

## CHAPTER 2.

An Act to empower His Majesty to issue Letters Patent making provision with respect to the administration of Newfoundland, to authorise the making out of public moneys of advances to the Government of Newfoundland and the guaranteeing by the Treasury of stock to be issued by that Government, and to amend the Colonial Development Act, 1929, in its application to Newfoundland. [21st December 1933.]

**W**HEREAS an Address has been presented to His Majesty by the Legislative Council and House of Assembly of Newfoundland in the terms set forth in the First Schedule to this Act :

And whereas the Governor, the Legislative Council and House of Assembly of Newfoundland have passed an Act entitled the Loan Act, 1933, which Act is in this Act referred to as "the Loan Act," and is set out in the Second Schedule to this Act :

Now, therefore, be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows :—

1.—(1) It shall be lawful for His Majesty by any Letters Patent under the Great Seal of the Realm to make provision for the suspension of the operation of the existing Letters Patent dated the twenty-eighth day of March, eighteen hundred and seventy-six, constituting the office of Governor of Newfoundland, and of the existing Letters Patent dated the seventeenth day of July, nineteen hundred and five, regarding the absence of the Governor, and to make provision for the administration of Newfoundland during the period while the operation of the existing Letters Patent is suspended on the basis of the recommendations of the Royal Commission referred to in the said Address.

Power to issue Letters Patent providing for the administration of Newfoundland, and provision as to revocation and amendment thereof.

(2) Any Letters Patent issued under the foregoing subsection may contain a provision reserving power to

His Majesty to revoke or amend those Letters Patent, but before the passing of any further Letters Patent terminating the suspension of the operation of the existing Letters Patent or making any such altered provision for the administration of Newfoundland during the period while the operation of the existing Letters Patent is suspended as would empower the Governor to act in the administration of Newfoundland otherwise than on the advice of a Commission of Government constituted in accordance with the said recommendations, a draft of the further Letters Patent shall be laid before each House of Parliament for a period of twenty-one days during the Session of Parliament and, if an Address is presented to His Majesty by either House of Parliament against any of the provisions contained in the draft, no further proceedings shall be taken on the draft, without prejudice to the making of a new draft :

Provided that in reckoning any such period of twenty-one days as aforesaid, no account shall be taken of any time during which both Houses of Parliament are adjourned for more than four days.

Power of Secretary of State to make advances to Newfoundland.

2.—(1) So long as the administration of Newfoundland is vested in the Governor acting on the advice of a Commission of Government constituted in accordance with the said recommendations, the Secretary of State shall have power, with the approval of the Treasury, to make, out of moneys provided by Parliament, advances to the Government of Newfoundland for any of the purposes of the administration of Newfoundland, including the defraying of the expenses of the public services and the service of the public debt.

(2) An advance under this section shall not be made except where it appears to the Treasury and the Secretary of State, as respects any financial year of Newfoundland, to be probable that the revenues of Newfoundland for that year will, after provision has been made for such working balance as the Treasury may consider adequate, fall short of the amount required to meet any liabilities incurred for the purposes aforesaid which fall to be discharged in that year, and the advance made shall not exceed the estimated amount of the deficiency.

(3) An advance made under this section within the period commencing on the date of the passing of this Act and ending on the thirty-first day of December,

nineteen hundred and thirty-six, shall be made by way of grant, and any such advance made thereafter shall be made either by way of grant or of loan, and on such terms and subject to such conditions, as the Treasury may determine.

**3.**—(1) The Treasury may, for the purposes of any issue of stock by the Government of Newfoundland under the provisions of section two of the Loan Act, guarantee, in such manner and on such conditions as they think fit, the payment of the principal of, and the interest on, the said stock, and the payments to be made to the sinking fund to be established under the Loan Act.

Guarantee of certain securities of Newfoundland.

(2) Any sums required by the Treasury for fulfilling any guarantee given under this section shall be charged on and issued out of the Consolidated Fund, or the growing produce thereof, and any sums received in repayment of any sum so issued shall be paid into the Exchequer.

(3) As soon as may be after any guarantee is given under this section, or any sums are issued out of the Consolidated Fund for the purpose of any such guarantee, the Treasury shall lay a statement of the guarantee or an account of the sums issued, as the case may be, before both Houses of Parliament.

**4.**—(1) The Treasury may issue out of the Consolidated Fund or the growing produce thereof, by way of temporary advance to the Government of Newfoundland, any sums which that Government has power to borrow temporarily under the provisions of subsection (4) of section two of the Loan Act.

Power of Treasury to make temporary advances to Newfoundland.

(2) Every such advance shall bear interest at such rate as the Treasury may fix.

**5.** In the application to Newfoundland of the provisions of the Colonial Development Act, 1929, that Act shall have effect as if the words "for the Colonies" in subsection (1) of section one thereof had been omitted.

Amendment of Colonial Development Act, 1929, 20 & 21 Geo. 5. c. 5.

**6.** This Act may be cited as the Newfoundland Act, 1933.

Short title.

## SCHEDULES.

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### FIRST SCHEDULE.

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ADDRESS PRESENTED TO HIS MAJESTY BY THE LEGISLATIVE COUNCIL AND HOUSE OF ASSEMBLY OF NEWFOUNDLAND.

TO THE KING'S MOST EXCELLENT MAJESTY :

Most Gracious Sovereign :

We, Your Majesty's most dutiful and loyal subjects, the Legislative Council and Assembly of Newfoundland, humbly approach Your Majesty praying that—

Whereas in the present emergency Your Majesty's Island of Newfoundland is unable from its own resources to defray the interest charges on the public debt :

And whereas the Royal Commission appointed by Your Majesty's Warrant bearing the date the seventeenth day of February, 1933, to examine into the future of Newfoundland has recommended that for the time being, until such time as the Island may become self-supporting again, the administration of the Island should be vested in His Excellency the Governor acting on the advice of a specially created Commission of Government and that during such period Your Majesty's Government in the United Kingdom should assume general responsibility for the finances of Newfoundland and should, in particular, make such arrangements as may be deemed just and practicable with a view to securing to Newfoundland a reduction in the present burden of public debt :

And whereas Your Majesty's Government in the United Kingdom have signified their readiness subject to the approval of Parliament to accept the recommendations of the Royal Commission and have made detailed proposals for carrying those recommendations into effect :

Now, therefore, Your Majesty may be graciously pleased to suspend the Letters Patent under the Great Seal bearing the date at Westminster the Twenty-eighth day of March, 1876, and Letters Patent under the Great Seal bearing the date at Westminster the Seventeenth day of July, 1905, and to issue new Letters Patent which would provide for the administration of the Island, until such time as it may become self-supporting again, on the basis of the recommendations which are contained in the

Report of the Royal Commission and of which a summary is set out in the Annex hereto :

1st SCH.  
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And further that Your Majesty may be graciously pleased to cause to be laid before the Parliament of the United Kingdom at its present Session such a measure as may enable them to be given immediate effect.

ANNEX.

EXTRACT FROM REPORT OF ROYAL COMMISSION APPOINTED BY HIS MAJESTY'S WARRANT BEARING DATE THE SEVENTEENTH DAY OF FEBRUARY, NINETEEN HUNDRED AND THIRTY-THREE.

We therefore recommend that the Newfoundland Government, recognising that it is impossible for the Island to surmount unaided the unprecedented difficulties that now confront it, should make an immediate appeal for the sympathetic co-operation of Your Majesty's Government in the United Kingdom in the adoption and execution of a joint plan of reconstruction, of which the following would be the main features :—

- (a) The existing form of government would be suspended until such time as the Island may become self-supporting again.
- (b) A special Commission of Government would be created which would be presided over by His Excellency the Governor, would be vested with full legislative and executive authority, and would take the place of the existing Legislature and Executive Council.
- (c) The Commission of Government would be composed of six members, exclusive of the Governor, three of whom would be drawn from Newfoundland and three from the United Kingdom.
- (d) The Government Departments in the Island would be divided into six groups. Each group would be placed in the charge of a Member of the Commission of Government, who would be responsible for the efficient working of the Departments in the group, and the Commission would be collectively responsible for the several Departments.
- (e) The proceedings of the Commission of Government would be subject to supervisory control by Your Majesty's Government in the United Kingdom, and the Governor-in-Commission would be responsible to the Secretary of State for Dominion Affairs in the United Kingdom for the good government of the Island.
- (f) Your Majesty's Government in the United Kingdom would, for their part, assume general responsibility for the finances of the Island until such time as it may

1st Sch.  
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become self-supporting again, and would, in particular, make such arrangements as may be deemed just and practicable with a view to securing to Newfoundland a reduction in the present burden of the public debt.

- (g) It would be understood that, as soon as the Island's difficulties are overcome and the country is again self-supporting, responsible government, on request from the people of Newfoundland, would be restored.

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## SECOND SCHEDULE.

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### ACT OF THE LEGISLATURE OF NEWFOUNDLAND ENTITLED THE LOAN ACT, 1933.

Be it enacted by the Governor, the Legislative Council and House of Assembly, in Legislative Session convened, as follows :—

Date of coming into operation of provisions of this Act.

1. The provisions of this Act shall, except as otherwise expressly provided in this Act, come into operation on the date of the commencement of any Act of the Parliament of the United Kingdom of Great Britain and Northern Ireland authorising the Commissioners of His Majesty's Treasury in the said United Kingdom (in this Act referred to as "the Treasury") to give a guarantee in respect of the Stock the issue of which is authorised by the next succeeding section of this Act.

Power to issue Stock, and charge thereof on revenue and assets of Newfoundland. Power to borrow temporarily pending issue.

2.—(1) The Governor in Council shall have power to issue on the credit of Newfoundland at such time or times as he thinks fit, such an amount of Stock in pounds sterling (in this Act referred to as "the Stock") as is required for the purposes—

- (a) of giving to holders of any of the securities specified in the First Schedule to this Act (in this Act referred to as "the deferred securities") the option to surrender the securities held by them in exchange for a nominal amount of the Stock equivalent to the nominal amount of surrendered securities on the basis of one pound of Stock for every one pound sterling or four dollars and eighty-six and two-thirds hundredths of dollars of surrendered securities;
- (b) of giving, in the case of any of the obligations of Newfoundland (other than those represented by deferred securities) selected by the Governor in Council for the purposes of this paragraph with the concurrence of the

Treasury, the option to holders of any securities held in respect of such obligation to surrender all or any of such securities held by them in exchange for such nominal amount of Stock as he may determine;

- (c) of raising sufficient money to discharge any of the obligations of Newfoundland (other than those represented by deferred securities) selected by the Governor in Council for the purposes of this paragraph with the concurrence of the Treasury;
- (d) of raising sufficient money to defray the expenses of and incidental to the issue of Stock and the effecting of any such exchange or repayment as aforesaid.

(2) The principal moneys and interest secured by Stock and the payments to be made to the Sinking Fund to be established under this Act, shall be chargeable upon, and payable out of, the revenue and assets of Newfoundland, with priority, except as otherwise expressly provided in this Act, over any charges thereon not existing at the date of the passing of this Act.

(3) If at any time after the thirty-first December, 1936, any sum is paid by the Treasury on account of any guarantee in respect of the Stock given by the Treasury, such sum, together with interest thereon at such rate as the Treasury may fix, shall be treated as an advance made to Newfoundland on such terms as the Treasury may determine, and shall be a charge on the revenues and assets of Newfoundland, with priority immediately after the charges created by the last preceding subsection.

(4) The Governor in Council may, in advance of the issue of the stock, borrow temporarily on the security of the revenue and assets of Newfoundland, for any of the purposes specified in paragraphs (c) and (d) of subsection (1) of this Section, any sums not exceeding in the aggregate two million five hundred thousand pounds.

Sums borrowed under this subsection shall carry interest at such rate as the Governor in Council may determine, and shall be repaid within six months after the date of the borrowing by the means of an issue of the Stock.

3.—(1) The Stock shall carry interest at a rate not exceeding three per cent. per annum, payable half-yearly.

(2) The Stock shall be redeemable in whole or in part by drawings or otherwise, at par at the option of the Governor in Council at any time on or after the first day of July, 1943, and, so far as not previously redeemed, shall be repayable at par at such date, not being later than the first day of July, 1963, as may be specified in that behalf by the Governor in Council on the first issue of any of the Stock.

Conditions  
of issue of  
Stock,  
Sinking  
Fund and  
manage-  
ment.

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(3) A Sinking Fund, equivalent to one per cent. per annum of the total nominal amount of Stock shall be established under the control of Trustees to be appointed by, or with the approval of, the Treasury.

The first payment to the Fund shall be made at a date to be approved by the Treasury, not being later than the first day of July, 1938, and the Sinking Fund moneys and the income arising therefrom shall, subject to payment thereout of the expenses of management of the Fund, be applied in purchase of Stock, or be invested in such other securities as may, from time to time, be approved by the Treasury.

(4) Where any Stock is the property of a person not domiciled or resident in Newfoundland, that Stock and the interest thereon shall be exempt from any present or future taxes imposed by Newfoundland, including any Newfoundland Income Tax.

(5) The Stock shall be issued by the Bank of England (hereinafter referred to as "the Bank") and the Bank shall have the management of the Stock upon such terms as to remuneration as may be approved by the Treasury.

Power of  
Governor in  
Council and  
of Bank with  
respect to  
issue and  
management  
of Stock, to  
option and  
to Sinking  
Fund.

4.—(1) The Governor in Council shall have power, subject to the provisions of this Act,—

- (a) to determine the conditions of the issue of Stock, including the rate of interest thereon;
- (b) to determine the conditions upon which any option of exchange is to be given under this Act, including the determination of the date as from which interest on the Stock to be taken in exchange is to accrue, not being a date earlier than the first day of July, 1933;
- (c) to regulate the commencement, management and application of the Sinking Fund to be established under this Act.

(2) The Bank shall have power, subject to the provisions of this Act and with the approval of the Governor in Council, to regulate the mode of issue and management of the Stock, with power in particular, but without prejudice to the generality of the foregoing words, to regulate the manner in which the Stock may be transferred, the issue of Stock Certificates to bearers, and the manner of payment of interest and of moneys payable on redemption or repayment, and to apply the general practice of the Bank to the matters aforesaid and to any other matters arising in giving effect to the provisions of this Act.

Postponement of  
certain  
securities.

5. No payment of any interest on, or of any principal of, the deferred securities shall be made, and no interest shall accrue thereon,—

- (a) during the period commencing with the first day of July, 1933, and ending on the 31st day of March, 1934; or



- (b) at any time in any financial year of the said United Kingdom, if before the first day of January in that financial year an estimate is laid before the Commons House of Parliament of the said United Kingdom providing for the making of an advance to Newfoundland, whether by way of grant or of loan; or
- (c) so long as there exists any liability of Newfoundland to the said United Kingdom arising from the making by the Treasury of any payment on account of a guarantee given by the Treasury in respect of any securities of Newfoundland or from the making by the said United Kingdom of any advance by way of loan to Newfoundland.

2ND SCH.  
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6. The charge on the revenues and assets of Newfoundland in respect of—

Priority of  
certain  
securities.

- (a) any of the securities specified in the Second Schedule to this Act; or
- (b) any securities (other than Stock) issued for purpose of raising money to be applied in repayment of, or for the purpose of being offered for, any of last mentioned securities on maturity thereof;

shall, notwithstanding anything in subsection (2) or subsection (3) of Section two of this Act, have effect in priority to any charge on those revenues and assets in respect of—

- (i) the Stock; or
- (ii) any liability of Newfoundland to the said United Kingdom arising from the making by the Treasury of any payment on account of a guarantee given by the Treasury in respect of any securities of Newfoundland; or
- (iii) the Deferred Securities; or
- (iv) any other obligation of Newfoundland (not being an obligation represented by securities issued for either of the purposes mentioned in paragraph (b) of this Section) whether existing or future;

and accordingly if any payment of any sum in respect of which a charge having priority under this Section exists is not made on due date, no payment of any sum in respect of which a charge postponed under this Section exists shall be made until the first mentioned sum has been paid or tendered.

7. This Act may be cited as the Loan Act, 1933.

Short Title.

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**FIRST SCHEDULE.***The Deferred Securities.*

- 4 per cent. Inscribed Stock (1938);
- $3\frac{1}{2}$  per cent. Sterling Bond (1941);
- $3\frac{1}{2}$  per cent. Sterling Bond (1947);
- $3\frac{1}{2}$  per cent. Sterling Bond (1948);
- $3\frac{1}{2}$  per cent. Sterling Bond (1953);
- $3\frac{1}{2}$  per cent. Sterling Bond (1954);
- 4 per cent. Consolidated Stock (1936);
- 3 per cent. Sterling Bond (1947);
- $3\frac{1}{2}$  per cent. Sterling Bond (1951);

and all bonds of the Newfoundland Government which confer on holders the option of payment either in sterling or in dollars at par of exchange (that is at \$4.86 $\frac{2}{3}$  to £1) or at any rate equivalent thereto.

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**SECOND SCHEDULE.***The Trustee Securities.*

- $3\frac{1}{2}$  per cent. Inscribed Stock (1945);
  - $3\frac{1}{2}$  per cent. Inscribed Stock (1950);
  - $3\frac{1}{2}$  per cent. Inscribed Stock (1952);
  - 5 per cent. Inscribed Stock (1943).
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