

guished in twenty years, but no doubt I am mistaken in this.

“ The comparison you make with other Bonds is perfectly just, nevertheless if any one of those Colonies whose Bonds now stand at 96 were to attempt a fresh issue I feel certain they could not do so within five per cent. of present price *at least*. Any answer to your questions must of course be quite problematical, but I should venture the following conjectures :—

1st. The Loan, in its present form, would not at the present time be taken above 90, if at that.

2nd. Provided nothing unforeseen take place in the meantime I should expect an opportunity within three or four months of placing the Loan at from 93 *a* 95.

3rd. I consider that if the Loan were made for ten years redeemable by annual drawings, it would go quite as readily at 95 as at 90 in its present shape.

4th. The maturity might be arranged to suit the convenience of the Colony, but the shorter the date of payment the higher the price the Bonds would be likely to fetch.

My father, who is on the spot, will be able to give you a more reliable opinion of the state of the market, but from all I hear it is almost impossible to imagine a more unfavorable time than the present for an operation of this sort.

“ I am, dear Sir,

“ Yours very truly,

“ A. SCRIMGEOUR.”

After receiving this communication from Mr. Scrimgeour I again consulted with Mr. Barton, the Manager of the Union Bank, and others engaged in business on the London Stock Exchange, and concluded, in accordance with Mr. Scrimgeour's advice, which I found to be sound, not to attempt to negotiate the Loan at that time, but to allow it to stand over until after my return to Prince Edward Island. This course had several manifest advantages. The local Government would, by communication with me, personally be better able to judge of the propriety of negotiating the Loan at the present time. The disposition of the remaining Proprietors of Lands to part with their Estates would be more fully ascertained, and the amount of money likely to be required for that purpose known. I should also be able to take the opinion of the Government on the change in the scheme of the Loan recommended by Mr. Scrimgeour, by making the Sinking Fund act by a five per cent. annual drawing at par of the Bonds to be issued, which was not contemplated in my original authority and instructions, and which I could not venture to make on my own responsibility. On consideration of this point, I am now inclined to think that this change may be effected should it be deemed advisable (and I fully agree with Mr. Scrimgeour as to its advantages) by an Order in Council authorizing it. The Union Bank would hardly undertake to issue Bonds with annual series of drawings without such order. It is true that by writing to the Government in the Island I could have recommended and pointed out the desirability of this change, and that the Order in Council could have been made and forwarded to me in England, and that I could, after receiving it, have brought the Loan forward at the time suggested by Mr. Scrimgeour, but as this would have required me to remain in England until October or

November, which I thought in many respects undesirable, I concluded to return to the Island after fully instructing Mr. Barton, as Manager of the Union Bank, as to the course to be pursued hereafter respecting the Loan. I therefore again, before leaving England, on 31st August, called upon Mr. Barton and left with him all necessary papers to enable him to act in the matter, on being advised and instructed by this Government after my return, and made all other necessary preliminary arrangements with him.

The anticipations of Mr. Scrimgeour as to an improvement in the money market, with respect to Colonial Securities has already been realized, for by latest advices from England, almost all of them were commanding at least two (?) per cent. better prices than they commanded in July last, and there seems a probability that their value will still further improve during the next two or three months.

I shall hereafter lay before your Excellency any further communications which I may receive from Proprietors of Lands, or others, on any of the matters referred to in this Report, which I now respectfully submit for your Excellency's information and the guidance of the Government.

I have the honor to be,

Your Excellency's

Most obedient servant,

JOSEPH HENSLEY,

Attorney General.

LONDON, 3d JULY, 1867.

THE accompanying annexed printed Papers and Letters have reference to a Loan of £100,000 which the Government of Prince Edward Island are authorized to raise, in London, under an Act of the Legislature, passed during the present year.

(A) contains the Report of the Attorney General of the Colony on the Act in question, and the reasons for passing it, furnished by him to the Lieutenant-Governor of the Province, on the 4th of June last. The original is now in the Colonial Office in London.

(B) is a Letter from the Attorney-General to one of the Auditors of Public Accounts and another gentleman, a skilled accountant, requesting Returns and Statement of the Revenues and Expenditure, Debt, Imports and Exports, &c., of Prince Edward Island, during a period of ten (10) years. The reply to this is contained in (C) and (D) annexed.

(E) is a letter to the Hon. JOHN ALDOUS, the Commissioner of Public Lands in Prince Edward Island, requesting statement as to the result of the operations of the local Government under the Land Purchase Bill, 16 Vic., cap. 18, which the present Loan Bill is intended in part to extend or assist. It also contains the Commissioner's statement and reply, as requested.

(F) and (G) are explanatory Letters, having relation to the subjects referred to in (B), (C) and (D).

(H) contains the Report on Public Accounts of the Committee of the House of Assembly of Prince Edward Island, for the year ending 31st January, 1867. The figures and amounts in this Report are stated in current money of Prince Edward Island; but in some instances