

contracts then existing. Considerable sums were also voted for other works, and supplies usually furnished under contracts; the entire sum voted for the service of the year was over £239,000 (including a vote to meet the overdraft alluded to.) This sum was greatly in excess of the estimated revenue; and the balance could have been met only by borrowing. This Appropriation Ordinance (October 1863) was disallowed.

In the sixth Session, in February and March 1864, another Appropriation Ordinance was passed, appropriating £48,000 for Roads and Public Works for the Eight Months ending 30th September, 1864. Of this amount, liabilities to the extent of £17,000 were for contracts entered into between 30th September, 1863, and February 10th, 1864. A Return, which has been laid on the table of the Council, shows that the sum of the Contracts for Roads and Public Works, entered into since the 30th September 1863, amounts to about £22,000, exclusive of some works which have been done, or are in progress, as extras or without special contract. The gross amount, then, of these contracts is not large, and it is far within the limit of the vote of the Council; therefore it may fairly be doubted that they exercised the injurious influence attributed to them.

The remark can scarcely be meant to apply to Railway Contracts; as those were proceeded with under the sanction of the Special Ordinances.

The Superintendent regrets that the Council should now censure, as "reckless," an expenditure—mainly on account of works which, but a few months ago were considered of the greatest importance—much less than the amount it deliberately sanctioned after having had full opportunity for consideration.

If the Ordinances had been assented to, the Loans might not be readily negotiable: but the Government might have been able to obtain such advances as would relieve it from pressure until their full value was obtainable by the effect of legislation.

The Council states that it cannot "see how the sum of those Loans" (namely for the Bluff Harbour and Oreti Railways) "can be expended on the construction of Railway works, seeing that it had already been spent on other works." A reference to the papers laid on the table of the Council will show that this has not been the case.

The Superintendent does but touch on those points, as a discussion in detail might be tedious. If the Council should desire to enter into it he will make no objection.

The Reply says, that "the Council will give its earnest attention to the Resolutions on the subject of obtaining the guarantee of the Colonial Government to such Provincial Loans as may be necessary to cover existing liabilities; and, with this view, would respectfully suggest that a considerable portion of the Land Revenue be set aside monthly as a security for the General Government." Papers laid before the Council show that the whole of the Land Revenue is to be retained by the General Government until its advances are repaid. The Superintendent is therefore unable to see how it is possible that the suggestion of the Council can be carried out; neither does he altogether apprehend the distinction which the Council draws between Loans "to cover existing liabilities" and others to prosecute further works required. He thinks that in either case the possibility of their realization would depend on the opinion held on the credit of the Province, as the case might be.

Further on it says that the Council trusts that he "will see the necessity of at once appointing such a Council" (an Executive) "from members who possess the confidence and support of the Provincial Council." The Superintendent is entitled to assume that the explanations of the Provincial Treasurer, and another member of the Council, have shown that he has already endeavoured to ascertain which Members possess the confidence and support of the Provincial Council, with the view of appointing an Executive Council from those. The Superintendent trusts that the Council will take some early opportunity of indicating those Members who would possess its confidence and support; as, so far as he is aware, it has not yet done so.

He is quite aware that the legislation of the Council in the matter of Diseased Cattle is barred by the Act of the Assembly, but he regrets that the Council should have thought it right to decline to aid him with its advice, when requested, in the administration of a matter which is of such serious consequence to the great mass of the rural settlers in the Province.

J. A. R. MENZIES,
Superintendent.

Superintendent's Office,
Southland, July 21st, 1864.

Enclosure 5 in No. 61.

MEMORANDUM BY MR. PEARSON.

1. That the Executive is to be responsible to the Provincial Council for the actions of the Government on every point within the limits of provincial legislation.

2. That they must have the entire control in all matters which are purely Provincial; such having no reference to power delegated to the Superintendent by the Governor; and on which, while the gentlemen willing to act as an Executive Council are of opinion that it is desirable that they should be consulted, they leave it optional with the Superintendent.

3. That in all such purely Provincial matters, as explained in clause 2, the Superintendent should consult his Executive, and act strictly in accordance with the opinion of the majority.

22nd July, 1864.

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