

may wait for repayment until it is convenient for the Province to repay the overdrafts, and observe that in the meantime the emergency may be met by retrenchment and economy.

The works which have occasioned the greater part of the large expenditure in 1863 were on roads leading to Whakatipu, the trade with which district was of the greatest importance to the ports of Southland, its natural outlets; the expensive character of those works is adverted to in my letter of February, 1863. The immediate necessity for proceeding with them made it unadvisable to abstain from initiating them until the sanction of the General Government was obtained to a loan for this purpose; a course which would have involved a lengthened delay under those circumstances. Seeing that such works were of essential importance to the commercial progress of the Province, and that their value depended in a great measure on their prompt execution, I cannot agree in your opinion that expenditure on such objects was imprudent and injudicious.

In the course of the personal communication which I have had with you in the last few days I believe that you have become fully informed on the position of the financial affairs of the Province of Southland, by documents and oral information, and am led to anticipate that you will be disposed to aid it in getting free from its present embarrassment: and I have now to enquire in what manner you propose to give this assistance.

I have, &c.,

J. A. R. MENZIES,
Superintendent of the Province of Southland.

The Hon. the Colonial Secretary,
Auckland.

Enclosure 1 in No. 43.

ESTIMATES.

Revenue.

	£	s.	d.	£	s.	d.
Estimated Revenue from 1st May to 30th Sept., 1864, -				35,000	0	0
Expenditure from 1st May to 30th Sept., 1864, -	42,000	0	0			
Interest and Sinking Fund on £140,000, 3 months, -	2,800	0	0			
Due to Bank of New Zealand - - - - -	4,864	0	0			
Interest on Overdraft at Bank (?), - - - - -	6,000	0	0			
Expenditure during the year 1863-4, defrayed out of advances made by the Banks of New South Wales and of Otago, as shewn below on the Debenture Account, 122,460	0	0	0			
Deficiency - - - - -				143,124	0	0
	£178,124	0	0	£178,124	0	0

Debenture Account.

	£	s.	d.	£	s.	d.
Bluff Railway Debentures - - - - -				140,000	0	0
Ditto Supplementary do. - - - - -				40,000	0	0
Oreti Railway, do., - - - - -				110,000	0	0
Drafts on Bank of N.S.W. on Debenture Securities, -	152,000	0	0			
Credits, do. do., - - - - -	19,324	0	0			
Due to Bank of Otago, - - - - -	132,000	0	0			
Liabilities on Bluff Railway Contracts - - - - -	65,136	0	0			
Ditto on Oreti do. - - - - -	50,000	0	0			
	£418,460	0	0			
Deduct Drafts on account of Ordinary Expenditure chargeable on Ordinary Revenue under Appropriation Act of 1863 - - - - -	122,460	0	0			
	£296,000	0	0			
Deficiency on account of Railways, -				6,000	0	0
	£296,000	0	0	£296,000	0	0

Town Board Liabilities.

	£	s.	d.	£	s.	d.
Due Bank of New Zealand - - - - -	10,000	0	0			
„ New South Wales - - - - -	6,000	0	0			
Deficiency - - - - -				16,000	0	0
	£16,000	0	0	£16,000	0	0

Permanent Debt - - - - - £18,000