

the Council and Assembly of this Island, praying for a loan of £50,000 for the purpose of completing the Main Lines of Road in this Colony.

2. In compliance with the directions contained in the first part of Your Grace's Despatch, I beg leave to transmit, herewith, a tabular statement, shewing the present amount of the actual debt of the Colony, with such particulars in reference thereto, as will, I trust, furnish Your Grace with the information desired on this point.

3. By an appendix to the above-mentioned statement, it will be seen that the Public Debt is redeemable, in sums of greater or less amount, in every year from the present one, to the year 1865 inclusive. But it is manifest that the estimated Revenue of the Colony, after payment of the ordinary charges upon it, will not be equal to the discharge of the portion of debt repayable in some of these years—as, for instance, the years 1857, 1858, 1860. It will, therefore, become necessary in those years, in order to provide for the redemption of the Debentures then falling due, to raise considerable sums of money by further loans, thus prolonging the period allowed for the extinction of the existing debt.

4. It is worthy of observation that nearly one half of the whole Public Debt of the Colony has been caused by the borrowing of money to compensate the proprietors of ground in the Town of St. John's for ground taken to widen the Streets of this Town after the great fire of 1846. The awards of compensation made at the time were based on what has since proved to have been a great over-valuation of property; and the proportionate high rents at which ground within the burnt district of the Town was then and subsequently taken by tenants on building leases—(rents increased in no small degree by the very improvements for which the proprietors had been compensated)—added to the compensation made to the landlords, greatly benefitted this class at both public and private cost.

5. In reply to the inquiry as to the “circumstances under which a sum exceeding £800 was borrowed of the Savings Bank when £80,000 was stated to be invested,” I beg to acquaint Your Grace that by the provisions of the Law under which the Savings Bank was constituted, the deposits may be loaned on Real, Personal or Government Securities, at the discretion of the Governors of the Bank. The whole amount of deposits in the Bank is about £80,000, currency; but of this amount the sum actually taken on loan by the Colony is only £26,724 currency, for which Debentures bearing interest, (some at 5 but the greater part at 6 per cent.) are granted to the Bank in like manner as to private individuals. This sum of £26,724 currency, (£23,160 16s. sterling) forms part of the Public Debt of the Colony mentioned in the tabular statement. The residue of the deposits are loaned on real and personal securities at 6 per cent. interest, under the management of the Governors, who retain in hand, to meet current payments, a cash balance, fluctuating between £6000 and £10,000.

6. The whole of the deposits of the Savings Bank are, it is true, received into the Public Chest under the control of the Colonial Treasurer; but the monies as well as the accounts of the Bank are kept separate and distinct from the monies and accounts of the ordinary Revenue of the Colony. It sometimes happens on occasion of large payments on quarter-days, or at periods when, owing to the nature of the Trade, the Revenue is not receivable in an equal proportion with the demands upon