quite aware.

I observe from newspaper reports (being the only information on the subject which has reached me) that a Bill authorizing a loan of \$90,000 has passed a second reading, but when it will become law I am unable to anticipate.

This Bill, if it become law, will cover the debt to the Bank, and leave a margin to carry on the public service till the real estate and other taxes are received, the machinery for assessing and collecting which is radically faulty, and requiring amendment by law.

You will see from my message dated May 26th that I have kept the Assembly fully informed of the financial condition of the Colony; and I may add that I have in every step acted with the advice and concurrence of my Executive Council.

The Assembly has been in session since last November, and up to the present time has failed to propose or pass any rational measure for providing ways and means for carrying on the government of the Colony. There is the less excuse for this state of things, inasmuch as the audit of the accounts for 1865 shows that the total amount voted by the Assembly for the service of the year amounted to \$313,558, while the expenditure reached \$267,294, being \$46,264 less than the sum voted.

The Right Hon. Edward Cardwell, M.P.
&c. &c. &c.

I have, &c.

A. E. KENNEDY,
Governor.

Encl. 1 in No. 5.

Enclosure 1 in No. 5.

VANCOUVER ISLAND.

RESOLUTION passed the Legislative Assembly, May 21, 1866.

Ordered that a humble Address be presented to His Excellency the Governor praying that he will cause the following Returns to be laid on the table of this House:—

1. A Return of the sums of money borrowed from the respective Banks of this Colony, and due at the expiration of the year 1865; also the amount borrowed during the year 1866, and now owing on account of the General Revenue.

2. A Return showing the authority under which the Governor negotiated such loans respectively.

(Signed) R. W. TORRENS,
Clerk of the House.