

those amounts have been reduced into Sterling money, as printed in the margin or at the foot.

A reference to the annexed Papers and Returns will show that the Revenue of Prince Edward Island has very largely increased during the last ten (10) years, and that the trade of the Colony has also become rapidly expanded at the same time.

The increase in the Public Debt and apparent Expenditure (at least during the last six years) has been principally caused by purchasing Lands under the Land Purchase Bill—a comprehensive and beneficial measure, having for its object the extinguishment of the leasehold Tenure, and the settlement in Freehold of all the actual occupants and cultivators of the soil. The amounts expended for this purpose cannot properly be regarded as Expenditure, because the Lands purchased, or balances due upon them from the occupants who have become purchasers from the Government, are assets in the hands of the Government against, and in reduction of, the Public Debt and Expenditure, as is fully explained in the Land Commissioner's Letter (E), and in Letters (F) and (G), already referred to.

Thus, in the year 1866, the Revenue is stated at £63,628 12s. 9d. sterling, and the Expenditure at £102,888 1s. 3d. sterling—an apparent excess of Expenditure over Income of £39,259 8s. 6d. sterling. Yet there is no real excess of Expenditure; but, in reality, a surplus of Income; because, in the same year, £54,896 sterling, charged as expenditure, was only paid out for the purchase-money of 220,469 acres of Land, [See II] the greater part of which Land, or balances of purchase-money due from occupants, still belong and are payable to the Government, and are assets in reduction of the Expenditure and Debt of the Colony, although not actually so credited in (D) annexed.

In the last year, also, a surplus of £6,857 10s. 2d. sterling, over and above expenses, [See II], on account of Public and Crown Lands, was received and credited as Revenue. Deducting this latter sum from the Revenue of last year as above, £63,628 12s. 9d. sterling, and also deducting the sum of £54,896 sterling (the amount, as above stated, paid out to purchase Lands in the same year) from the Expenditure of last year, £102,888 1s. 3d. sterling, leaves the actual and ordinary Revenue and Expenditure for 1866 (irrespective of any surplus from Land receipts) as follows:—

	£	s.	d.
Revenue - - - - -	56,771	2	7
Expenditure - - - - -	47,992	1	3
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	8,779	1	4

Surplus of Ordinary Revenue over Ordinary Expenditure for 1866, £8,779 1s. 4d. sterling.

Again, the Debt of the Colony on the 31st January last was £89,028 11s. 9d. sterling, which includes and charges against the Government all sums paid for purchasing Lands, but does not give any credit for the Lands unsold and balances due from occupants to the Government, which are real and valuable assets to go in reduction of the Debt. The Commissioner of Public Lands [see his Letter (E), annexed], states these assets at £75,492 7s. 4d. sterling, which, deducted from the apparent Debt, £89,028 11s. 9d. sterling, will reduce the actual present

Debt to 13,536 4s. 5d. sterling. If, however, in order to cover any deficiencies and expenses in realizing the above sum of £75,492 7s. 4d. in the Land Office, the Debt of the Colony at the present time be assumed to be £30,000 sterling, the case will, it is believed, be assumed unfavourably rather than otherwise for the Colony.

All sums raised under the present Loan Act will either be expended in purchasing additional Lands, (which is the main intention and object,) or in substitution and payment of a portion of the now existing Debt. In the one case the Lands purchased will become additional assets to meet the increased Government liabilities; in the other or latter, no increase will take place in those liabilities, but the Loan advances will take the place of an equal amount of the now existing Debt.

The Paper marked (A), annexed, will explain the reasons why it is preferable for the Government of Prince Edward Island to raise monies in London under the Act, rather than within the limits of the Colony,

An endeavour has been made, in this and the annexed papers, to lay before those who may be disposed to subscribe towards the proposed Loan an accurate and intelligible statement of the financial position of Prince Edward Island; and the present application for a Loan is now submitted with the conviction, and a feeling of confidence, that the Security offered is good, and the Bonds issued under the Loan Bill of Prince Edward Island, bearing Interest at the rate of six per cent. per annum, will prove a safe and desirable investment.

This is the first foreign Loan for which Prince Edward Island has applied, and any local obligations or loans of its Government are all included in, and are inside of, the Statements of Debt and Expenditure, already referred to in this Memorandum or Statement.

Official and authenticated copies of the Loan Act, above referred to, and the original Returns, (D), (E) and (G), in writing, have been deposited at the Union Bank of London, and can be seen on application at the Banking House, Princes Street, Mansion House.

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(A).

AN ACT TO AUTHORIZE THE GOVERNMENT TO
RAISE A LOAN OF MONEY FOR THE PUBLIC
SERVICE OF THIS ISLAND.

In order to enable the Government of Prince Edward Island to make further purchases of Land, where opportunity may offer, under the Act of the 16th Victoria, Chapter 18, intituled "An Act to authorize the Government to raise a loan of money for the Public Services of this Island," as well as to discharge already existing liabilities and engagements incurred, either for the same purpose, and under the same Act, or for the general Public Service of Prince Edward Island, it has been deemed advisable to authorize the Government to raise a Loan, either in Great Britain or elsewhere, or in Prince Edward Island, to an amount not exceeding £100,000 Sterling, under certain