

FURTHER PAPERS

RELATIVE TO

PROVINCIAL LOANS,

(In continuation of Papers presented 19th October, 1863.)

PRESENTED TO BOTH HOUSES OF THE GENERAL ASSEMBLY, BY COMMAND OF
HIS EXCELLENCY.

AUCKLAND:
1864.

C O R R E S P O N D E N C E

RELATING TO

P R O V I N C I A L L O A N S .

PROVINCE OF AUCKLAND.

No. 1.

THE SUPERINTENDENT, AUCKLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Auckland, 23rd February, 1864.

(No. 256, A—10.)

SIR,—

I have the honor to transmit herewith copies of the Acts noted in the margin, which Acts have been passed by the Provincial Council, and to which I have assented on behalf of the Governor.

I have, &c.,

ROBERT GRAHAM,
Superintendent.

Amongst others the
"Appropriation Act,
1864."

The Honorable the Colonial Secretary.

No. 2.

Extract from letter to Superintendent of Auckland, dated 4th March, 1864.

I observe * that the "Appropriation Act, 1864," following * the example of * some of the Appropriation Acts of the General Assembly, authorises the raising of a small temporary Loan. This course is, however, objectionable in Provincial Appropriation Acts, as there are special circumstances and rules relating to Provincial Loans that do not affect the Loans of the Colony; and I would point this out to your Honor, as the future combination of Appropriation and Loan Acts in one Provincial Act may have the effect of causing it to be disallowed.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Auckland.

No. 3.

THE SUPERINTENDENT, AUCKLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Auckland, 17th March, 1864.

(No. 262.)

SIR,—

I have the honor to acknowledge the receipt of your letter of the 4th instant informing me that certain Acts, enumerated therein, have been left by His Excellency to their operation; and containing also remarks upon the "Railway Commissioners Act, 1864," and the "Appropriation Act, 1864."

I have, &c.,

ROBERT GRAHAM,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

PROVINCE OF TARANAKI.

No. 1.

(No. 38.)

THE SUPERINTENDENT, TARANAKI, TO THE COLONIAL SECRETARY.

Superintendent's Office, New Plymouth,
28th March, 1863.

SIR,—

I have the honor to transmit herewith copies in duplicate of the "Loan Ordinance, 1863," which has been reserved by me for the signification of the Governor's pleasure thereon.

I have, &c.,

CHAS. BROWN,
Superintendent.The Hon. the Colonial Secretary,
&c., &c., &c.,

No. 2.

(No. 135.)

THE HONORABLE MR. WOOD, TO THE SUPERINTENDENT, TARANAKI.

Colonial Secretary's Office. Auckland,
17th April, 1863.

SIR,—

I have the honor to request that you will be good enough to cause to be forwarded to this office, for record, a copy of the letter addressed to your Honor on the 13th instant, by Mr. Domett, from New Plymouth, notifying His Excellency's assent to the "Loan Ordinance, 1863."

I have, &c.,

READER WOOD
(In the absence of Mr. Domett).His Honor the Superintendent,
Taranaki.

No. 3.

(No. 47.)

THE SUPERINTENDENT, TARANAKI, TO THE COLONIAL SECRETARY.

Superintendent's Office, New Plymouth,
28th April, 1863.

SIR,—

In order to give the highest value to the Debentures that are to be issued under the "Loan Ordinance, 1863," it is desirable that the interest on them should be made payable at the office of the New Zealand Bank, London, as well as at the offices of the New Zealand Bank in New Zealand. I shall be glad to be informed if the General Government will have the goodness to make it so payable for the first five years, after which date the Province will undertake that the interest shall be so paid.

I understand the General Government, by its arrangements with the New Zealand Bank, can accede to my proposition without incurring additional expense. Should it be otherwise, I will guarantee the repayment of it by the Province.

I have, &c.,

CHARLES BROWN,
Superintendent.The Hon. the Colonial Secretary,
&c., &c., &c.,

No. 4.

(No. 263.)

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, TARANAKI.

Colonial Secretary's Office. Auckland,
18th July, 1863.

SIR,—

With reference to your letter of the 28th April, regarding the payment of the interest on the Debentures issued under the "Loan Ordinance, 1863," in London, as well as in New Zealand, I have

the honor to inform you that the Government agree to your proposal, on condition that the Province pays the expense of the exchange on London.

I have, &c.,

ALFRED DOMETT.

His Honor the Superintendent,
Taranaki.

No. 5.

THE SUPERINTENDENT, TARANAKI, TO THE COLONIAL SECRETARY.

Superintendent's Office, New Plymouth,
20th July, 1863.

SIR,—

I have the honor to inform you that some of the Debentures issued under the "Loan Ordinance, 1863," will probably be remitted to England by the next mail, and to inquire if the Government has made arrangements with the Bank of New Zealand for the payment of the interest on them at the Bank of New Zealand, London, where the interest is made payable on Debentures to the amount of forty thousand pounds (£40,000), the remaining Debentures for ten thousand pounds (£10,000) having the interest payable at the Provincial Treasury, New Plymouth.

I beg to remind you that the interest has been made payable in London at the suggestion and strong recommendation of His Excellency the Governor, in your presence, and which I understood you to concur in.

I have, &c.,

CHARLES BROWN,
Superintendent.

The Hon. the Colonial Secretary,
&c., &c., &c.

No. 6.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, TARANAKI.

Colonial Secretary's Office,
Auckland, 25th July, 1863.

(No. 294.)

SIR,—

I have to acknowledge the receipt of your Honor's letter, dated the 20th instant, on the subject of the payment of Interest in London on Debentures issued under the "Loan Ordinance, 1863," and in reply, to inform you that arrangements will be made with the Bank of New Zealand for the payment of the Interest on the Debentures for £40,000 by the Bank in London, but that it is requisite that your Honor should furnish to this Department a statement giving particulars as to when the Interest falls due, and also a few printed copies of the Loan Ordinance.

The terms for remitting and paying have not yet been agreed upon with the Bank, but will be arranged as soon as possible, and communicated to your Honor.

I have, &c.,

ALFRED DOMETT.

His Honor, the Superintendent,
Taranaki.

No. 7.

THE SUPERINTENDENT, TARANAKI, TO THE COLONIAL SECRETARY.

Superintendent's Office,
New Plymouth, 21st August, 1863.

(No. 86.)

SIR,—

Referring to your letter of the 25th ultimo, I have the honor to enclose copies of the "Loan Ordinance, 1863," copies of the Debentures issued under it, with my signature, and that of the Provincial Secretary, but otherwise cancelled, that the Bank may have the signatures to compare with.

The Interest is payable half-yearly, on the 1st October, and 1st April in each year. Many persons will for some time prefer drawing the interest here, and I shall therefore feel much obliged if the General Government will authorise the Sub-Treasurer to pay to the Provincial Treasurer the amount of Interest represented from time to time by the Coupons handed over by the Provincial Treasurer, during the period in which the Interest is guaranteed by the General Government.

I have, &c.

CHARLES BROWN,
Superintendent.

The Hon. the Colonial Secretary,

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, TARANAKI.

(No. 356.)

Colonial Secretary's Office,

Auckland, September 5th, 1863.

SIR,—

Referring to your letter of the 21st ultimo, transmitting copy of "Loan Ordinance, 1863," and copies of Debentures issued under it, I have the honor to inform you that an arrangement has been made with the Bank of New Zealand to pay interest on such of the Coupons as may be presented at the London office for that purpose, and that the Sub-Treasurer has been instructed to pay the Interest to the Provincial Treasurer of Taranaki, in compliance with your Honor's request.

I have, &c.,

ALFRED DOMETT.

His Honor the Superintendent,
New Plymouth.

No. 9.

MR. PORTER, TO THE GENERAL MANAGER OF THE BANK OF NEW ZEALAND, AUCKLAND.

(No. 230.)

Treasury, Auckland, 2nd Sept., 1863.

SIR,—

With reference to the Treasury Bills, as per margin, which become due on the 5th and 19th instant, I have the honor, by direction of the Colonial Treasurer, to request that you will be good enough to state if the Bank will accept a renewal of the same for six months.

I have, &c.,

R. F. PORTER,
Assistant Treasurer.

Alexander Kennedy, Esq.,
General Manager Bank of New Zealand,
Auckland.

Nos. 251-2, 2 Bills.
Nos. 253-6, 4 Bills.
—
6
Each for £5,000.
Total £30,000.

No. 10.

MR. PORTER TO THE SUB-TREASURER TARANAKI.

(No. 230.)

Treasury, Auckland, 5th Sept., 1863.

SIR,—

In compliance with a request made by his Honor the Superintendent, I am directed by the Colonial Treasurer to authorise you from time to time to repay to the Provincial Treasurer, on production of the Coupons, the amount of Interest on the Debentures issued under the "Taranaki Loan Ordinance, 1863," during the period the interest is guaranteed by the General Government.

I have, &c.,

R. F. PORTER,
Assistant Treasurer.

The Sub-Treasurer, &c. &c.,
New Plymouth.

No. 11.

THE SUPERINTENDENT, TARANAKI, TO THE COLONIAL SECRETARY.

(No. 22.)

Superintendent's Office, New Plymouth,

2nd April, 1864.

SIR,—

I have the honor to make the following statement for the consideration of the Government, and to submit for approval a proposition arising out of it.

In 1863, a "Loan Ordinance" was passed, authorising the issue of Debentures to the amount of £50,000, to meet a proposed expenditure by the General Government for liquidating the losses under Mr. Sewell's award, of the settlers in this Province during the war. No action was taken by the General Government, except the payment of interest on the proposed expenditure. To mitigate the

loss and inconvenience that resulted from the payment of the interest instead of the principal, the Provincial Government paid all claims under £50 in full, and a *pro rata* amount on all the larger claims, to defray which Debentures have been issued for about £38,000. When the House of Representatives determined that the General Government should relieve the Province of this liability, and the Debentures that had been issued cancelled, and made arrangements with the Bank of New Zealand here to overdraw for the purpose of taking up these Debentures, and then lodging them as security for the overdraft. With all my efforts I have been unable to get in more than about £13,000, leaving still about £25,000 worth in the hands of English and Colonial holders—some, original persons to whom they were issued, others, secondary holders. As it would be a breach of faith to cancel these Debentures held as investments, I recommend—

That an Amendment on the "Loan Ordinance, 1863," be passed, changing the destination of the funds that can be raised under it, and making them applicable to the following purposes:—

1. Public Offices, Supreme Court, Gaol, &c. This comprises urgent public wants.

2. Compensation for Roads. Meets compensation claims for property taken to improve the North and South and other roads.

3. Harbour, and the Improvement of the Town on and near the seabeach. This will effect a saving in the Harbour Department that will defray interest and Sinking Fund (the expenditure is now about £5,000 per annum), besides rendering several acres of land of value for Town building sites that are now waste.

4. Other Public Works. Includes a Steam Stone-breaking Machine, now breaking stone for the North and South roads; repairing the various branch roads that are out of repair from disuse; advances to the Town Board on the security of the Town rates; &c.

5. Advances for Immigration.

A Loan Ordinance was passed in 1862, authorising £25,000 being raised by Debentures for some of the above objects; but as it is insufficient to meet the whole of them, I recommend that at the same time the destination of the £50,000 loan is altered—the "Loan Ordinance, 1862," be repealed.

I have, &c.,

CHAS. BROWN,

Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 12.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, TARANAKI.

Colonial Secretary's Office,

Auckland, 17th May, 1864.

SIR,—

I have to acknowledge the receipt of your Honor's letter, No. 22, of the 2nd ultimo, recommending under the circumstances which you state, the change of the object for which funds were raised under the "Loan Ordinance, 1863," passed by the Provincial Legislature of Taranaki, and the making those funds applicable to certain other public purpose. In reply, I have to inform your Honor, that after a careful consideration of this purpose the General Government does not consider itself justified in acceding to it.

I have &c.,

WILLIAM FOX.

His Honor the Superintendent,
Taranaki.

PROVINCE OF HAWKES BAY.

No. 1.

THE SUPERINTENDENT, NAPIER, TO THE HONORABLE F. WHITAKER.

Superintendent's Office,

Napier, January 25th, 1864.

SIR,—

I have the honor to transmit in duplicate the accompanying Amendment of the Loan Act, which was passed by the Provincial Council of Hawkes Bay, on the 22nd instant.

PAPERS RELATING TO

It being suggested that the Loan could be more advantageously negotiated by having the interest on Debentures made payable in London instead of the Provincial Treasury, Napier, the enclosed Act with Form of Debenture and Coupon attached, is intended to make the necessary provision for that purpose.

Having been already favored with an intimation of your willingness to forward my views in reference to the steps to be taken to facilitate the negotiation of the Loan in the London market, and the Provincial Council having sanctioned the necessary alterations in the Bill and Form of Debenture. It only now remains for me to submit the Amendment of Loan Act, in the hope that you will have the goodness to obtain his Excellency the Governor's assent to the same.

I enclose a copy of the "Loan Act," Sess. 6, No. 1, in case you may require it for reference.

I have, &c.,

DONALD McLEAN,
Superintendent.

The Hon. Frederick Whitaker,
Auckland.

No. 2.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, NAPIER.

Colonial Secretary's Office,

Auckland, February 6th, 1864.

SIR,—

I have to acknowledge the receipt of your Honor's letter of the 25th ultimo, transmitting Amendment of Loan Act, Sess. 7, No. 1, which had been passed by the Provincial Council of Hawkes Bay, and reserved by your Honor for the signification of the Governor's pleasure thereon.

The Governor will be advised to assent to this Bill, but as His Excellency is at present absent from Auckland I am unable to return the Bill by this Mail with the Governor's assent noted thereon.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Napier.

No. 3.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, NAPIER.

Colonial Secretary's Office,

Auckland, 13th February, 1864.

SIR,

I have the honor to inform you that the Bill forwarded in your Honor's letter of the 25th ultimo, intituled the "Amendment of Loan Act," and reserved by you for the signification of the Governor's pleasure thereon, has been laid before His Excellency, who has been pleased to assent to the same.

I herewith return to you a copy of the Bill in question, with the Governor's assent duly noted thereon.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Napier.

No. 4.

THE SUPERINTENDENT, NAPIER, TO THE COLONIAL SECRETARY.

Superintendent's Office,

Napier, February 16th, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 13th instant, returning a copy of the "Amendment of Loan Act," assented to by His Excellency the Governor.

I have, &c.,

DONALD McLEAN,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

PROVINCE OF NELSON.

No. 1.

THE SUPERINTENDENT, NELSON, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Nelson, 31st October, 1863.

(No. 63-45.)

SIR,—

I have the honor, in accordance with the provisions of the "Constitution Act," to transmit herewith the undermentioned Act, passed by the Provincial Council of this Province, and to which I have given my assent on behalf of His Excellency the Governor, viz.,—

"An Act to further appropriate the Revenue of the Province of Nelson for the year ending 31st March, 1864."

I also enclose, in duplicate, "An Act to authorise the Superintendent to raise a Loan not exceeding Seventy Thousand Pounds," which I have reserved for the signification of the Governor's pleasure thereon.

I have, &c.,

J. P. ROBINSON,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

P.S.—The authority to introduce the Loan Act to the Council was given in your letters of the Nos. and dates quoted in the margin.—J.P.R.

No. 462.
6th December, 1862.
No. 259.
10th August, 1863.

No. 2.

THE SUPERINTENDENT, NELSON, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Nelson, 2nd December, 1863.

SIR,—

I have the honor to call your attention to a Loan Bill passed by the Provincial Council, in its last session, for raising £70,000, to be employed in constructing Water Works and in opening the West Coast Coal Fields. This letter was forwarded for His Excellency's consideration on the 31st of October last, and having had the approval of Government before it was introduced, I trust His Excellency may be advised to assent to it at an early date.

My reason for recalling the matter to your notice is, that the summer is now fairly begun, and no time ought to be lost in constructing the Works necessary for bringing the first-class Coal of this Province into the market. I feel, in a special way, responsible for using all activity in this work, since it has been reported that a Contract has been entered into by the Government for a Steam Service *viâ* Panama.

have, &c.,

J. P. ROBINSON,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 3.

THE HONORABLE MR. GILLIES TO THE SUPERINTENDENT, NELSON.

Colonial Secretary's Office,
Auckland; 21st December, 1863.

SIR,—

I have to acknowledge the receipt of your Honor's letter of the 2nd instant, on the subject of the Loan Bill, passed by the Nelson Provincial Council, in its last session, for raising £70,000, to be employed in constructing Water Works, and in opening the West Coast Coal fields, which Bill was enclosed in your letter of the 31st October last.

In reply, I have to inform your Honor that the present Government have determined not to advise His Excellency to assent to any Provincial Loans, except on the terms intended to be imposed by a

Bill which was brought before the General Assembly last session by the Government, entitled "The Railway Loan Bill," a copy of which I enclose.

These terms are a security in land to be given by the Province for the Loan to be raised, and the General Government to be satisfied that the proposed work can be constructed for the amount of such Loan.

This course has been followed by the present Government, in other cases, and will be acted on in the present one.

I have, &c.,
THOMAS B. GILLIES,
For the Colonial Secretary.

His Honor the Superintendent,
Nelson.

No. 4.

THE SUPERINTENDENT, NELSON, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Nelson, June 21st, 1864.

SIR,—

In reference to a circular from your Office, covering a draft Bill for regulating the conditions of Provincial Loans. I have the honor to state that whilst I entirely appreciate the intentions of the Government, and admit the propriety of the general principals they propose to insist upon in sanctioning such Loans, I have not been able to discover in what way the principles are to be carried out in the Provincial Legislatures as the law now stands.

A Loan Bill was passed in the last session of the Provincial Council of Nelson, for the purpose of aiding the development of an important Coal-field on the West coast, and I should point out to the Government in proposing to renew this Loan Bill, a block of land adjoining the Coal-field, and extending along the Coast sixteen miles North, and eight or nine South of the river Buller. This tract contains about 80,000 or 90,000 acres. If deemed insufficient as security for £50,000, I would propose to add the Oweka plain, a district of about 25,000 acres of good land, and the nearest good land to the coast. Of the Cape Foulwind block I would observe that it contains in the mouth of the river Buller by far the best port for a stretch of above 200 miles of coast. The township of Westport has been in part sold in quarter acre lots, offered at £20 to £30 each; and some of these lots fetched at auction £40. There is good rural land also. The opening of the Western Coalfield cannot be looked on as a mere local affair. And I trust to have the most favorable consideration of Government for the proposed Loan, and to be informed in what way the Provincial Legislature can act so as to secure the appropriation of the proceeds of the land to be set apart to the purposes of the Loan.

Requesting the favor of an early reply.

I have, &c.,
J. P. ROBINSON,
Superintendent.

The Hon. the Colonial Secretary.

No. 5.

THE HONORABLE MR. WHITAKER, TO THE SUPERINTENDENT, NELSON.

Colonial Secretary's Office
Auckland, 7th July, 1864.

SIR,—

I have to acknowledge the receipt of your Honor's letter of the 21st ultimo, and, in reply, to inform you, with respect to the proposed Loan Bill of Fifty Thousand Pounds (£50,000) for the purpose of aiding the development of an important Coalfield on the West Coast, that His Excellency the Governor will be advised to assent to such Bill, on the security of the two blocks of land offered by your Honor, and containing both together about 110,000 acres of land, which blocks will have to be considered as set apart specially for the above purpose.

If after the land is set apart it should appear desirable that sales should be effected within the limits of such blocks, such sales can be made by the Provincial Government, with the consent of the General Government, according to the Land Laws of the Province, and the money accruing therefrom must be handed over to the latter for investment as a Sinking Fund for the money raised under the Loan Act.

I have, &c.,
FREDK. WHITAKER
(In the absence of Mr. Fox).

His Honor the Superintendent,
Nelson

No. 6.

THE SUPERINTENDENT, NELSON, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Nelson, July 12th, 1864.

(No. 64-23.)

SIR,—

I have the honor to enclose, for the consideration of His Excellency, a Bill passed by the Provincial Council in its present session, to authorise the raising a sum of £20,000 for the construction of Water-works to supply the Town of Nelson. This sum of £20,000 is a part of a Loan of £70,000 which His Excellency's late advisers had promised to recommend His Excellency to sanction. It has, on the present occasion, been separated from the sum it has been proposed to raise for opening the Coal-fields; because, not only are the objects of the two loans essentially different, but there is an Act in existence—"The Nelson Waterworks Act, 1863," providing a special means of paying the interest and refunding the capital of the present loan; and the Bill now presented for approval is, in fact, of the nature of a Guarantee Act, and the Provincial Revenue will not be really burdened with interest or sinking fund, although legally liable for them.

I have the honor to enclose a copy of certain minutes of a Committee of the Provincial Council on the subject of the Waterworks Bill. The report of the Committee shews the estimated amount of the rate now authorised by the Waterworks Act, and I think the evidence justifies the hope I entertain that His Excellency may be advised to assent to the present Bill without requiring the landed security stipulated for in sanctioning Provincial loans in general.

I have, &c.,

J. P. ROBINSON,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 7.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, NELSON.

Colonial Secretary's Office,
Auckland, 26th July, 1864.

(No. 218.)

SIR,—

I have the honor to acknowledge the receipt of your letter of the 12th instant, (No. 64-22), forwarding a Bill passed by the Provincial Council of Nelson, entitled the "Waterworks Loan Act, 1864," which Bill you had reserved for the signification of the Governor's pleasure thereon.

In reply I have to inform your Honor that, under the peculiar circumstances stated in that letter, His Excellency the Governor has been advised to assent to that Bill, and I herewith return to you a copy with His Excellency's assent duly noted thereon.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Nelson.

PROVINCE OF MARLBOROUGH.

No. 1.

THE SUPERINTENDENT, MARLBOROUGH, TO THE COLONIAL SECRETARY.

Superintendent's Office, Picton,
11th September, 1863.

SIR,—

I have the honor to transmit to you by this mail several Bills passed by our Provincial Council this session, which you will please have the kindness to submit to His Excellency for his assent thereto.

The following is a list of the Bills transmitted :—

The Appropriation Bill
The Fencing Bill
Picton Improvement Extension Bill
Drainage Bill
Picton and Wairau Railway Loan Bill.

With regard to the Picton and Wairau Railway Loan Bill, it is, I believe, somewhat irregular to introduce into a Provincial Council such a measure, by way of Bill, before first obtaining the sanction of His Excellency's advisers as to the propriety of such a measure being introduced. His Excellency's advisers, however, being already acquainted with the rapidly increasing importance of the Wairau District, and the disadvantage under which it at present labours, for want of more easy communication with this port, would, I believe, consider any mass of detailed evidence in support of this undertaking superfluous. The amount the Loan Bill proposes to empower the Superintendent to borrow, or raise as provided, is, you will perceive, seventy-five thousand pounds, which sum, on the most competent Engineering authority we have been able to obtain, will not be more than sufficient to defray the cost of constructing a single line of railway the proposed length (twenty-two miles), sufficiently substantial to be capable of supporting engines of moderate weight, which means of locomotion we are advised, with the concurrence of His Excellency and his advisers, to adopt, as being better and more economical, considered with a view to our future requirements, than a lighter line would be, which could only be used for horse traction. His Excellency's advisers are, I believe, fully aware of the importance to this Province of this undertaking. Nature has provided a fine district, containing a large quantity of excellent land, capable of supporting a large population; but there at present exists serious obstacles to its development. The first and most important of which is, its want of a Port in immediate connection with it, it having been dependent hitherto upon the Wairau river for its port, across the entrance of which a bar exists, which being continually altered by the action of the sea in stormy weather renders the entrance, even to small coasting vessels, very precarious. The importance of giving to this Province easy communication with Queen Charlotte's Sound, the merits of which as a harbour are well known to all, is the great and, I may say, the unanimous wish of the settlers of this Province. Independently of the great benefit which this line would confer as a means of general communication with the Port, another incalculable advantage, particularly to the town and agricultural district would be secured. Timber, which is exceedingly scarce in the Wairau District, exists on the proposed route in abundance; inasmuch as the line would, from the Picton terminus, pass, for eight miles, through an excellent bush of several thousands of acres in extent. It being thus a matter of the greatest importance to the welfare of the Province that the proposed work, or some modification of it, should be proceeded with without delay, His Excellency's advisers will, I trust, recommend His Excellency to give his assent to this Bill, by doing which, you may rest assured you will confer the greatest boon on this Province, without any probability of entailing upon it such an incumbrance as would, to any serious extent, even at the outset, cripple its resources. In regard to the latter matter, there may exist doubts in the minds of those who are not intimately acquainted with the extent of our resources. From a careful estimate, however, lately made out, the quantity of land which is available for pastoral and agricultural purposes, remaining still unsold in this Province, I may confidently state is not less than one million of acres. The bulk of this land, I admit, is hilly, and only fit for pastoral purposes, yet still there is in the Pelorus, Kaituna, Waitohi, and other valleys a considerable quantity of excellent timbered land still unsold. Likewise at the Kaikora Peninsula, several thousands of acres of excellent agricultural land, including a township which has been lately laid off, still remain unsold. From these data you will perceive there is every probability that the revenue accruing from the sale of waste lands alone will be amply sufficient to bear any burden which the magnitude of the undertaking might possibly entail upon the Province, as the whole of the land alluded to would most probably be sold within the period over which it has been deemed advisable, the proposed loan should extend. As regards our Customs Revenue, it is at the present comparatively small. A reference to the published statistics will, however, satisfy you that a great portion of the revenue from that source is collected outside the Province. This arises, as you are undoubtedly aware, from the necessity which has hitherto existed of receiving the chief portion of our goods through the hands of the Nelson and Wellington merchants, in which places the duties have been chiefly collected. This great loss of revenue to the Province is clearly attributable to the want of such means of communication as the proposed undertaking when completed will supply. Although evidence might be adduced which would go far to prove that even as a pecuniary speculation this project has merit, not that the receipts on the traffic alone would, for a considerable period, suffice to pay the interest and defray the expenses, yet those receipts, in addition to the extra amount of Customs Revenue which would be secured, as a sure consequence, would be even, at the commencement, almost, if not altogether, sufficient for that purpose. Compared, however, to the first grand object in every country, the occupation and cultivation of the land, these considerations are but trifling. Land in itself has no intrinsic value, its value being chiefly dependent upon its accessibility, and its capability of being made to produce marketable commodities at the least cost. Since, then, there is a limit dependent upon the means of communication, beyond which agricultural operations cannot be carried on with profit, it is undoubtedly the duty of every Government to extend that boundary to the utmost, by giving every facility compatible with its resources, to the transition of goods and produce to and from port. The Wairau Plain may be cited as a case in point. Cut off from a port to which vessels of a sea-going character can enter, and the hopelessness of being able to compete in other markets with Districts more favourably situated, has hitherto acted as a serious check to its advancement, and consequent interest. To bring into cultivation, and consequently to give a high value to the thousands of acres of ex-

cellent land now comparatively worthless, would be, without dispute, the most easily effected by the construction of a Railway between the district of Wairau and the Port of Picton. Should His Excellency's advisers, however, deem it to be their duty, in the absence of Engineering and other detailed evidence, to advise His Excellency for the present to withhold his assent to the Bill, I should esteem it as a favor if you would be kind enough, at your earliest convenience, to communicate to me the grounds on which such refusal is based. I am the more solicitous on this point as the proposed line of Railway is now being surveyed, with a view of bringing before the Provincial Council, which meets on the 5th October, all the requisite data on which to prepare a Railway Bill, should it be deemed necessary.

I have, &c.,
THOMAS CARTER,
Superintendent.

The Honorable the Colonial Secretary,
Auckland.

No. 2.

THE SUPERINTENDENT, MARLBOROUGH, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Picton, October 12th, 1863.

SIR,—

I have the honor to transmit to you herewith a Report, prepared by Mr. Dobson, C.E., on the proposed Line of Railway between this Port and the Wairau Plain, accompanied by further evidence taken by the Provincial Council from the same gentleman.

I have, &c.,
THOMAS CARTER,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

Enclosure 1 in No. 2.

Picton, 5th October, 1863.

PICTON AND WAIRAU TRAMWAY, 1863.

SIR,—

I have the honor to report that, in pursuance of your Honor's instructions, I have laid out a line for a Tramway from Picton to the Wairau.

The route which I have selected differs in some important particulars from the line which I laid out two years and a half ago, these differences being chiefly dependant on the adoption of a severer ruling gradient and minimum radius of curve. Since I laid out the former line I have been in communication with Mr. William Bridges Adams, the earliest manufacturer in England of light railway engines and carriages, who has applied himself diligently to developing a system of light railways, affording to small country districts the advantages of railway communication without entailing upon them the massive and expensive works which have become generally associated with the idea of railway communication. I am therefore now in a position to assure your Honor that the curves and gradients which I have adopted admit of being worked permanently with a traffic which for this Province may be called considerable, at the same time that they do not require any heavy expenditure for Land, Earthworks, Tunnels, Bridges, or Viaducts.

The line which I have selected commences at the Warehouse adjoining the Wharf, and at that point corresponds in level with the Wharf. Thence the line follows the beach to near the mouth of the Waitohi Stream, crossing the stream, and crossing the low flats in the direction of the Immigration Barracks. This line is pretty direct, and does not interfere much with private property. From the back of the Immigration Barracks the line follows Durham-street to the corner of Scotland-street, from which point the line passes through private property for some distance, but it runs at the back of most of the sections, so as not to interfere with any buildings or the frontage to the Wairau-road.

From Section 834, at a distance of 61 chains from the commencement, the gradient is 1 in 30 for a distance of 60 chains, and thence 1 in 20 for a distance of 30 chains, terminating at the summit. This is the steepest or ruling gradient of the line, and it occurs where it is least calculated to interfere with the traffic, the only goods which will have to ascend it being imported goods (which are compara-

tively light), whilst the export of Wool, Timber, and other heavy goods will merely have to descend it. The cutting at the summit is 27 feet deep, and it will be practicable at a future time, by deepening this cutting, to improve the maximum gradient.

At the summit I have provided a length of 14 chains on a level, which will provide amply for sidings, and from thence to the public road I have adopted a gradient of 1 in 55.

From Section 43 to Section 26, near the bend in the Koromiko, I have laid out the line on the western side of the present road. Throughout the flats there will be room enough on the outside of the present ditch, on the cress between the ditch and the boundary of the sections, and this portion of the line will require little done to it besides clearing the ground thoroughly in order to prepare it for the ballasting.

In the lower part of the Tua Marina Valley, the whole of the flats are liable to inundation to a considerable depth. It therefore becomes necessary to carry the line in side cutting; and the western side of the valley presents great advantages over the eastern for this purpose, down to the Massacre Hill, along which the eastern side affords the only eligible route.

It is necessary, therefore, between the bend of the Koromiko and the Massacre Hill to cross the Tua Marina Valley twice. The proper situation for the lower crossing is clearly pointed out by the outline of the road: the best situation for the upper crossing admits of more consideration. The line I have selected crosses the valley above the level of the dead water in inundations, by which much expense in timber openings or viaduct is avoided.

I should have wished, however, to submit to your Honor comparative sections of one or two other crossings of the valley, but the very short time allotted to me has been so much curtailed by wet weather and by floods that I have been unable to prepare sections of these crossings. I am, however, well acquainted with the ground from previous explorations. At the lower crossing of the valley, by the Massacre Hill, a viaduct of about ten chains will be required. From the end of this viaduct the line runs to the present road, and then follows it to the bend of the Wairau River. Thence it runs in as direct a line as practicable to the Wairau River, at the upper end of the high bank. This spot affords the best site for a bridge over the river, both as regards the height of the ground, the shape and probable durability of the banks, and the position of the current. This subject has been already reported on by Mr. Fitzgibbon for the late Superintendent.

On the south-western bank of the river I have chosen the nearest practicable route following high ground to the Sandhill-road. Thence I have followed the general course of the Sandhill-road as far as Shepherd's new hotel, deviating occasionally, however, so as to take advantage as much as possible of the high ground.

A more direct route might be taken from the Wairau River to the Sandhill-road, as shown by the dotted line on the plan, by putting a viaduct across the low swamp adjoining the river. This route would also provide a suitable site for a main drain, to drain the north end of the Sandhill-road; but I am unable to give any estimate of its cost until I have surveyed it.

From Shepherd's Hotel to Blenheim I have adopted the present line of road. This affords about the most eligible crossing of the Opawa River, alongside of the present bridge, and at the same time gives great facilities for extending the line at a future time, so as to be worked economically both to the Upper Wairau districts (up the lower road by the Plough Inn, or by another route south of the swamps, which is more secure from floods) and also to the Awatere by the pass below Sixteen Valley, which not only affords the best route to the Awatere and the South as to gradient, but also passes through a considerable quantity of agricultural land.

The total length of the line to the Omaka at Blenheim is 19 miles 48 chains, or by the more direct route 19 miles 25 chains.

In making estimates for the arrangements and establishment required for working this Tramway, I do not see any necessity for providing Passenger Stations, Booking Offices, Waiting Rooms, and such like. Some sheds will be required for protecting carriages from the weather, and sidings and turn outs will be required at intervals; and by degrees, as local traffic becomes developed, additional accommodation can be provided. As for passengers, with the low speed which will be most suited to the economical working of the line, they may be taken up and set down at almost any part of the line, and instead of providing ticket clerks to collect their fares, a responsible guard will be necessary, just as in a stage coach. This guard can also attend to the whole of the light parcel traffic. For heavy goods, a foreman and staff of porters will be required according to the traffic.

The plans, sections, and estimates which I am now furnishing comprise the following:—

1. Plan, 1863, from survey of a new route from Picton Warehouse to 6 miles 0 chains.
2. Plan (Railway Plan, 1863, *modified*), from 6 miles 0 chains to 13 miles 60 chains.
3. Plan, 1863, chiefly from survey from 13 miles 60 chains to 19 miles 48 chains, at Blenheim.

On this plan I have shown the line of proposed tramway in red. The levels not having been taken, it may require some modification.

4. Section, 1863, from Picton to 6 miles 0 chain.
5. Section (Railway Section, 1861, *modified*) from 6 miles 0 chain to 13 miles 60 chains.

Estimate, Picton Tramway, 1863, first cost.

Do., do., do., annual working.

I have, &c.,

ALFRED DOBSON.

His Honor the Superintendent of the
Province of Marlborough.

Sub-Enclosures in No. 2.

EXTRACT FROM JOURNAL OF MARLBOROUGH PROVINCIAL COUNCIL.

PICTON AND WAIRAU TRAMWAY, 1863.

Picton, 9th October, 1863.

Captain Baillie proposed that Mr. Dobson be requested to attend the Council to answer questions relative to the Picton and Wairau Tramway.

Carried unanimously.

The following questions were then put to Mr. Dobson by the Council :—

Question.—Are you a Civil Engineer ?

Answer.—Yes.

Q.—You have had considerable experience as an Engineer ?

A.—I have had considerable experience on the Norfolk and East Anglian Railway.

Q.—Are you well acquainted with the country between (this) the Port of Picton and the Wairau Plain ?

A.—Yes ; I have been employed at various times during the last eight years exploring, and know the country well.

Q.—Can you inform the Council what was the estimated expense of the previous line proposed ?

A.—The line proposed in 1861 was estimated at £4000 per mile.

Q.—Have you made a recent survey of a line of railway between Picton and Blenheim ?

A.—Yes ; I have.

Q.—What is the estimate of the present proposed line per mile ?

A.—£3,300.

Q.—What would be the comparative cost of working the two lines ?

A.—The cost of working the new line would be about the same as the old line, the present line being five miles longer.

Q.—To what do you attribute the difference ?

A.—Since I made the estimate of the former line, I have obtained from England more definite information as to the capabilities of light engines on steep gradients, which has enabled me to reduce many of the expenses of the former line.

Q.—Do you consider the proposed line of road adequate to the requirements of the Province.

A.—Yes ; it is for many years. The steepest gradient on the new line will admit of being reduced at a future time without deviating from the route.

Q.—You state in your report that the steepest gradient on the south side of the saddle is 1 in 55 feet ?

A.—Yes.

Q.—You also state that the steepest gradient on the north side of the saddle is one foot in twenty ?

A.—Yes, for a distance of thirty chains.

Q.—What would be the weight of the engine proposed for working the line ?

A.—About eight tons. Such engines have been used for ten years on the ordinary lines of England and Ireland, and they have been used for considerable traffic on the Cork and Bandon Railway. The trains consist of the following stock, all fairly laden :—

1 first and 2 second class carriages, for 58 passengers.

1 third-class carriage, for 40 passengers.

1 horse-box, for 3 horses.

1 carriage truck,

Q.—What weight would this engine draw at the steepest gradient on each side of the saddle respectively ?

A.—From the Wairau, about 40 tons (gross weight).

From Picton, about 20 tons.

The weight of the carriages would be one-third of the gross weight.

Q.—Do you consider it more economical to work the line by such an engine or by horses ?

A.—Supposing the traffic were limited to one train each way per day there would be a saving of £200 to £300 per annum in using horses. As soon as the traffic was increased beyond that amount, the loss in working horses would increase in proportion to the traffic.

Q.—Would one train per day be sufficient for the traffic ?

A.—No ; for the passenger parties should be able to leave and return the same day from either end of the line.

Q.—Do you consider the present proposed line more advantageous than the former one in proportion to its cost ?

A.—Yes, certainly ; on the south side of the saddle the gradient now proposed is far easier ; and on the north side the gradient, although steep, will allow of the required traffic being carried on without extra expenses.

Q.—By your report on the deviation from Section 43 to Section 26, near the bend of the Koromiko, what is the advantage to be derived from the same ?

A.—Throughout that length the saving of the clearing of the bush and earthworks would be about £1,700, and the saving in distance about eleven chains.

Q.—What portion of the abandoned line is through Crown Lands ?

A.—About one mile.

Q.—What is the proposed guage of the line ?

A.—Three feet six inches.

WILLIAM STRACHAN,
Chairman of Committee.

True copy.

W. D. H. BAILLIE,
Speaker, Provincial Council,
Marlborough.

PICTON AND WAIRAU TRAMWAY, 1863.

Summary of Estimate of First Cost of Construction.

	£
<i>Land and Fencing</i> - - - - -	2,000
<i>Works.</i> —Clearing Timber - - - - -	£475
Earthwork - - - - -	7,795
Bridges, Viaducts, &c. - - - - -	7,660
Culverts - - - - -	750
Main Drains - - - - -	750
	<hr/>
	17,430
<i>Permanent Way.</i> —19½ miles, at £1,200 - - - - -	23,700
<i>Stations.</i> —Sheds, Sidings, &c. - - - - -	3,560
<i>Rolling Stock.</i> —1 Engine, 11 Carriages, and Sundries - - - - -	3,500
<i>Superintendence</i> - - - - -	2,500
	<hr/>
	52,690
<i>Bridge over Wairau River, say</i> - - - - -	6,000
<i>Electric Telegraph</i> - - - - -	1,300
<i>Contingencies</i> - - - - -	6,010
	<hr/>
	66,000

PICTON AND WAIRAU TRAMWAY, 1863.

Estimate of Annual Working Expenses.

	£
<i>Locomotive Power</i> - - - - -	1,000
<i>Staff</i> —	
Manager - - - - -	£400
Accountant - - - - -	150
Guard - - - - -	150
Porters.—Foreman, £130 ; five at £100 - - - - -	630
	<hr/>
	1,330
<i>Maintenance of Way</i> —	
2 Platelayers, at £120 - - - - -	240
6 Labourers, at £100 - - - - -	600
Tools, Sleepers, &c., - - - - -	360
	<hr/>
	1,200
<i>Engineer's Superintendence</i> - - - - -	250
<i>Sundries</i> - - - - -	220
	<hr/>
	4,000

No. 3.

EXTRACT FROM LETTER TO SUPERINTENDENT OF MARLBOROUGH, DATED 6TH OCTOBER, 1863.

Colonial Secretary's Office,
Auckland, 6th October, 1863.

SIR,—

(No. 342.)

The “Picton and Wairau Railway Loan Bill” is under the consideration* of the Government, and I will address your Honor on the subject of it in a separate communication.

I have, &c.,

ALFRED DOMETT,

His Honor the Superintendent,
Marlborough.

No. 4.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, MARLBOROUGH.

Colonial Secretary's Office,
Auckland, 7th November, 1863.

SIR,—

With reference to my predecessor's letter, No. 342, of the 6th ultimo, informing you that the Picton and Wairau Railway Loan Bill was under consideration, I have to inform your honor that, after carefully considering that Bill and the arguments adduced by your Honor in favour of it, the Government do not consider that there are, at all events at the present time, sufficient grounds to justify them in advising His Excellency the Governor to assent to that Bill.

The following reasons have compelled the Government to arrive at this conclusion:—

1. The debt which would thus be imposed upon Marlborough would be very greatly in excess, in proportion, of that which any other Province has to bear, and the whole Customs Revenue of the Province of Marlborough would not pay one half of the annual charge.

2. There is no sufficient evidence to show that the work could be performed for the estimated cost.

3. The amount of the probable returns is not satisfactorily shown. In consideration of Railway Loan Bills the Government have always considered this point as one of primary importance.

4. The Bill appears in some degree to be premature, as the line has not been yet determined. Two are suggested by Mr. Dobson, one, a new line altogether, the other, a modification of the old one.

5. Though the Government are not prepared to say that it may not be shown to be a proper undertaking to justify the loan, they do not think that this sufficiently appears. Your Honor admits the absence of Engineering and other detailed evidence; and the surveys, &c., requisite to show the feasibility of the work, are not yet completed.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Marlborough.

No. 5.

THE SUPERINTENDENT, MARLBOROUGH, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Picton, 28th November, 1863.

SIR,—

I have the honor to acknowledge the receipt of your communication of date quoted in the margin, by which I was informed that His Excellency's advisers had considered it incompatible with their duty to recommend His Excellency to give his assent to the Picton and Wairau Railway Loan Bill.

7th November, 1863.

It, however, gives me great satisfaction to find from the tenor of your despatch that His Excellency's advisers admit the propriety and justice of our claim to their consideration, and that a modification of our request, accompanied by more detailed and satisfactory evidence, as to the feasibility of the undertaking, and the probable amount of returns, in receipts, and other advantages, would most probably induce them to reconsider the matter.

For reasons assigned in my previous communication on this subject, I believe it to be highly essential to the welfare of this Province that greater facility for communicating with the Port of Picton should be given. With this view, I, with the unanimous advice of my Executive Council, request that His Excellency's advisers will be kind enough to signify their approbation of a Loan Bill, for £50,000 being submitted to their consideration.

This sum, I am of opinion, will enable us to construct a substantial Tramway between this Port and the Wairau Plain, a work absolutely necessary to the further development of our resources.

I have, &c.,

THOMAS CARTER,
Superintendent.

The Honorable the Colonial Secretary,
Auckland.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, MARLBOROUGH..

(No. 413.)

Colonial Secretary's Office,
Auckland, 8th December, 1863.

28th November, 1863.

SIR,—

I have the honor to acknowledge the receipt of your letter of the date quoted in the margin, on the subject of raising a Loan of Fifty Thousand Pounds (£50,000), and, in reply, to inform your Honor that a Bill is before the House of Representatives proposing to fix certain principles on which alone Provincial Loans should be granted, and when the House has disposed of that Bill your Honor will be again communicated with.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Marlborough.

No. 7.

THE HONORABLE MR. GILLIES TO THE SUPERINTENDENT, MARLBOROUGH.

Colonial Secretary's Office,
Auckland, 22nd December, 1863.

(No. 444.)

SIR,—

With reference to my Letter, No. 413, of the 8th instant, I have to inform your Honor that the present Government have determined not to advise His Excellency to assent to any Provincial Loans except on the terms intended to be imposed by a Bill which was brought before the General Assembly last session, by the Government, entitled "The Railway Loan Bill" (copy enclosed), the principal of which was agreed to by the General Assembly, and though from want of time the Bill itself has not become law, it was understood that the Government would act on it.

These terms are a security in land to be given by the Province for the Loan to be raised, and the General Government to be satisfied that the proposed work can be constructed for the amount of such land.

This course has been followed by the present Government in other cases, and will be acted on in the present one.

I have, &c.,

THOMAS B. GILLIES.

For the Colonial Secretary.

His Honor the Superintendent,
Marlborough.

No. 8.

THE SUPERINTENDENT, MARLBOROUGH, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Picton, 11th March, 1864.

22nd December, 1863.

SIR,—

Referring to your communication of date quoted in the margin, wherein you informed me that for the future the Ministry had determined not to advise His Excellency to give his assent to any Loan Bill without a sufficient security was given to clear the General Government of any responsibility in guaranteeing such loan.

The amount of loan we now ask is Sixty Thousand Pounds, and the security we offer for the repayment thereof comprises the whole of the Crown Land which lies between the Wairau River and the northern boundary of this Province.

I have the honor to forward you herewith a tracing from the plan of this Province, shewing the land which has been alienated, with a view to enable you the better to judge of the extent, position, and value of the proposed security. On referring to the tracing you will perceive that the above-mentioned block of land comprises nearly one fourth part of the entire Province. A considerable portion of this land may be described as rough, broken country, though it may be safely estimated to contain 250,000 acres of Crown Land available for profitable occupation.

It has been my endeavour to obtain accurate information as to the value of the said land thus offered as security, and from the information I have received I may state for your guidance, that this block contains about 20,000 acres of level land, the lowest upset price of which would be 20s. per acre. 40,000 acres valued at 10s. per acre, and the remaining portion of the 250,000 acres at 5s. per acre,

the total value of the entire block, £87,500, exclusive of what may be described as unavailable. This I consider to be a moderate estimate.

Having thus placed the matter before you as clearly as circumstances will permit, I should be obliged by your informing me if the General Government would advise His Excellency the Governor to sanction a Loan Bill for the amount required on the security offered. I am anxious to obtain this information before bringing the Loan Bill before the Provincial Council.

I have, &c.,

THOMAS CARTER,
Superintendent.

The Hon. the Colonial Secretary.

No. 9.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, MARLBOROUGH.

Colonial Secretary's Office,

Auckland, 23rd March, 1864.

SIR,—

(No. 88.)

I have to acknowledge the receipt of your Honor's letter, of the 11th instant, in which you propose to set apart as a security for a Loan of Sixty Thousand Pounds, sterling, for the Province of Marlborough, the whole of the Crown Land which lies between the Wairau River and the Northern Boundary of that Province.

Your Honor also encloses a tracing shewing the Land which has been alienated, in order to enable the General Government the better to judge of the extent, position, and value of the proposed security.

In reply I have to inform your Honor that, after a careful consideration, the Government do not think that the security proposed is sufficient to warrant them in recommending His Excellency the Governor to assent to a Bill for raising the proposed Loan.

I have, &c.,

THOMAS B. GILLIES,
In the absence of Mr. Fox.

His Honor the Superintendent,
Marlborough.

No. 10.

THE SUPERINTENDENT, MARLBOROUGH, TO THE COLONIAL SECRETARY.

Superintendent's Office,

Picton, 29th March, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 23rd March, No. 88, in reply to my previous letter concerning a Loan of £60,000 for this Province.

Acting *under the impression* and on *the information* that the Government would advise His Excellency the Governor to assent to a Loan Bill for this Province, if drawn up in accordance with the provisions of a Bill lately introduced into the House of Representatives for the purpose of regulating Provincial Loans, I gave instructions to have prepared a tracing of this Province in order, as I before stated, the better to enable the Government to judge of the extent, position, and value of the Block of Land offered as security; I at the same instructed the Chief Surveyor to furnish me with an estimate of the quantities of available and unavailable land comprised in that Block.

A careful and, as near as possible, an accurate report was made of the available land, and a low estimate of the value of that available country was given. On referring to my last letter, you will perceive that the estimated value of the available land comprised in the Block offered as security was £87,500, and the amount I proposed to borrow was £60,000.

Referring to your reply I find that you state as follows: "After consideration the Government do not think that the proposed security is sufficient to warrant them in recommending His Excellency the Governor to assent to a Bill for raising the proposed Loan." You are doubtless aware that a Railway Bill and a Loan Bill, passed by the Provincial Council of this Province, have been disallowed by the Government, before, therefore, again bringing this matter under the notice of the Provincial Council, I wish to be placed in a position to give them some positive information as to the amount of money that we shall be allowed to borrow and the terms upon which a Loan Bill will be granted.

May I therefore beg of you to favour me with a more explicit reply as to the amount of Loan that we may be allowed to raise, and the terms upon which the Government would consider themselves justified in recommending His Excellency the Governor to assent to a Bill for raising such Loan. I am not aware that there is any fixed rule or law as to the proportionate amounts of Security and Loan.

I imagined that property justly and fairly estimated to be worth at least £85,700 would be considered sufficient security for a Loan of £60,000.

Your letter of the 23rd, while proving that such an idea was erroneous, does not give me any information for my guidance in future; may I therefore beg you to be good enough to inform me what you consider sufficient security for the Loan herein before mentioned, and at the same time what amount you are prepared to grant by way of Loan on the security of the Block of Land I have previously offered.

I have, &c.,

THOMAS CARTER,
Superintendent.

The Hon. the Colonial Secretary,

No. 11.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, MARLBOROUGH.

Colonial Secretary's Office,
Auckland, 6th March, 1864.

SIR, —

I have to acknowledge the receipt of your Honor's letter, of the 29th ultimo, in answer to the letter from this Department, No. 88, of the 23rd of that month, on the subject of a proposed Loan of £60,000 for the Province of Marlborough.

In reply I have to inform your Honor that the General Government cannot specify the particular amount of Loan which the Provincial Government of Marlborough will be allowed to raise. That amount must, in a great degree, depend on the value of the security which the Province is prepared to offer. The Government is only able to say that, in the present instance, it is not satisfied with the security of the land offered, which they learn from undoubted authority is, generally speaking, exceedingly unavailable even for pasture, and, for the most part, quite unsaleable at present.

I have, &c.,

WM. FOX.

His Honor the Superintendent of Marlborough.

No. 12.

THE SUPERINTENDENT, MARLBOROUGH, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Picton, 29th June, 1864.

(No. 457.)

SIR, —

With reference to "The Picton and Blenheim Tram or Railway Loan Bill," which I have the honor to transmit for the assent of His Excellency the Governor, the Council of this Province have passed a resolution setting apart as security for the loan the same block of land that I had the honor to submit to your consideration some time back as sufficient for the required purpose.

The Council have been led to the adoption of the same block of land as security for the proposed loan (although heretofore refused as inadequate) on the following grounds:—

That through the recent development of a Goldfield situated in the district proposed to be so set apart, the nature and value of the security have materially changed, although the acreage may remain identical, for whilst formerly the principal, and perhaps almost only, revenue could be derived from the sale of the Crown Lands on that block, yet now a very considerable one will be obtained directly from the Goldfields themselves, immediately sufficient to meet all demands for interest and Sinking Fund, without trespassing on other resources of the Province, in liquidation of the liabilities of the loan,

That the population in that district is very rapidly increasing, and will in all probability continue to do so, it being the opinion of eminent geologists that the whole of the country lying to the north of the Wairau River will be found to be highly auriferous, and that in consequence a large increase to our Customs revenue may be anticipated.

I therefore trust that you, taking into consideration the above-mentioned circumstances, as well as the fact that Marlborough at present has incurred no Provincial debt whatever, may now feel justified in recommending His Excellency the Governor to give his assent to this measure.

I have, &c.,

THOMAS CARTER,
Superintendent.

The Hon. the Colonial Secretary,

No. 13.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, MARLBOROUGH.

(No. 213.)

Colonial Secretary's Office,
Auckland, 21st July, 1864.

SIR,—

I have to acknowledge the receipt of your Honor's letter, No. 457, of the 29th ultimo, with reference to "The Picton and Blenheim Tram or Railway Loan Bill, 1864," reserved for the assent of the Governor, and enclosed in your letter, No. 456, of the 27th of the same month.

After a careful consideration of the subject, the General Government is unable to admit the reasons given by your Honor for its acceptance of a security which had been previously determined to be insufficient.

In the first place, it is found from experience that a Goldfield is directly rather a source of expense than of revenue.

Secondly, if it were otherwise, the speculation of the probability, however great, of finding an extension of a Goldfield, cannot be considered in the question of the sufficiency of a security.

It, moreover, appears from recent returns that the average price obtained for country land in the Province of Marlborough is under six shillings an acre.

Under these circumstances, His Excellency the Governor cannot be recommended to assent to the Loan Bill referred to, but Ministers will delay advising His Excellency definitely to withhold his assent to it until a sufficient time has elapsed for enabling a further communication to be received from your Honor on this subject.

I have, &c.,
W. Fox,
Colonial Secretary.

His Honor the Superintendent,
Marlborough.

No. 14.

MR. W. D. H. BAILLIE TO THE COLONIAL SECRETARY.

Superintendent's Office,
Picton, 6th August, 1864.

(No. 25.)

SIR,—

I have the honor to acknowledge the receipt of your letter of No. and date noted in the margin, relative to the Picton and Blenheim Tram or Railway Loan Bill, and in reply beg to inform you that the matter in question will be laid before the Provincial Council (soon to meet) for their consideration, and to request that it may remain undecided till that time.

I have, &c.,
W. D. H. BAILLIE, (Speaker),
For Superintendent.

The Hon. the Colonial Secretary.

No. 15.

THE SPEAKER OF THE PROVINCIAL COUNCIL, MARLBOROUGH, TO THE COLONIAL SECRETARY.

Provincial Council,
Marlborough, July 1st, 1864.

SIR,—

I have the honor, by direction of the Provincial Council, to forward to you a copy of Resolutions passed by that Body, and request that you will submit the same to the Government for their favourable consideration.

I have, &c.,
W. D. H. BAILLIE,
Speaker.

The Hon. the Colonial Secretary.

Enclosure in No. 15.

Copy of Resolution in favor of Tramway between Picton and Central Districts.

Mr. SEYMOUR moved: "That this Council, looking to the limited means of communication between the Port of Picton and the more Central Districts as materially retarding the prosperity of the

Province, is of opinion that the construction of a Rail or Tramway uniting those parts is highly desirable, and should be undertaken as speedily as possible."

Copy of Resolution stating that Guarantee for Loan is sufficient.

Mr. GOULTER moved: "That this Council considers that the Block of Land previously proposed to be set apart for the Loan is more than sufficient for the desired purpose, and that the estimate furnished by the Survey Office is substantially a fair and correct one."

Copy of Resolution in favor of Loan for employment of Surplus Labour.

Mr. SEYMOUR moved: "That in consequence of the large and increasing influx of population into this Province, in connection with our Gold-fields, the demand for labour by the unemployed has increased, and is likely to increase, to such an extent as to render it necessary to undertake large works in order to meet such demand. This Council, therefore, is of opinion that the funds requisite for such purpose should be raised by way of Loan, to be expended in forming a Tram or Railway from this Port of Picton to the Town of Blenheim on the Wairau Plains."

W. D. H. BAILLIE,
Speaker,

No. 16.

MR. WHITAKER TO THE SUPERINTENDENT, MARLBOROUGH.

Colonial Secretary's Office.

Auckland, July 7th, 1864.

(No. 198)

SIR,—

I have to transmit for your Honor's information and remarks the enclosed copy of a series of Resolutions passed by the Provincial Council of the Province of Marlborough, and forwarded to me by the Speaker.

I have, &c.,

FREDK. WHITAKER
(In the absence of Mr. Fox.)

His Honor the Superintendent,
Marlborough.

No. 17.

THE SUPERINTENDENT, MARLBOROUGH, TO THE COLONIAL SECRETARY.

Superintendent's Office, Picton,

29th July, 1864.

(No. 15.)

SIR,—

In reply to your letter of No. and date as per margin, covering copies of Resolutions passed by our Provincial Council, I would beg to refer you to my letters of No. and date noted in the margin.

With respect to the Resolution moved by Mr. Seymour, in favour of raising a Loan for the employment of surplus labour, I would beg to observe that we have been compelled to give employment to a great number of men to relieve them from destitution.

We have at the present time between five and six hundred employed, a large proportion of whom, I believe were utterly destitute. This pressure upon the Government still continues, and unless a Loan be sanctioned, in accordance with the Resolution above mentioned, I am afraid that great distress to a large number of people in this Province must inevitably ensue.

I have, &c.,

THOMAS CARTER,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

198. July 7th, 1864.

441. Feb. 9th, 1864.

457. June 16th, 1864.

No. 18.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, MARLBOROUGH.

Colonial Secretary's Office,
Auckland, 26th August, 1864.

SIR,—

With reference to letter No. 15, of the 29th ultimo, from the late Superintendent of Marlborough, part of which relates to raising a Loan for the employment of destitute persons, I have to inform your Honor that the General Government does not consider the relief of destitute persons a proper object for a Loan; and that, even if such a Loan were sanctioned, there does not appear any probability of negotiating it in the present state of the money market.

I have, &c.,
W. FOX,

His Honor the Superintendent,
Marlborough.

PROVINCE OF CANTERBURY.

No. 1.

THE SUPERINTENDENT, CANTERBURY, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Christchurch, 9th July, 1864.

SIR,—

The difficulty which is experienced in the negotiation of Debentures issued by the Provincial Governments of New Zealand, is one which is likely at the present time to be very prejudicial to the interests of Canterbury.

The bridging of our large rivers, the extension of the Railway, and other large works, which are necessary to the development of the resources of the Province could not be advantageously proceeded with till that difficulty is removed.

I am led to believe that the refusal of the Committee of the Stock Exchange to allow Debentures issued by Provincial Governments to appear in their official list is an objection to their negotiation, which even in a more favorable condition of monetary affairs in England will prove detrimental to the interests of the Provinces of New Zealand.

After careful consideration, I have thought it well to request Mr. Hall, who is a member of my Executive Council, to proceed to Auckland to represent my views to the Government on the matter, and to request them to adopt such measures as will place our Debentures in a more favorable position, and remove the objection which appears to exist to them from the want of a guarantee of the General Government of the Colony.

Mr. Hall will be able at the same time to explain more fully than I could by letter the present financial position of the Province, and the necessity of the works which I wish to see carried out.

I have to request that you will give him an opportunity of laying before the Government my views and those of my Executive Council on a matter of such importance to the Province.

I have, &c.,
S. BEALEY,
Superintendent.

The Hon. the Colonial Secretary.

PAPERS RELATING TO

Enclosure 1 in No. 1.

The following Memorandum on the existing financial condition of the Province of Canterbury, and the Works proposed to be undertaken by the Government of that Province, is submitted in accordance with the request of His Excellency's Ministers.

I. Existing Provincial Debts.

These consist of four:—

1. The original debt of the Canterbury Association. This has been all but paid off.
2. A loan of £30,000 contracted for purposes of Immigration, several years since, at an interest of 8 per cent., and sinking fund of four per cent. This has been expended. £5,400 has already been invested on account of the sinking fund, and £1,200 is being invested annually.
3. A loan of £300,000, for the construction of the Lyttelton and Christchurch Railway, bearing interest at 6 per cent., with a sinking fund of 2 per cent.

Of this loan £50,000 worth of debentures were taken up out of Provincial Revenues and cancelled. £100,000 worth of debentures have been placed in the hands of the Union Bank of Australia for negotiation, on which a sum of £50,000 has been advanced by the Bank. According to the latest advices from London only £30,000 of these debentures had been actually sold.

4. A loan of £500,000 sanctioned, in 1862, bearing 6 per cent. interest, and 1 per cent. sinking fund.

Of this loan £50,000 was sold in Canterbury last year. No further portion has been placed in the market.

The above figures are taken from a statement of account made up to the 1st April last, which has not been materially modified since that time.

The indebtedness of this Province may, therefore, be said to stand as follows:—

Total amount of Loans sanctioned (exclusive of the Canterbury Association's)	£330,000
Total amount actually raised...	£130,000
Cancelled out of Provincial Revenue	50,000
	<hr/> £180,000
Amount which may still be raised under existing ordinances	£650,000

The total present debt of the Province is, therefore, £124,000, against which it had on 1st April last spent £212,000 on the Lyttelton Railway. A portion of this Railway is in operation, and is let for three years, at rates increasing from 6 to 10 per cent. on the cost of construction.

II. Territorial Revenue.

The Land Revenue of Canterbury for the past two years has averaged £200,000.

There are six million acres let under Pasturage Licenses, of which it is considered in Canterbury an under estimate to assume that 750,000 acres will be sold within the next ten years at £2 per acre.

This will give an average income from the sale of Rural Land of	£150,000
The proceeds of Town Lands may be taken at	10,000
The Pasturage Rents amount to	17,000

£177,000

After consideration of the necessary charges on this revenue for expenses of management, surveys, roads, buildings, &c., the Superintendent and Provincial Council have set apart, by an Ordinance called "Railway and Harbour Works Land Ordinance," two-fifths of the Territorial Revenue towards the construction of Railways and Harbour Works. This appropriation, so fixed by law, may be estimated to yield at least £70,000 per annum. Into this fund must be paid the profits from the Lyttelton and Christchurch Railway, which, on the completion of the tunnel in less than two years, will be considerable.

III. Intended Works.

It has, in the opinion of the Government of the Province of Canterbury, become necessary to the development of the resources of that Province, and to its material progress, that improved means of internal communication of an extensive character should be entered upon. Two obvious reasons for this are:—

1. That the cost of transporting agricultural produce to a port of shipment by ordinary land carriage is rendering it difficult if not impracticable to farm land to a profit at a greater distance from the port than that to which cultivation at present extends.

2. That the finest half of the Province is rendered very difficult of access by two large and dangerous Rivers, the Rakaia and Rangitata, which can only be bridged at a large cost.

There are other reasons, not now necessary to be entered upon, which afford good grounds for believing that, unless works of the above character are undertaken without delay, the profitable occupation of the soil will be checked, and the sales of land will fall off.

The works which are contemplated and have received the general approval of the Provincial Council, are:—

1. A Railway from the present terminus in Christchurch to Timaru, a distance of 100 miles, and including bridges over the Rakaia and Rangitata.

2. A Railway from the same terminus, northward to the Kowai, the northern boundary of the Canterbury Plain, a distance of about 25 miles.

3. Important Harbour Works in Lyttelton and Timaru, for remedying the delay and expense which at present attends the landing and shipment of goods at these places.

The land required for the Railway has been reserved from sale, excepting for a distance of about six miles on the Southern and eighteen miles on the Northern Line.

Acting upon the advice of Mr. N. T. Dagne, an Engineer of considerable eminence, the Canterbury Government estimates the cost of the Railways at an average of £8,000 per mile for the Southern Line, including the large bridges, and £10,000 for the Northern Line.

The total expenditure on the whole of the above works, and on the completion of the Lyttelton Railway, is estimated at £1,400,000. Such expenditure would be spread over a period of at least six years. No considerable sum would be required for six months from the present time.

Assuming that a capital of £1,400,000 is raised at a charge of 6 per cent. interest and 1 per cent. Sinking Fund, the annual charge when the whole sum has been expended will be £98,000. Of course, the whole of this sum will not have to be provided for until the works are completed.

IV. Returns from the Railways and Harbour Works.

1. The returns from the Harbour Works will consist of dock and wharfage charges. It is hardly practicable to form any accurate estimate of their exact amount.

2. The returns from the railways, though less uncertain, must also to a great extent be conjectural only. One source of income, however, can be arrived at with tolerable certainty, viz., the produce to be conveyed from and supplies to the sheep and cattle stations. The value of wool exported from Canterbury in 1861 was £195,000; in 1863 it had increased to £340,000. The number of bales shipped last season were 18,363. In three years from this time they will be at least 30,000. On the completion of the railways, the whole of the wool of the Province will be conveyed by it, and, at a very large reduction on the present rates of carriage, will yield £28,000. The return loads to the stations throughout the year are generally taken at an equal amount, but in the present estimate they are assumed to yield only £17,000—making a total for station traffic of £40,000. By the time the railways are completed and the whole amount of interest and Sinking Fund has become payable, the whole export will largely exceed that above stated. This is provided, therefore—

By two-fifths of the Land Revenue	...	...	...	...	...	...	£70,000
„ Returns for station traffic	...	...	...	...	...	...	40,000
							<hr/> £110,000

To meet a charge for interest and Sinking Fund, £98,000.

This will leave the whole of the Passenger Traffic and the conveyance of Stock, Agricultural Produce, and other goods, in fact the whole of the goods traffic of the Province excepting that from the stations, as well as the returns from the Harbour Works, to be charged merely with the working expenses. It seems almost beyond question that, even were the cost of the whole of the contemplated works charged against the traffic which will exist in three years, the provision proposed to be made for their cost would be more than sufficient. It is assumed that the traffic of the Province ten years hence will make the contemplated works entirely self-supporting.

It should be borne in mind that the Canterbury Railways will be constructed under circumstances most favorable to profit.

1. The cost of acquiring land will be almost nominal,

2. The cost of construction, owing to the perfectly level character of the country to be traversed, will be small.

3. Owing to the same circumstance, the cost of working will be low. The engines to be employed will be very light, and consequently the wear and tear of the line will be small.

4. Lyttelton being the shipping port for Canterbury, and for a considerable portion of Nelson, the whole of the exportable produce of that tract of country, and nearly the whole of its imports, must pass over the Railway.

5. The most profitable part of the line, viz., that within 25 miles on each side of Christchurch, will be undertaken first.

V. The Present Application of the Provincial Government of Canterbury.

Notwithstanding the evident advantages to be derived from the works above-mentioned, and the great necessity which exists for them, the Provincial Government finds itself unable to undertake them, because its Debentures, in common with those of the other Provinces of New Zealand, have become next to unsaleable in the London market. The concurrent testimony of the Agent of the Province and other friends in London, and of information received from time to time through the various Banks, proves that the circumstance is owing not so much to a temporary scarcity of money as to the unsatisfactory nature of the security which alone the New Zealand Provinces can offer to their creditors, and to the refusal of the Committee of the Stock Exchange to allow Provincial loans to be quoted there.

In the case of the Lyttelton and Christchurch Railway Loan, two-thirds of which undertaking may be said to be completed, the Union Bank of Australia has been unable to sell any Debentures

in the market—out of £100,000 worth entrusted to it, has got rid of only £30,000 to persons connected or resident in the Colony. At the same time that this Loan would not sell, a Loan for the Colony of Queensland was disposed of by the same Bank without any difficulty, and on very favourable terms. Unless, therefore, the General Government feels itself justified in assisting the Provincial Government to undertake, by anticipation of its revenue, such important public works as can only be executed by that means, and as now become indispensable to the development of the Provincial resources, there seems little doubt that the colonization and the progress of the Province will receive a serious and lamentable check.

The Provincial Government suggests that assistance may be given either—

1. By a guarantee on the part of the General Assembly of the Provincial Loans already authorised, and of such further Loans as may complete the sum of £1,500,000 ; or,

2. By Loans being raised on the credit of the Colony to such amount as may appear justifiable for the execution of specific public works within the Province.

In either case, all necessary conditions being imposed for the proper application of the amounts raised and for the punctual payment of the interest and Sinking Fund out of the Provincial Revenue.

The second alternative appears the more advisable one, because it is probable that under any circumstances a Colonial Loan would sell on better terms than a Provincial Loan ; and also because under this plan it might probably be practicable to make arrangements under which the Province would draw from the Colonial Treasury from time to time such sums only as it actually required.

A third alternative has been suggested, viz., for the General Assembly to transfer by *law* to the several Provinces the whole of their Territorial Revenues, subject to existing charges. The Provincial Government does not recommend this proposal for adoption.

The request of the Provincial Government of Canterbury is, that His Excellency's Ministers will undertake to propose to the General Assembly, at its next sitting, as a Government measure, a Bill for giving effect to one of the two proposals first above mentioned,

JOHN HALL,
Secretary for Public Works,
Canterbury.

26th July, 1864.

No. 2.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, CANTERBURY.

Colonial Secretary's Office,

Auckland, 27th July, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 9th instant, No. 249, on the subject of the Canterbury Loans, in which your Honor introduces Mr. Hall.

I have received also from Mr. Hall a memorandum "on the existing financial condition of the Province of Canterbury, and the Works proposed to be undertaken by the Government of that Province" in which he points out that the Debentures of and under the Ordinances of the Provincial Legislature have become next to unsaleable in the London market, a fact which, upon the authority of the Agent of the Province, and other firms in London, and of information received through the Banks, he attributes "not so much to a temporary scarcity of money as to the unsatisfactory nature of the security and to the refusal of the Committee of the Stock Exchange to allow Provincial Loans to be quoted there."

Mr. Hall states that "the Provincial Government suggests that assistance may be given, either—

"1. Say a guarantee on the part of the General Assembly of the Provincial Loans already authorised, and of such further Loans as may complete the sum of £1,500,000 ; or

"2. By Loans being raised on the credit of the colony to such an amount as may appear justifiable for the execution of specific Public Works within the Province."

"The request of the Provincial Government of Canterbury is that is Excellency's Ministers will undertake to propose to the General Assembly at its next sitting as a Government measure a Bill to give effect to one of the proposals above intimated.

The General Government has for some time past felt it necessary to give its special attention to the subject of Provincial Loans, and the present application of the Provincial Government of Canterbury and one of a similar nature from the Superintendent of Otago have rendered it necessary that some course of action should be determined on by the Government.

It is obvious that in making any provision for the future, the position of creditors who have advanced the money already raised in the different Provinces must not be overlooked. The question as to how far the Government of the Colony is liable legally, equitably, or morally, for the security to creditors of money borrowed by the New Zealand Provinces has often been discussed during the last Session of the General Assembly. A Select Committee of the House of Representatives was appointed to whom the subject of Provincial Loans generally was referred; no satisfactory result was attained by this Committee, which made no report upon the general question referred to them, but amongst other points which they considered, they appear to have given especial attention to the question of liability above referred to. The proceedings of this Committee with other established facts strongly impressed

the Government that it had become necessary for the Assembly to deal with the question in a comprehensive manner at an early period, and although too late in the Session when the Committee had concluded its labors, for any further steps, it was obvious that some Legislation would be required in the following Session, subsequent events have entirely confirmed this view.

It appears to this Government that whatever may be the actual liability of the Colony in respect of Provincial Loans a very strong feeling exists especially in England, that at least it is the duty of the General Government to see that the money borrowed with its sanction under Acts or Ordinances assented to by the Governor is repaid with engagements, as respects interest and sinking fund, fulfilled.

I do not propose to discuss the question as to how far Creditors, having regard to the security they have accepted, can reasonably entertain expectations that the Revenues of the Colony, in no way pledged to them, should be considered liable for the engagements contracted with them, but I must admit the fact that many of them in common with a considerable portion of the Public at large do entertain such expectations, it is therefore a question, setting aside other considerations, whether the General Assembly should not, as a matter of Policy, take entirely under its own control the raising of Loans on the security of the Public Revenues and Property, and there can be no doubt that it is of importance to the credit of the Colony generally, that the credit of the Provinces should not be damaged in its money-borrowing transactions.

This Government is also ready freely to acknowledge that, having regard to the liabilities which the Southern Provinces are readily incurring for objects more particularly effecting the Northern Island, they establish a substantial claim to any assurance which can be prudently rendered by affording them the use of the credit of the Colony to raise money for great public objects, which could not otherwise be obtained, or if obtained, only at a seriously enhanced cost. The impossibility of negotiating the Provincial Loans, which have been authorised by the Provincial Legislatures of Canterbury and Otago, of course presses this portion of the subject strongly on the consideration of the General Government.

In short, this Government is clearly of opinion that it is the interest both of the Colony at large and of the Provinces, that the power to borrow money should be confined to the General Assembly, or at all events that no borrowing should be permitted without its consent, and that the credit of the Colony should be pledged for such money as the General Assembly may consent should be raised for the use of the several Provinces, so as to enable them to obtain it at a lower cost.

For the purpose of giving effect to these views the Government will be prepared to propose a Bill in the next General Assembly.

1. To guarantee on behalf of the Colony the Loans which have already been authorised by Act or Ordinance of the Provincial Legislatures, assented to by the General Government.

2. To prevent Provincial Legislatures from passing Loan Acts for the future, so that money to be raised on the Credit of the Public Revenues and property, shall only be borrowed under the sanction of an Act of the General Assembly.

This arrangement will give the several Provinces the benefit of the Colonial Credit for raising the greater part of the money already authorised by Acts heretofore passed. With regard to Canterbury, it appears from Mr. Hall's statement that the total amount actually raised by Loan in that Province to the 1st of April last is only £130,000, leaving a large sum already authorised to be raised on the credit of the Colony, if the General Assembly coincides in the views of the Government and grants the proposed guarantee.

With regard to any further sums which it may be found prudent and desirable to raise in order to carry out the Works contemplated by the Province of Canterbury, and detailed in Mr. Hall's memorandum, that will be a question for the General Assembly, but I will add on the part of this Government that, although it cannot concur in everything that Mr. Hall advances, it is ready to admit that a strong case is made out in favor of further assistance.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Canterbury.

PROVINCE OF OTAGO.

No. 1.

MEMORANDUM SUBMITTED TO MINISTERS BY HIS HONOR THE SUPERINTENDENT OF OTAGO.

In accordance with the understanding arrived at during an interview with Ministers, on the 20th July, instant, the Superintendent of the Province of Otago submits for their consideration the following observations and remarks on the Loans of that Province, and on its present and prospective financial position.

The Superintendent purposes to present the subject to Ministers briefly under five heads namely:—

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First. The necessity for resorting to Loans, in order to the performance of extensive Public Works.

Secondly. The existing Otago Loans and their position in Great Britain.

Thirdly. The financial position of the Province.

Fourthly. The means by which the Province may be relieved from prospective difficulties.

Fifthly. Suggestive observations on future Loans for Provincial purposes.

1st. The necessity for resorting to Loans &c.

From the date of the first settlement of Otago in 1848 until the year 1861 when the discovery of Gold was made, the progress of the Province had been of so gradual a character that the Provincial Government did not consider itself at liberty to mortgage its Capital and future Revenues in order to carry out Public Works on an extensive scale.

In the year 1861, however, a great change was at hand—Gold was produced in large quantities, and an enormous increase to the population immediately followed. Public Works of a character, and to an extent which had not before been dreamt of as likely to become necessary for many years to come, were immediately demanded, and the result has been that an unusually large expenditure has taken place within the past two years, and which, under the ordinary conditions of colonization would have been distributed over a period of from fifteen to twenty years. It soon became apparent that the numerous demands upon the Government could not be satisfied from Territorial and Ordinary Revenue, and that it was a matter of necessity that those Revenues should be partially made available by anticipation. Hence the Loan Ordinances of 1861—2, which, having been passed by the Provincial Council, were, under the circumstances, assented to by His Excellency the Governor.

2nd. The existing Otago Loans and their position, &c.

		£	s.	d.
Amount authorised to be raised under	Loan Ordinance, 1856, - -	35,000	0	0
" " "	Harbour Loan Ordinance, 1861,	50,000	0	0
" " "	Public Buildings Loan Ordinance,			
	1861—2, - -	50,000	0	0
" " "	Otago Loan Ordinance, 1861—2,	50,000	0	0
" " "	Otago Loan Ordinance, 1862,	500,000	0	0
Total of Otago Loans - - - - -		£685,000	0	0

Amount of Debentures sold, forming part of the above Loans :—

	£	s.	d.
The whole of Loan of 1856, - - - - -	35,000	0	0
Part of Otago Loan, 1861—2 - - - - -	7,000	0	0
Part of Otago Loan, 1862, - - - - -	38,000	0	0
Total of Debentures sold - - - - -	£80,000	0	0
Balance of Debentures undisposed of - - - - -	£605,000	0	0

The first Loan, of £35,000, was placed in the hands of the Provincial Agents in Great Britain at different times, and sold in small sums, as the circumstances of the Province required. No considerable difficulty was therefore experienced in the matter of its disposal, the more especially as it was not found necessary to have recourse to the means usually resorted to in negotiating large Loans, viz., the medium of the Stock Exchange. The position of the other Loans is, however, widely different. At the time when it was found necessary to place the Half-million Loan on the English market, difficulties, some of which could not have been easily foreseen, and others which until then, though in existence were not recognised, presented insuperable obstacles to its disposal. The principal of these difficulties were, 1st. : The unusual stringency which then prevailed in the money market of England. 2nd. : The known existence of a serious and expensive war in New Zealand, which would inevitably result in a Colonial Loan ; and the almost immediately subsequent announcement that such a Loan, amounting to £3,000,000, had been authorized by the New Zealand Parliament.

3rd. The overshadowing effect of the last mentioned Loan, and its known character as creating a preferential charge upon the Territorial and other Revenues of the Colony, and the consequent refusal of the Committee of the Stock Exchange to recognise merely Provincial Loans as marketable securities.

Thirdly. The Financial Position of the Province.

STATEMENT of Estimated Expenditure of the Provincial Government of Otago for the remainder of the Half-year ending 30th September, 1864.

	JUNE.	JULY.	AUGUST.	SEPTEMBER.
Salaries, Contingencies, Grants, &c. - - -	£2,300	£30,295	£24,504	£42,881
Contracts, Day Labour, &c. - - - -	1,500	36,839	23,628	20,216
Loans, Bank Interest, &c. - - - -	2,500			18,865
Loan to Town Board - - - - -	1,000	6,000	6,000	6,000
	£7,300	£73,134	£54,132	£87,963

On the 27th June, 1864, the overdraft at the Bank of New Zealand, in Dunedin, was £113,012 9s. 5d., but on the 4th July, instant, it had been reduced to about £75,000; which amount the Provincial Government is not at liberty to exceed.

It will be seen by the foregoing Estimates of Revenue for the Half-year from the 1st of April to the 30th September, 1864, and of Expenditure from the 27th June to the 30th September, that the deficiency to be made good by Debentures or otherwise was likely to be of considerable amount. On a careful examination of the condition of the Provincial Accounts at the beginning of the present month the Superintendent, with the aid of the Provincial Treasurer, found that in all probability the deficiency at the end of the current financial year (30th Sept, 1864), would amount to about £40,000.

Assuming this position to be approximately correct, the general financial position of the Province would appear to be somewhat as follows.—

Loans, valued at Par.

	£	s.	d.
Otago Harbour Loan, 1861—2, - - - - -	50,000	0	0
„ Loan, 1861—2, (for general purposes) £50,000, less Debentures sold £7,000 - - - - -	43,000	0	0
„ Public Buildings Loan, 1861—2, - - - - -	50,000	0	0
„ Loan of 1862, £500,000, less sold £38,000 - - - - -	462,000	0	0
	£605,000	0	0

Liabilities.

	£	s.	d.
Debt to Bank of New Zealand in London - - - - -	212,000	0	0
Ditto in Dunedin - - - - -	75,000	0	0
Balance of £35,000, Loan of 1856, to be repaid, - - - - -	16,000	0	0
Probable deficit on account of Half-year ending 30th September, 1864, - - - - -	40,000	0	0
	£343,000	0	0

Shewing a Balance of £262,000—to become available out of existing Loans, which amount the Superintendent considers sufficient to provide for all immediately required Public Works,—Railways excepted.

Fourthly. The difficulties which prospectively threaten the Province, and the means by which they may be avoided.

These difficulties are twofold and are connected with existing arrangements between the Provincial Government and the Bank of New Zealand.

By those arrangements the Bank of New Zealand will be entitled on His Excellency's assent being given to the “Otago Loan Ordinance 1862, Amendment Ordinance 1864,” to sell at any price which can be obtained for them, Otago Debentures to the amount of the united overdrafts upon that Bank in London and Dunedin. Should this power be acted on by the Bank a loss most serious in character and amount would be sustained by the Province. Further, as already stated, the Provincial Government cannot exceed the limits of its present overdraft in Otago consequently, the possibility exists that the Government may not be able to meet the whole of its liabilities for the current financial half-year. In order to avert either or both of these evils, the Superintendent suggests that the Government should afford an assurance that they will prepare and introduce as a Government measure at the next Session of the New Zealand Parliament, a Bill by which the guarantee of the Colony may be given to the existing Loans of the Province, in order that they may be enabled to rank in the English Market as Colonial and not merely as Provincial Securities. And further that should it become necessary to do so, the Government will make a temporary advance to the Province of from £40,000 to £50,000 to enable it to meet existing engagements entered into previously to the fact being known that Provincial Debentures were unmarketable securities. As security for the repayment of such advance the Superintendent would be willing to place with the Government Provincial

Debentures to the amount of £100,000, or give such other security as may not be considered inconsistent with the relative positions of the General and Provincial Governments.

Sic in orig.
 Sic in orig.

The Superintendent is of opinion that the claims of the Province of Otago to participate in the benefits to accrue from the application of a Colonial Guarantee of its existing loans, are based on nothing less than bare justice. During the past two years its contributions to the General Revenue, from Customs alone, amount to £——, while the contributions thereto by the whole of the Northern Island amounted to only £——, and it may be fairly affirmed that the advantages it has derived from the expenditure of the General Revenue have been small compared to the large exactions to which it has been subject. Further, a large proportion of the New Zealand Loan of three millions sterling, to be raised upon the credit of the Colony, is specially destined to promote the colonization of the Northern Island, while the remainder will be absorbed by a War, in which the colonists of the Middle Island possess no local interest and from which they will derive no appreciable benefit.

On an assurance being given that a Guarantee Bill will be introduced to the Assembly by the Government, the Superintendent believes that the Bank of New Zealand would be enabled to negotiate the Otago Debentures upon favorable terms, or, failing to do so, that they would, instead of allowing them to be sacrificed, wait until the Guarantee Bill had become law, and by affording such temporary advances as may be required by it the Province will be relieved from the possibility of its credit being endangered.

Fifthly. There can be little doubt that, in order fairly to develop the resources of the Province and promote colonization, Railways must be constructed to afford that cheap, certain, and rapid communication between the centres of commerce and the more remote districts, by which alone a remunerative occupation of the interior of the country by a large settled population can be effected. As these works would involve not only a great outlay, but also considerable risks, if viewed from a purely commercial point of view, it is not likely that any satisfactory arrangement could be made for their construction by either a public or a private company. The works would therefore necessarily devolve upon the Government, and can only be erected by means of extensive loans.

As other Provinces are, equally with the Province of Otago, interested in this important subject, the Superintendent is of opinion that it is exceedingly desirable that some general principle should be adopted by which all future Loans for Provincial purposes should be negotiated.

He is of opinion that in all cases the following conditions should exist:—

1st. That the Province desirous of borrowing should show sufficient security for the repayment of principal and interest within a certain limited number of years,

2nd. That the purposes for which each Province shall be allowed to borrow shall be clearly defined, and that the works to be undertaken shall be in all cases such as are calculated to develop the resources of the Province, and promote its colonization.

J. HYDE HARRIS,
 Superintendent, Otago.

26th July, 1864.

No. 2.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, OTAGO.

Colonial Secretary's Office,
 Auckland, 27th July, 1864.

SIR,—

I have the honor to acknowledge the receipt of your memorandum of this day's date forwarded to me in accordance with the understanding arrived at during an interview with Ministers, on the 20th July, on the subject of the Loans of the Province of Otago and on its present and prospective financial position. From this memorandum, which fully enters into the subject to which it refers, you suggest that this Government "should afford an assurance that they will prepare and introduce, as a Government measure, at the next session of the New Zealand Parliament, a Bill by which the guarantee of the Colony may be given to the existing Loans of the Province in order that they may be enabled to rank in the English market or Colonial, and not merely as Provincial securities, and further, should it become necessary to do so the Government will make a temporary advance to the Province of from £40,000 to £50,000, to enable it to meet its existing engagements, entered into previously to the fact being known that Provincial Debentures were unmarketable securities."

The General Government has for some time past felt it necessary to give its special attention to the subject of Provincial Loans, and the present application from yourself, and one of a similar nature from the Superintendent of Canterbury, have rendered it necessary that some course of action should be determined on by the Government.

It is obvious that in making any provision for the future, the position of creditors who have advanced the money already raised in the different Provinces must not be overlooked. The question as to how far the Government of the Colony is liable legally, equitably, or morally, on the security to creditors of money borrowed by the New Zealand provinces has often been discussed. During the last Session of the General Assembly a Select Committee of the House of Representatives was appointed, to whom the subject of Provincial Loans generally was referred; no satisfactory result was attained by this Committee, which made no report upon the general question referred to them, but, amongst other points which they considered, they appeared to have given especial attention to the question of liability

above referred to. The proceedings of this Committee, with other established facts, strongly impressed the Government that it had become necessary for the Assembly to deal with the question in a comprehensive manner at an early period, and although too late in the Session when the Committee had concluded its labours for any further steps, it was obvious that some legislation would be required in the following Session. Subsequent events have entirely confirmed this view.

It appears to this Government that whatever may be the actual liability of the Colony in respect of Provincial Loans, a very strong feeling exists, especially in England, that at least it is the duty of the General Government to see that the money borrowed with its sanction under Acts or Ordinances assented to by the Governor is repaid, with engagements as respects interest and sinking-fund fulfilled.

I do not propose to discuss the question as to how far creditors, having regard to the security they have accepted, can reasonably entertain expectations that the Revenues of the Colony, in being pledged to them, should be considered liable for the engagements contracted with them, but I must admit the fact that many of them, in common with a considerable portion of the public at large, do entertain such expectations; it is therefore a question, setting aside other considerations, whether the General Assembly should not, as a matter of policy, take entirely under its own control the raising of Loans on the security of the Public Revenues and Property, and there can be no doubt that it is of importance to the credit of the Colony, generally, that the credit of the Provinces should not be damaged in its money-borrowing transactions.

This Government is also ready freely to acknowledge that, having regard to the liabilities which the Southern Provinces are readily incurring for objects more particularly affecting the Northern Island, they establish a substantial claim to any assurance which can be prudently rendered by affording them the use of the credit of the Colony to raise money for great public objects, which could not otherwise be obtained, or if obtained, only at a seriously enhanced cost. The impossibility of negotiating the Provincial Loans, which have been authorised by the Provincial Legislatures of Canterbury and Otago, of course presses this portion of the subject strongly on the consideration of the General Government.

In short, this Government is clearly of opinion that it is the interest both of the Colony at large and of the Provinces, that the power to borrow money should be confined to the Assembly, or at all events that no borrowing should be permitted without its consent, and that the credit of the Colony should be pledged for such money as the General Assembly may consent should be raised for the use of the several Provinces, so as to enable them to obtain it at a lower cost.

For the purpose of giving effect to these views the Government will be prepared to propose a Bill in the next General Assembly:

1. To guarantee on behalf of the Colony the Loans which have been already authorised by Act or Ordinance of the Provincial Legislatures, assented to by the General Government.

2. To prevent Provincial Legislatures from passing Loan Acts for the future, so that money to be raised on the credit of the Public Revenues and Property shall only be borrowed under the sanction of an Act of the General Assembly.

This arrangement will give the several Provinces the benefit of the Colonial Credit for raising the greater part of the money already authorised by Acts heretofore passed. With regard to Otago, it appears from your statement that the total amount actually raised by Loan in that Province up to the present is only £80,000, leaving a large sum already authorised to be raised on the credit of the Colony, if the General Assembly coincides in the views of the Government and grants the proposed guarantee.

With regard to any further sums which it may be found prudent and desirable to raise in order to carry out the Works in Otago, and detailed in your memorandum; that will be a question for the General Assembly, but I will only add, on the part of this Government, that although it cannot concur in everything that you advance, it is ready to admit that a strong case is made out in favour of further assistance.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Otago.

No. 3.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, OTAGO.

Colonial Secretary's Office,
27th September, 1864.

SIR,—

With reference to previous correspondence on the subject of a temporary advance of £40,000 or £50,000, to enable the Province of Otago to meet its existing engagements, I have to express my regret that, as the New Zealand Loan of £3,000,000 has not yet been negotiated the General Government is quite unable to make any advance to the Province of Otago.

I have, &c.,

WILLIAM FOX.

His Honor
The Superintendent,
Otago.

H

THE SUPERINTENDENT, OTAGO, TO THE COLONIAL SECRETARY.

Province of Otago, New Zealand,
Superintendent's Office,

Dunedin, 25th June, 1864.

(No. 3529.)

SIR,—

I have the honor to enclose the undermentioned Bills, in duplicate, passed at the last session of the Provincial Council, which I have reserved for the signification of His Excellency's pleasure thereon, viz:—

“The Otago Harbour Loan Ordinance, 1862, Amendment Ordinance, 1864.”

“The Otago Public Buildings Loan Ordinance, 1862, Amendment Ordinance, 1864.”

“The Otago Loan Ordinance, 1862, Amendment Ordinance, 1864.”

“The Education Reserves Management and Leasing Ordinance, 1864.”

The passing of the three Loan Amendment Ordinances has become a public necessity, the Provincial Loans being undisposable at par, and the requirement by the Province of funds to carry out existing Contracts, and to liquidate liabilities to the Bank of New Zealand being urgent.

It is my intention to leave Dunedin for Auckland on the 5th July, by the “Lady Bird,” in order to obtain an interview with the Government relative to the present financial position of this Province.

I have, &c.,

J. HYDE HARRIS,
Superintendent.

The Hon. the Colonial Secretary.

No. 5.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, OTAGO.

Colonial Secretary's Office,
Auckland, 2nd September, 1864.

(No. 273.)

SIR,—

I have to acknowledge the receipt of your Honor's letter, No. 3,529, dated the 25th of June last, enclosing four Bills, passed at the last session of the Provincial Council of Otago, and which you have reserved for the signification of the Governor's pleasure thereon.

His Excellency has been pleased to assent to the three undermentioned Ordinances:—

“The Otago Harbour Loan Ordinance, 1862; Amendment Ordinance, 1864.”

“The Otago Public Buildings Loan Ordinance, 1862; Amendment Ordinance, 1864.”

“The Otago Loan Ordinance, 1862; Amendment Ordinance, 1864.”

I return, accordingly, to your Honor copies of these three Ordinances, with such assent duly noted on each.

I have to request your Honor to be good enough to authenticate, by your Manuscript signature, the *duplicate* copies, as well as the originals of Reserved Bills.

The remaining Bill, entitled the “Education Reserves Management and Leasing Ordinance, 1864,” refers to certain Lands described in the schedule annexed to an Ordinance entitled “Education Reserves Ordinance, 1864.” As this latter Ordinance has not been, as far as I am aware, received from your Honor, His Excellency cannot, until it arrives, be advised to decide with respect to the Bill now under consideration.

As the three months, within which His Excellency can give his assent to a Reserved Bill, will elapse on the 11th of October next, I have to request your Honor to forward to me copies of the “Education Reserves Ordinance, 1864,” by the earliest opportunity.

I have, &c.,

WILLIAM FOX.

His Honor
The Superintendent,
Otago.

PROVINCE OF SOUTHLAND.

No. 1.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 6th March 1863.

SIR,—

I have the honour to enclose authenticated copies, in duplicate of four Bills, named on the margin, which have been passed by the Provincial Council of Southland in the fourth session. They form a group, having reference to the same object.

In my communication of 4th February it was stated that the Provincial Government proposed to ask the sanction of the Provincial Council to construct a Tramway from this place northwards towards Whakatipu, and to borrow £120,000 for that specific object.

After some discussion, however, in the Provincial Council, the bills for those purposes were withdrawn, and it was resolved to authorise a large expenditure (£20,000) from the Provincial Revenues on the North Roads, and rely on them for the maintenance of the Whakatipu traffic throughout the winter and spring. In the same communication I stated that it was anticipated that £100,000 would be sufficient for the Bluff Railway, but the survey was incomplete at the time, and when the quantities were calculated it appeared that a Railway of the most substantial character could be constructed between the nearest points of the town of Campbelltown and Invercargill for £105,000. This sum would leave no great margin for contingencies, and would not provide for the extension of the line at both ends, through Campbelltown to the Jetty, and through Invercargill to the vacant space in the middle of the Town, on its west side. Neither of those last-named works could be proceeded with until authorised by an Act of the General Assembly; but they will become necessary. The first mentioned will be indispensable—when the the Railway draws towards completion.

The Council, when passing the Railway Bill—which it has done unanimously—considered some other Supplementary Works, such as a Jetty, Station, and Warehouses at the Mokomoko anchorage in the New River, and some other works, to be essential to the completion of the whole design. These works will involve an additional outlay of from £15,000 to £20,000, and consequently the sum which the Legislature of Southland has finally agreed to borrow, for the specific objects of the Railway and Jetty works connected therewith, amounts to £140,000.

I trust that the statistical information and the reports which are forwarded to you, by this mail, will satisfy your Government that the proposed expenditure will be both prudent and well directed, and that a Loan of £140,000 will in no way press injuriously on the finances of the Province. The Provincial Government entertains no doubt that the Revenue yielded by the line will, within a short time after its completion, be amply sufficient to meet the annual charges for extinguishing the debt.

The "Diversion of Roads Bill" is required to enable the Provincial Government to alter the road for a short distance when it crosses a part of the property of one individual—who has made no objection to the diversion.

I have to request that you will bring these Bills under the consideration of His Excellency the Governor, when I trust they will receive his assent.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 2.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, SOUTHLAND.

New Plymouth, 10th April, 1863.

(No. 107.)

SIR,—

I have the honor to inform you that the four Ordinances of the Provincial Council of Southland, named in the margin, having been laid before the Governor, His Excellency has been pleased to assent to the same.

I have, &c.,

ALFRED DOMETT.

His Honor the Superintendent,
Southland.

1. The Bluff and Invercargill Railway Ordinance.
2. The Debentures Ordinance.
3. The Diversion of Roads Ordinance.
4. The Appropriation Ordinance.

PAPERS RELATING TO

No. 3.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 1st May, 1863.

SIR,

I have the honor to acknowledge the receipt of your letter of 10th of April, in which you inform me that His Excellency the Governor has been pleased to assent to the following Ordinances of the Provincial Council of Southland, namely: 1. "The Bluff and Invercargill Railway Ordinance." 2. "The Debentures Ordinance." 3. "The Diversion of Roads Ordinance." 4. "The Appropriation Ordinance." And to express my thanks for the prompt communication of this intelligence.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 4.

THE HONORABLE MR. WOOD TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 17th April, 1863.

(No. 112)

SIR,—

I have the honor to inform you that the Bills forwarded in your Honor's letter of the 6th ultimo, as per margin, and reserved by you for the signification of the Governor's pleasure thereon, have been laid before His Excellency, who has been pleased to assent to the same.

I herewith return to you a copy of each of the Bills in question, with the Governor's assent duly noted thereon.

I have, &c.,

READER WOOD,
In the absence of Mr. Domett.

1. The Bluff and Invercargill Railway Ordinance.
2. The Debenture Ordinance.
3. The Diversion of Roads Ordinance.
4. The Appropriation Ordinance.

His Honor the Superintendent,
Southland.

No. 5.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 11th May, 1863.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 17th of April, enclosing copies of four Bills named on the margin, which were passed by the Provincial Council of Southland, and informing me of the assent of His Excellency the Governor thereto.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

1. The Bluff and Invercargill Railway Ordinance.
2. The Debenture Ordinance.
3. The Diversion of Roads Ordinance.
4. The Appropriation Ordinance.

The Hon. the Colonial Secretary,
Auckland.

No. 6.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 19th October, 1863.

SIR,—

I have the honor to enclose herewith certified copies of three Bills, named on the margin, which have been passed by the Provincial Council of Southland, in its fifth session.

I have already had the honor to give full explanations of the object of this work, and having received your assurance that a Loan Bill for the purpose of raising funds to construct this Railway

- Great Railway Bill,
Debentures Bill, No. 2.
Appropriation Bill, No. 2.

would receive your favorable consideration, I rely with confidence on your advising that this group of Bills should receive the assent of His Excellency the Governor. As time is a most important element in this matter I forward these Bills on being passed, and while the Provincial Council is still in Session, and I trust that you will have the goodness to return them by the next mail.

I have, &c.,

J. A. R. MENZIES.
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 7.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 14th December, 1863.,

(No. 416.)

SIR,—

Referring to the Debentures Ordinances, 1863, transmitted in your letter of the 19th Oct., last, which ordinance had been passed by the Provincial Council of Otago, and reserved for the Governor's assent, I have to inform your Honor that His Excellency the Governor will be advised to assent to that Bill, on your Honor setting apart (as provided in the Railway Loan Bill, submitted by the Government to the General Assembly) a sufficient quantity of land as security for this Loan.

I have to draw your Honor's attention to uninitialed manuscript alterations in the Bill referred to, and to request that care may be taken to avoid such irregularities in future Bills.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland,

No. 8.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Auckland, 15th December, 1863.

SIR,—

I have the honor to acknowledge your letter of yesterday's (14th) date, wherein you inform me that the "Debentures Ordinance, 1863," transmitted in my letter of 19th October last, "which Ordinance had been passed by the Provincial Council of Otago, and reserved for the Governor's assent," and with reference to this paragraph to observe that it contains some grave mistakes. I have never transmitted any "Otago" Bill under such circumstances. If your observations have been erroneously applied to an "Otago" Bill, and were meant to refer to a "Southland" Bill, I shall be gratified to receive a confirmation of the further information you give, that the Governor will be advised to assent to that Bill under certain conditions as to security.

I have, &c.,

J. A. R. MENZIES.
Superintendent of Southland.

The Hon. the Colonial Secretary,
Auckland.

No. 9.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 16th December, 1863.

SIR,—

In reply to your letter of yesterday's date, I have to inform your Honor that the word "Otago" in my letter No. 416, of the 14th instant, was a clerical error, and that the word "Southland" should have been used.

If you will return the letter to this office I will have the error at once rectified.

I have, &c.,

WILLIAM FOX

His Honor the Superintendent,
Southland.

I

PAPERS RELATING TO

No. 10.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

16th December, 1863.

SIR,—

I have to acknowledge your letter of this day's date, and, at your desire, now enclose your letter of 14th instant, in order that the error referred to may be amended. As it now appears that you referred to the "Southland Debentures Bill," I have the honour also to enclose a description of the tract of land, amounting to 68,400 acres or thereby, which it is proposed to set apart in security of the Loan to be raised under the provisions of the Bill above named. The area is in excess of the quantity required, as some of the land is of an inferior character. The particular character of the land in the block I will explain when pointing it out on the map to-morrow, at 10 o'clock. The last remark in your letter of 14th will receive my attention on returning to Southland,

I have, &c.,
J. A. R. MENZIES,
Superintendent of Southland.

The Hon. the Colonial Secretary,
Auckland.

Enclosure in No. 10.

All that parcel of land, containing 68,400 acres, or thereby, lying west of the Oreti River and north of the New River Hundred, comprising the Oreti Plain and parts of the Hundreds of Jacob's River and Aparima.

Bounded on the east by the Oreti River, on the north by the north boundary of the block of land comprised under the "Land Sales and Leases Ordinance, 1857," and by the production of that line due west until it meets the Opio Stream; on the west by the Opio Stream to its junction with the Otautau River, by the Otautau River to its junction with the Aparima River, and by the Aparima River to the north boundary of Block No. XIV, in Jacob's River Hundred; on the south by the north boundary of the said Block XIV., by the production of that line due east until it meets the Waimatuku River, by the Waimatuku River until it meets the north boundary of the New River Hundred to the starting point at its junction with the Oreti River. A small portion of this tract of land, amounting to 2,000 acres or thereby is excepted, as it has been already sold to Mr. Lawrence.

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

16th December, 1863.

No. 11.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office, Auckland,
18th December, 1863.

(No. 428.)

SIR,—

In reply to your Honor's letter of the 16th instant, enclosing a description of land of 68,400 acres in the Province of Southland, which it is proposed to set apart as security for the Loan to be raised under the "Debentures Ordinance, 1863," I have to inform your Honor that that Bill has been recommended for His Excellency's assent on the security of the above-mentioned land, subject to the report of the Receiver of Land Revenue as to the value of that land.

I return to your Honor a copy of the Bill in question, with the Governor's assent duly noted thereon.

I also return the original of my letter, No. 416, of the 14th instant, with the clerical error, referred to in my letter of the 16th instant, rectified.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland.

PROVINCIAL LOANS.

37 B.—No. 3.

No. 12.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 11th January, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of 18th ultimo, wherein you inform me that, subject to the report of the Receiver of Land Revenue here, as to the value of the 68,400 acres of land to be set apart as security for the Debentures to be raised under the "Debentures Ordinance No. 2, 1863," His Excellency has been advised to assent to the Bill in question.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 13.

THE ASSISTANT TREASURER TO THE RECEIVER OF LAND REVENUE, SOUTHLAND.

Colonial Treasury,
Auckland, December 21st, 1863.

(No. 312.)

SIR,—

I have the honor by the direction of Mr. Wood to transmit to you the enclosed copies of a correspondent, noted in the margin on the subject of setting apart 68,400 acres in the Province of Southland as security for the loan to be raised under the "Debentures Ordinance 1863," and I am to request you to communicate with his honor the Superintendent of Southland and to report as to the value of that land as soon as possible.

I have, &c.,

R. F. PORTER,
Assistant Treasurer.

Receiver of Land Revenue,
Invercargill.

The Superintendent
Southland, to the Colo-
nial Secretary.
16th December, 1863.
The Colonial Secretary,
to the Superintendent
Southland.
18th December, 1863.

No. 14.

THE UNDER SECRETARY TO THE RECEIVER OF LAND REVENUE, SOUTHLAND.

Colonial Secretary's Office,
Auckland, February 5th, 1864.

(No. 162.)

SIR,—

With reference to the letter of the 21st December last, No. 312, on the subject of the value of the land to be set apart as security for the Debentures under the Debentures Ordinance No. 2, 1863, I am directed by Mr. Fox to request you to reply to that communication as early as possible.

I have, &c.,

W. GISBORNE,
Under Secretary.

The Receiver of Land Revenue,
Southland.

No. 15.

THE RECEIVER OF LAND REVENUE, SOUTHLAND, TO THE COLONIAL TREASURER,

Office of Receiver of Land Revenue,
Invercargill, February 5th, 1864.

(No. 8-64.)

SIR,—

I have the honor to acknowledge receipt of your letter of 21st December 1863, transmitting copies of a correspondence (noted in the margin), on the subject of setting apart 68,400 acres in this Province as security for the loan to be raised under "Debentures Ordinance 1863," and requesting me to report as to the value of said Land.

In reply I do myself the honor to state, that I fully expected to have been able to forward by this mail my Report as required, based conjointly on information drawn from trustworthy and authentic sources, and on the result of personal inspection; but I regret to add that arrangements which I had made for visiting the locality on the first of this month, were obliged to be abandoned owing to the

The Superintendent
Southland, to the Colo-
nial Secretary.
16th December, 1863.
The Colonial Secretary,
to the Superintendent
Southland.
18th December, 1863.

adverse state of the weather, and other circumstances over which I had no control ; I have thus been prevented from testing the information I have gathered on the subject by personal examination in time to report by this mail.

I purpose however to carry out my intention of visiting the locality in a day or two if possible, and shall report the result by an early opportunity.

In the meantime I have the honor to state, that the opinion I have formed with regard to the Land in Question, from information drawn from sources on which I can rely—is, that while a portion of it—from 12,000 to 15,000 acres—is comparatively worthless,—being swampy and honey-combed,—the greater part of it is of fair average value and a considerable portion equal if not superior—to the best Land in the Province.

I have, &c.,

A. J. ELLES,

Receiver of Land Revenue for Southland.

The Hon. the Colonial Treasurer.

No. 16.

THE RECEIVER OF LAND REVENUE SOUTHLAND, TO THE COLONIAL SECRETARY.

Office of Receiver of Land Revenue,

Invercargill, 4th March, 1864.

(No. 14.64.

SIR,—

I have the honor to acknowledge receipt of your letter of the 5th ultimo, referring to a former letter from you of 21st Dec., on the subject of the value of land to be set apart as security for the Debentures under the "Debenture Ordinance No. 2, 1863," and requesting me to reply to the last-named letter as early as possible.

My letter of 5th February, containing a report on the value of the land in question—based on information drawn from what I considered reliable sources—will have been received by you by last mail.

In that letter I also stated my intention, at an early date, of testing, by personal inspection, the truth of the information on which the report therein contained was based. I have now the honor to report that I have carried out that intention, and see no reason to alter the opinion formerly expressed by me.

I have ridden over a considerable portion of the Land, and enclose a sketch, which will give a *general* idea of its quality and value.

As there shewn, the Land between the Opio and the Aparima River is very superior. A belt of good Land runs along the Eastern bank of the Aparima, and the Western bank of the Oreti ; the area comprised within these belts is an extensive plain, well grassed, but of the quality of which I could of course form only a very *general* idea, as it contains patches of swamp and crab holes, interspersed with good Land, which made riding over it impracticable ; but I have no hesitation in expressing my opinion that it will be found to contain as fair an average of good land as other areas, in this Province, of the same extent ; though, being entirely destitute of *Bush*, it may possibly not be *immediately* marketable. The portion marked "Waimatuk Moss" is utterly worthless.

I have, &c.,

A. G. ELLES,

Receiver of Land Revenue.

The Hon. the Colonial Secretary,
Auckland.

No. 17.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office, Auckland,

24th March, 1864.

SIR,—

Referring to previous correspondence on the subject of setting apart a sufficient quantity of land as security for the loan authorised to be raised in the "Debentures Ordinance, No. 2, 1863," I have to inform your Honor that the land, amounting to 68,400 acres so set apart by your Honor, has been reported by the Receiver of the Land Revenue in Southland as of sufficient value for such security.

I have, &c.,

WM. FOX,

Colonial Secretary.

His Honor the Superintendent,
Southland.

No. 18.

THE COLONIAL SECRETARY, TO THE RECEIVER OF LAND REVENUES, SOUTHLAND.

Colonial Secretary's Office,
24th March, 1864.

SIR,—

I am directed to acknowledge the receipt of your two letters, dated respectively the 5th of February last and 4th instant, in which you report on the value of the land set apart by the Provincial Government of Southland as security for the loan authorised to be raised in the "Debentures Ordinance, No. 2, 1863," and to return to you the thanks of the Government for the trouble which you have taken in this matter.

I have, &c.,
W. GISBORNE,
Under Secretary.

Receiver of Land Revenue,
Invercargill.

No. 19.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office, Southland,
16th April, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 24th March, and, in reply, to inform you that I am much gratified to learn that the Receiver of Land Revenue for this Province considers the land set apart as security for the Loan to be raised under the "Debentures Ordinance, No. 2, 1863," of the average value of arable land.

I have, &c.,
J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 20.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office, Southland,
4th February, 1864.

SIR,—

On returning from Auckland in January, my attention was drawn to the apparently large expenditure on the Bluff and Invercargill Railway, in excess of the sum estimated as the probable cost before the work began. On enquiry I found to my surprise, from the reports of the Engineer connected with it, that the cost, when completed, will exceed the sum anticipated by above £35,000. This excess is in a great measure accounted for by the fact that the rapidly expanding trade of the place led the Engineer to enlarge the works to a very considerable extent in many places to relieve the worst gradients, to increase the order for rolling stock and permanent way; for siding and double lines in places, and form the bridges for a double instead of a single line—works which at first were regarded as contingently but not immediately required. A further considerable expense is incurred by the necessity of forming a heavy embankment on the beach at the south end of Invercargill, in order to comply with the requirements of a clause introduced into the Act of Assembly in last session, on the report of the Hon. the Attorney-General, which altered the curve leading into Annan-street. On the propriety of making those alterations during the progress of the work, the Engineers are agreed, and as the contracts have for the most part been entered into, it becomes necessary for the Provincial Government to make provision for meeting the expense; and it intends to propose that a further Loan of £40,000 should be raised for this specific purpose. The Provincial Council meets on the 10th instant, and if it should approve of the proposal, the Bill will be transmitted without delay. The fact of the increasing traffic of the Province will not be disputed, when it appears from the quarterly returns that the Customs Revenue paid in the Province in the quarter ending 31st December, 1863, amounted to within a fraction of £20,000.

I am gratified to be able to assure you that the works on this railway proceed most satisfactorily, and that there is every reason to anticipate that before the winter has past it will be open for traffic.

As the Provincial Government is prepared to set apart a tract of agricultural country of a value equivalent to the sum of the Loan, in security for its repayment, I trust that the proposal will meet with your favorable consideration,

I have, &c.,
JAS. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 21.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office, Southland,
4th February, 1864.

SIR,—

As you are aware from former communications, the trade of this Province with the Whakatipu country has been a most important one to the interests of this Province. Every effort has been made to form and make efficient the main lines of communication. These efforts during the past year involved the Province in an expenditure much in excess of its revenue, and was met by overdraft on the Bank. The liabilities at the end of the last financial year (30th September, 1863) amounting to about £47,000, almost exclusively on this account, it was necessary still to continue those works, otherwise the benefit derived from the previous outlay would be in a great measure neutralised.

The result has been that, in the last four months, the liabilities on account of those works have increased to about £100,000. It is obvious that the prospective Revenue for the current and next years will be inadequate to meet current expenditure, and at the same time extinguish this debt; and the Provincial Government has therefore resolved to propose to the Provincial Council that the sum of £120,000 should be raised by way of Loan payable within 20 years, for the purpose of extinguishing it. The road works, for the construction of which this liability has been incurred, have been of the utmost advantage to the Province, in securing to it the Whakatipu trade; and the completion of the Oreti Railway, which we confidently rely on before the winter rains set in, will relieve the Province from the necessity of perfecting the line of road through the alluvial country traversed by that Railway, and which without such an alternative work would require a further outlay for roads, which in a few years would amount to a sum equal to the original cost of a line of Railway. In a previous communication, noted in the margin, I had the honor to draw your attention to those circumstances. As the Provincial Government, when transmitting any Bill for raising a Loan for this purpose which may be sanctioned by the Provincial Council, will also describe an area of average agricultural land which will be set apart as security for the Loan, it will rely on your approval of the security and entertaining the proposal favorably.

I have, &c..

JAS. A. R. MENZIES,
Superintendent.The Hon. the Colonial Secretary,
Auckland.

No. 22.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office, Auckland,
20th February, 1864.

(No. 49)

SIR,—

I have to acknowledge the receipt of your Honor's two letters, dated respectively the 4th instant, the one requesting the authorisation of a further Loan of £40,000 on account of the Bluff and Invercargill Railway and the other to a similar effect to the extent of £120,000 on account of the lines of communication with the Whakatipu country. In both cases the Provincial Government of Southland, when transmitting any Bill for raising Loans for these purposes which may be sanctioned by the Provincial Council, will also describe an area of agricultural land to be set apart as security for these Loans.

In reply, I have to inform your Honor that the General Government do not, at present, without further information and consideration, feel justified in acceding to your requests.

As the Hon. Mr. Gillies, the Postmaster-General, will have been in Southland since your Honor's letters were written, and as he is expected here immediately, the Government will defer their final reply till they have had an opportunity of consulting him.

In the meantime, it would be advisable that your Honor should not incur any liabilities in the expectation of the General Government assenting to the proposed Loan Bills.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland.

No. 23.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 8th March, 1864.

(No. 66.)

SIR,—

Referring to my letter, No. 40, of the 20th ultimo, on the subject of further loans proposed to be raised by the Province of Southland, for Railway purposes, I have to inform your Honor that the General Government, after a careful consideration of the matter, are of opinion that the utmost extent to which they can reasonably be expected to sanction a further Loan would be to authorize a sum sufficient to pay all the cost of completing the Railways in Southland sanctioned by the Legislature so far as that cost has been incurred or contracted for. It appears to the General Government that it would be a wholly unjustifiable proceeding to incur debt for current expenditure and to pay off such debt by loan. The General Government, except in the greatest emergency, could not sanction such a course.

It must also be understood that a sufficient quantity of Crown Land is set apart in the Province of Southland as a security, to cover the whole of the liabilities incurred in the way of loan.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland.

No. 24.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 31st March, 1864.

(No. 99.)

SIR,—

With reference to my letter No. 66, of the 8th instant, in the commencement of which, in referring to previous correspondence, the words "*Railway purposes*" are employed, I shall feel obliged if you would cause the words "*and other public works*" to be inserted immediately after the word "*Railway*," the latter word only comprising a portion of the objects for which the Loans are proposed to be raised.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland.

No. 25.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 20th April, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter No. 99, 31st of March, and in reply to inform you that I have caused the words "*and other Public works*" to be inserted immediately after the word "*Railway*" in your communication of the 8th ultimo, as requested.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 26.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 6th April, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter, as per margin, with reference to further Loans proposed to be raised by the Province of Southland, for Railway purposes, and to inform you that I have written on the subject in previous communications.

March 8th, 1864.

The extra cost on the Bluff Railway is to pay for work that has been contracted for, and the work which has been for some time in progress is absolutely essential to the proper working of the line

under the alterations of some parts that have been improved. I have every reason to believe that the whole work will be completed and open for traffic in July, it will therefore be apparent that a hesitation on your part to advise the assent of the Governor will have a most injurious effect on the credit of the Province, which is liable for this extra sum. The same remark is equally applicable to the Loan for £120,000. This Loan is applicable to liquidate debts already incurred almost exclusively for Roads. The exact sum on the 10th February was £96,000. The balance was added in order to make provision for meeting the excess of expenditure over the revenue for the current year in such a way as would meet with the approbation of the Colonial Treasurer, and that balance alone, namely, £24,000, would be permitted to be applied (and only in case that the revenue did not exceed the expectation of the Provincial Treasurer) to meet current expenditure, a proceeding which is rarely prudent but which may not be unjustifiable when the works to which it (this part of the Loan) is applied are of a permanent and reproductive character.

Tracings of two blocks of land, set apart for the two loans, were forwarded to you on the 14th ultimo, and I trust that no difficulty will be experienced in obtaining the Governor's assent to the two Bills.

I have, &c,

J. A. R. MEINZES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 27.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 27th April, 1864.

SIR,—

I have to acknowledge the receipt of your Honor's letter of the 6th instant, on the subject of the Loans proposed to be raised by the Province of Southland.

Your Honor will have seen from my letters, dated respectively 20th and 8th ultimo, that the General Government did not feel themselves justified in advising His Excellency the Governor to assent to the "Debentures Ordinance, No. 2, 1864," and the "Appropriation Ordinance, No. 2, 1864."

In my letter, dated 6th of this month, I have informed your Honor that the "Debentures Ordinance, No. 1, 1864," and the "Appropriation Ordinance, No. 1, 1864," will be assented to upon the General Government learning from the Receiver of Land Revenue that the land proposed to be set apart as security for the Loan referred to in these two latter Bills is of sufficient value,

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland.

No. 28.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 6th February, 1864.

SIR,—

I have the honor to request that the Ordinances named in the margin passed by the Provincial Council of Southland in its fifth session, and forwarded for the Governor's pleasure thereon on the 16th, 19th, and 22nd of October, respectively, may be returned if His Excellency's assent has been obtained thereto.

Oreti Railway Ordinance, 1863
Appropriation Ordinance, No. 2, 1863.
Oreti Railway Ordinance, 1863.

I have, &c.,

J. A. R. MEINZES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 29.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 20th February, 1864.

(No. 39.)

Sir,—

I have to acknowledge the receipt of your Honor's letter of the 6th instant, requesting that the Ordinances named in the margin, passed by the Provincial Council of Southland, and forwarded for the Governor's pleasure thereon, on the 16th, 19th, and 22nd October, respectively, may be returned if His Excellency's assent has been obtained thereto.

I return to you the two following Ordinances:—

"Oreti Railway Ordinance, 1863," and "Appropriation Ordinance, No. 2, 1863." duly assented to. I regret that these Ordinances have previously been overlooked, but as the assent has been given to these Bills within the three months after they have been received by the Governor, for the signification of His Excellency's pleasure thereon, I trust that no inconvenience will have ensued by this delay.

The third named Ordinance, "Oreti Railway Ordinance, 1863," has, I perceive, a title which is an exact repetition of the one first named, and I would have presumed that its mention was a clerical error were it not that in your letter three dates are mentioned as those on which the three specified Ordinances were forwarded.

If among the Ordinances sent about that time by your Honor any other Ordinance has been overlooked, which should have been assented to, I will advise His Excellency at once to assent to it, before the time within which such assent can be given has elapsed.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland.

Oreti Railway Ordinance, 1863.
Appropriation Ordinance, No. 2, 1863.
Oreti Railway Ordinance, 1863.

No. 30.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 14th March, 1864.

Sir,—

I have the honor to acknowledge the receipt of your letter of the 20th ultimo. The sketch plan of the lands proposed to be given in security of the Loans raised under the authority of the Bills passed in this session of the Provincial Council were not ready when the Loan Bill for £120,000 was sent to you; they are now enclosed. As that bill showed the existing liabilities amounted on the 10th of February to £96,000, and various other contracts in progress on roads and other public works rendered it necessary to borrow a larger sum than that amount—the whole or nearly so of the amount of the loan being virtually expended: under these circumstances the Provincial Government does not see its way to any course other than that of raising this particular loan, in order to maintain the credit of the Province. Fortunately the extent of good land in the Province affords an ample security.

The loan of £40,000, to complete the Bluff and Invercargill Railway, has been rendered necessary by the enlargement of certain works, extensions of parts, improvements of other parts, and some new works. It might have been more prudent to have avoided some of those for the present; others were unavoidable; and all have been contracted for; so that the additional sum is necessary in this other case for that specific purpose, to cover the liabilities for which the sum named will be ample, and leave a margin.

The Plan above referred to will specify the particular lands set apart in security for this last mentioned loan; and it is important that the Provincial Government should receive an early intimation that this has received the favourable consideration of the Governor, which I trust you will think it right to advise.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, March 5th, 1864.

SIR,—

The Debentures Ordinance, No. 2, 1864.
The Appropriation Ordinance, No. 2, 1864.

I have the honor to enclose herewith authenticated copies, in duplicate, of the Bills named in the margin, passed by the Provincial Council of Southland, in its sixth session, and to request that you will bring these Bills under the consideration of His Excellency the Governor, when I trust they will receive his assent.

The sum proposed to be raised is intended to cover a debt due to the Bank, which fluctuates from time to time, but which on the 10th of February amounted to £93,000. The Provincial Government proposes to set aside 60,000 acres of good average arable land in security for the repayment of this loan, of which a map will be sent by the earliest opportunity.

I have, &c.,

J. A. R. MENZIES,
Superintendent.The Hon. the Colonial Secretary,
Auckland.

No. 32.

THE HON. MR. GILLIES TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 22nd March, 1864.

(No. 84)

SIR,

I have to acknowledge the receipt of your Honor's letter, dated the 5th instant, transmitting the two undermentioned Bills, namely, "The Debentures Ordinance No. 2, 1864," and the "Appropriation Ordinance No. 2, 1864," which had been passed by the Provincial Council of Southland, and reserved by your Honor for the Governor's assent.

In reply, I have to refer your Honor to my letter of the 8th instant on the subject of the Loan authorized to be raised and appropriated in these Bills, and you will perceive from that letter that Ministers cannot advise His Excellency to assent to these Bills.

I have, &c.,

THOMAS B. GILLIES,
In the absence of Mr. Fox.His Honor the Superintendent,
Southland.

No. 33.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 14th April, 1864.

SIR,—

I have the honor to acknowledge the receipt of yours of the 22nd of March, and learn with great concern that you have not advised His Excellency to assent to the "Southland Loan Ordinance" for £120,000. I trust that on further consideration your Government, seeing the serious evils that would arise from a disallowance of this Ordinance, will see reason for advising that His Excellency's assent shall be given to it.

I have previously stated that this debt has been incurred chiefly in construction of roads on that line—which is of the utmost importance for the traffic of Southland—the route to Whakatipu. The debt is due, and the only way to meet that debt that the Provincial authorities saw their way to, was by passing a Loan Ordinance. At the same time it was agreed to hypothecate an extent of land of value equal to the amount of the loan. It appeared to the Provincial Government that this provision should have been sufficient to satisfy the General Government of the ability of the Province to meet this debt, and of its desire to extinguish it. If the Ordinance authorising this Loan should be disallowed, or even delayed, the injury to the Province will be incalculable: the railway works, which are drawing near completion (will indeed be completed in about two months), will be stopped—as well as other public works—just at the moment when they ought, if proceeded with in a short time, begin to yield a revenue; the credit of the Province will be destroyed, and the value of the loans already sanctioned, and their sale will be materially affected; and the end to be attained by a proceeding which will bring about such pernicious results is not clearly comprehended by the Provincial Government. The debt is due; the Provincial Government proposes to pay it by a loan; the General Government objects to assent to the Loan Bill; not surely on the plea that the debt should not be paid, but, as I suppose, that it should not be paid in that way. Well, then, will you, Sir, inform me

how the General Government proposes that this debt should be met? for I assume that the object of your Government is to maintain the credit of the Province. It would be monstrous to suppose that it would deliberately refuse its assent to action taken by a Province to meet a debt, merely because it held the opinion that the Province should not have incurred that debt, when the effect of such refusal would damn the credit of the Province. Or, if you have no other plan to suggest by which this debt could be better met, will you inform me upon what further stipulations—beyond hypothecation of land—you will agree to advise the assent of His Excellency to the Loan Ordinance? I trust that you will favour me with a reply without delay, as I feel keenly that the matter is one of vital importance to the Province, and in which delay may ultimately be as injurious as disallowance.

I have, &c.,

J. A. R. MENZIES.

Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 34.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,

Southland, March 16th, 1864.

SIR,—

I have the honor to enclose herewith authenticated copies of two Bills, in duplicate, intituled respectively the "Debenture Ordinance No. 1, 1864," and the "Appropriation Ordinance No. 1, 1864." The one is a Bill to raise a Loan of £40,000, to complete the Bluff and Invercargill Railway, the other to appropriate the sum for that purpose.

As I have mentioned, in another communication sent by this mail, this sum will complete the Railway, and leave some little margin. *The contracts have all been taken with the exception of some minor ones for stations, and are in progress, so that the liabilities may be considered to exist.*

The Provincial Government has transmitted a Plan of a tract of land, nearly all of which is arable and of good quality, which it proposes to set apart in security for the repayment of this loan.

I trust that you will have no hesitation in recommending those Bills for the assent of His Excellency the Governor.

I have, &c.,

J. A. R. MENZIES,

Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 35.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,

Auckland, 6th April, 1864.

SIR,—

I have the honor to acknowledge the receipt of your two letters of the 14th and 16th ultimo, respectively, and, in reply, to inform your Honor that the tracing of the Land set apart by the Government of Southland as security for the proposed Loan of Forty Thousand Pounds has been referred to the Receiver of Land Revenue, at Invercargill, for his report as to its value, and, when such report is received, your Honor will be again communicated with.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland.

No. 36.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,

Southland, 23rd April, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter, of the 6th instant, informing me that a tracing of the land set apart as security for the proposed Loan had been referred to the Receiver

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of Land Revenue here, and I trust that on a favourable report being received from that gentleman that the Governor's assent to the Loan Bill may be speedily obtained, for reasons named in previous communications.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 37.

THE COLONIAL SECRETARY TO THE RECEIVER OF LAND REVENUE, INVERCARGILL.

Colonial Secretary's Office,
Auckland, 6th April, 1864.

No. 230.

SIR,—

£40,000

I am directed by Mr. FOX to enclose herewith a tracing of some land set apart by the Provincial Government of Southland as security for a proposed loan of Forty thousand pounds, and to request you to be good enough to examine it and report upon its value.

I am to request you to return the tracing for record in this office.

I have, &c.,

W. GISBORNE,
Under Secretary.

A. J. Elles, Esq.,
Receiver of Land Revenue,
Invercargill.

No. 38.

THE RECEIVER OF LAND REVENUE, INVERCARGILL, TO THE COLONIAL SECRETARY.

Office of Receiver of Land Revenue,
Invercargill, 10th May, 1864.

SIR,—

£40,000.

I have the honor to acknowledge receipt of your letter of 6th ultimo, enclosing tracing of land set apart by the Provincial Government of Southland as security for a proposed Loan of Forty thousand pounds, and requesting me to examine and report on the value of the said land.

I have accordingly examined the land, and have the honor to report that, although not in my opinion of first-rate intrinsic value (the portion near the river more particularly), being principally of a gravelly nature, and more adapted for pastoral than agricultural purposes, and moreover a portion of it being liable to be annually inundated, it will nevertheless, from the advantages of its locality as a whole, lying as it does on each side of one of the most important highways in the Province, always maintain a fair commercial value.

The portion subject to floods is that comprised between the Dipton and Oreti Rivers, and along the eastern bank of the Oreti from the confluence of the Dipton northwards.

I return the tracing as requested.

I have, &c.,

A. J. ELLES,
Receiver of Land Revenue.

The Hon. the Colonial Secretary,
Auckland,

No. 39.

THE COLONIAL SECRETARY TO THE RECEIVER OF LAND REVENUE, INVERCARGILL.

Colonial Secretary's Office, Auckland,
27th May, 1864.

SIR,—

(No. 35-64.)
10th May, 1864.
£40,000.

By direction of the Colonial Secretary, I have the honor to acknowledge the receipt of your letter of the number and date quoted in the margin, reporting on the value of the land offered by the Provincial Government of Southland as security for the proposed Loan of Forty thousand pounds.

I have, &c.,

W. GISBORNE,
Under Secretary.

A. J. Elles, Esq., Receiver of Land Revenue,
Invercargill.

No. 40.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office, Auckland,
7th May, 1864.

SIR,—

I have the honor to inform you that His Excellency the Governor has assented to the "Appropriation Ordinance, No. 3, 1864," and I enclose a duplicate copy in the usual manner.

The Government have felt great difficulty in advising His Excellency to give his assent to this Bill, and they have only done so from unwillingness to cause the great inconvenience arising from withholding assent from an Appropriation Ordinance, especially as the Governor was advised not to assent to that passed in the previous session of the Council.

But it must at the same time be distinctly understood that this Government entirely disapproves of the Estimates of Revenue and Expenditure upon which the Ordinance is founded.

Taking alone the last item in the Estimate of Revenue, this Government cannot understand upon what principle a sum of £23,947 3s. 11d. proposed to be raised by loan under the authority of an Ordinance not yet passed, is treated as Revenue. And on the other hand this Government cannot but deem the proposed authorised expenditure as altogether unjustifiable in the present financial position of the Province of Southland.

This Government trusts that the Provincial Government of Southland will see the impropriety of involving the Province in further financial embarrassments by entering on works of which they have not the funds to defray the cost, and that they will endeavour to retrieve the position of the Province by carrying on the necessary establishments of the Government with the greatest practicable economy.

I have, &c.,

WILLIAM FOX,
Colonial Secretary.

His Honor the Superintendent,
Southland.

No 41.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 7th May, 1864.

SIR,—

I have to inform your Honor that the Government has had under its most anxious consideration the financial position of the Province of Southland, and I have now to communicate to you its views thereon, and the decision arrived at as to the Loan Bill for £120,000, transmitted by you for the Governor's assent in your letter of the 5th of March last; and the "Invercargill Town Boards Ordinance, 1863, Amendment Ordinance," enclosed in another letter of the same date.

It appears that since March, 1863, the amount of money authorized to be raised by loan for the Province of Southland, has been £250,000; and that a promise has been made that a further Loan Bill for £40,000 will be recommended for the Governor's assent, if the Land proposed to be set apart by the Provincial Government as security shall be reported by the Receiver of Land Revenue to be sufficient. The Public Debt of the Province incurred since March, 1863, may therefore be taken to be £290,000, bearing interest at 6 per cent., with a sinking fund of 2 per cent., involving an annual charge of £23,200. It is true that this sum will have been invested in Railways, which may be calculated to be reproductive; but it cannot be expected that—at least for some time—the Railway income will more than meet the working expenses, thus leaving a large annual sum for the present to be met out of the ordinary Revenue of the Province.

It is now proposed to raise two further sums; one by a Loan Bill for £120,000, and another by a Loan Bill for £25,000; for although the latter sum is professedly for the Town of Invercargill, it is charged on the Provincial Revenue, and must therefore fairly be placed in the same category as the other, and considered as a liability of the Province. If these two sums were raised the public debt—before referred to—of the Province would amount to the large sum of £435,000, with an annual charge of £34,800: a debt sought by the Provincial Government to be incurred and spent in little more than one year.

With regard to the Loan Bill for £25,000, that may be disposed of at once. The money is proposed to be raised to be expended on Public Works; and it is clear that in the present financial difficulty of the Provinces it would not be prudent or right to add this burthen to those already existing. His Excellency, therefore, has been advised to withhold his assent to that Bill.

As to the proposed Loan for £120,000, there is more difficulty, as it appears that the money is required to pay off a debt due to a Bank for advances made. It is quite clear, of course, that this debt must be paid, and the only question is—by what means? The Provincial Government proposes a Loan, and offers no alternative. This Government very much regrets that it cannot take the same view, and has already arrived at the conclusion that the only legitimate and prudent way of meeting the present financial difficulty is by a careful management of the resources of the Province, and prudent

retrenchment of an extravagant expenditure of money, rather than by passing Loan Bills, and thus accumulating a still larger permanent debt by the issue of debentures. It is quite clear to this Government that, if there be another possible course open, the raising of more money on loan should not be resorted to.

It appears that the debt of the Provincial Government up to the present time is about £96,000—incurred without any lawful authority whatever. The estimated Revenue for eight months (rejecting of course as revenue the proceeds of debentures) is estimated at £74,850, or, after the rate of £112,275 for a year. On a careful consideration of the proposed expenditure authorised by the “Appropriation Ordinance No. 3, 1864,” and detailed in the Estimates, there would appear to be no difficulty, with proper economy and management, so as to reduce the proposed expenditure,—which, considering the present position of the Province, must be regarded at least as imprudent and unjustifiable,—so as to enable the debt due to the Bank to be paid within a reasonable time, out of the current Revenue; and the means which the Provincial Government has taken to stimulate Land sales will, no doubt, greatly assist towards an early liquidation; and may possibly provide the greater part of the necessary funds at once.

The Bank, probably, will be somewhat dissatisfied with such an arrangement, but, as the advances were made without any security, or reasonable prospect of security, it can have no good grounds of complaint; for it could have no right to expect that a Loan Ordinance would be passed to enable the money it was advancing to be repaid by the sale of Debentures, which, moreover, it would be extremely difficult—if not impossible—to dispose of at the present time in large sums, without submitting to a serious depreciation; and the Bank must have clearly seen when the debt was contracted, if the subject was properly considered, that the Revenue was the only source to which it had a right to look for repayment.

It is unnecessary to allude to the Railways, as the Government has taken care that no difficulty shall arise in completing them. All the money which will be required for this purpose has been authorised to be raised by Special Ordinances passed for the express purpose; so that the money cannot be appropriated to any other purpose.

In coming to the decision at which it has arrived, this Government has been much influenced by the necessity of withholding its sanction, and refusing to become a party to a course of proceeding altogether in defiance of the rules which have been established in reference to Provincial Loans, and it feels it a duty to avoid establishing a precedent, or for one moment to permit an impression to go abroad, that a Provincial Government can force the Government of the Colony into giving assent to Loan Bills, however large the amount, and into supporting an expenditure, however extravagant and imprudent, by first incurring the debt, and then claiming the assistance of the General Government, on the plea that it is necessary to uphold the credit of the Province.

For the reasons above stated the Governor's assent has been withheld to the “Debentures Ordinance No. 2, 1864,” and to the “Appropriation Ordinance No. 2, 1864,” which is founded upon it.

I have, &c.,

WILLIAM FOX,

His Honor the Superintendent,
Southland.

No. 42.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office, Southland.

21st May, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter, intimating that the Governor's assent will be withheld from the Southland Loan Bill for £120,000. As it is of great importance that your Government should be more fully informed on this subject at the earliest time, I propose to go to Auckland to communicate with you personally.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 43.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Auckland, 7th June, 1864.

SIR,—

In further acknowledgment of your letter of the 7th ultimo, in which you intimate that the assent of His Excellency the Governor will be withheld from the Loan Bill for £120,000 passed by the Southland Legislature, and remark that the expenditure was imprudent and injudicious, that the Bank

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

PAPERS RELATING TO

Total Estimated Liabilities

Due on Revenue Account	-	-	£143,124
„ Railways	-	-	296,000
„ Town Board	-	-	16,000
Permanent Debt	-	-	18,000
			<hr/> £473,124

Statement of Revenue of the Department of Crown Lands from 1st January to 20th May, 1864.

	£	s.	d.
Deposits on Applications for Rural Lands	-	-	16,611 7 9
Auction Sales Town Lands	-	-	747 10 0
Fees on Transfer of Rural Certificates	-	-	68 0 0
Timber Licenses	-	-	276 0 0
License Fee on Runs	-	-	112 11 0
Assessment on Stock on Runs	-	-	206 13 9
			<hr/> £18,022 2 6

A. J. ELLES,
Receiver of Land Revenue.

Enclosure 2 in No. 43.

MESSRS. DUNDAS AND HEALE TO THE SUPERINTENDENT, SOUTHLAND.

Invercargill, May 9th, 1864.

SIR,—

Immediately on receiving your Honor's letter, of Saturday's date, we conferred with Mr. Marchant, and we have considered as carefully as the shortness of the interval admitted, how the immediate expenditure on the Railways can be reduced so as to involve the least possible ultimate loss to the Province.

The construction of the Goods Station at Campbelltown, and that at Invercargill, for which tenders have not yet been received, can, it is clear, be postponed without material disadvantage; but to attempt abruptly to stop the contracts which are now in active progress would be simply to break them, and would immediately involve the Government in liabilities to an uncertain but no doubt a very large amount. Moreover, four different embankments on the Bluff Railway are being carried on from both ends across portions of the beach, their outer facings being protected from the wash of the sea by timber sheeting. Now, to leave these as they now stand, with their ends exposed, would involve their destruction, and to return the sheeting round the ends for their proper protection would occupy a fortnight, at nearly as much expense as if the work were being carried on in the right direction, and the whole of these returns would have to be removed when the works are resumed.

In estimating, on the other hand, the minimum to which the outlay may probably be reduced by allowing the contractors an extended time for the completion of the works, on condition of the immediate payments to them being kept within certain fixed limits, we find this to be so moderate that we are strongly of opinion that it will be found not only greatly to the ultimate advantage of the Province to avoid any breaches of contract, and only to extend the time with the consent of the contractors, but that that course will even be found to involve a smaller *immediate* outlay of money than the disastrous step of abruptly stopping contract works on which hundreds of men are already engaged in sub-contracts, who would immediately rush panic-stricken to the courts of law for damages and compensation.

We cannot, without communication, absolutely say that the contractors will consent to the reduction in the rate of progress of the works which we recommend, but we have good reason to believe that they will; and even if they should object, any loss they could sustain by the plan proposed would be an insignificant fraction of that which would accrue from absolute stoppage.

Taking the contracts *seriatim*, we think they might be carried on in the manner and at the cost hereafter mentioned, viz.:—

I. *Bluff Harbor and Invercargill Railway.*

The contracts in progress on this line are—

No. 1. Formation, &c., from Green Hills to near Invercargill, including the Mokomoko Branch—T. R. Davis.

All the works on this contract between Mokomoko and Invercargill are far advanced towards completion; the only earthwork yet to be finished being a portion of one embankment, which will cost

less than £500 to complete. The other portion of the contract, including the heavy rock cutting at Green Hills, on which a number of men are now employed, may perfectly well be left until Contract No. 2 is advancing towards completion.

No. 2. Ross & Aldrich.

This contract is considerably behind the stipulated time, and if the Government were to insist on its literal fulfilment, the contractor would undoubtedly be involved in penalties. If, however, the Government would grant him such an extension of time as would reduce the cost of his work to Fifteen hundred pounds per month, it would probably be taken by him as a concession.

On this contract, three embankments occur, which would be partially destroyed if left unprotected from the sea.

No. 3. Town of Invercargill—J. R. Davies.

This consists chiefly of a long embankment in the sea, which will imperatively need protection if left unfinished.

No. 4. Invercargill Station.

This work is so nearly finished that no saving can be effected by stopping it, the frame being complete and all the materials on the ground.

No. 5. Permanent Way—J. R. Davies.

If the time for completing Contract No. 2 be extended, and all the works on Contract No. 1 beyond the Mokomoko Junction be temporarily discontinued as we recommend, this contract will be reduced to an amount of about Six thousand pounds (£6,000). We think that the works on this contract and Nos. 1 and 3 may, with the consent of the contractor, be so reduced as to involve an expenditure not exceeding £3,500 per month on the whole, which would enable the line to be open in an incomplete condition in four months.

No. 6. Sleepers—Maning & Whitton.

All the sleepers are now ready for delivery, and the last payment of Twelve hundred and twenty-one pounds will soon be due, and must be paid in any case.

II. Oreti Railway.

All this work, except stations, has been let to one contractor. He will, we believe, be willing to meet the views of the Government as to extension of time so far as he can consistently with his own engagements to sub-contractors, which are not heavy on the northern part of the line. Assuming then, that he can stop everything north of the Makerewa River, the outlay required to open the line to that point in the most inexpensive manner possible will amount to Twelve thousand pounds (£12,000) which will be required within two months. Now, if on the other hand the work be absolutely stopped, it is clear that the contractor will be entitled to be paid for all the material delivered on the line for his plans and for contingent losses, which can hardly amount to a less sum. The result, then, of this hasty investigation is that the works may, without breach of contract, be so reduced that the outlay (after payment of the accounts now due or immediately becoming so) shall not exceed £5,000 per month on the Bluff Railway, which may be opened as far as Mokomoko in four months; and £6,000 per month for two months on the Oreti Railway, which will then be opened to the Makerewa River; and that carrying on this expenditure will free the Government from all liability for damage for breach of agreement, and will prevent any serious deterioration of the works.

It is impossible to estimate the claims which would immediately be made against the Government if these contracts were to be broken by it, but it seems quite improbable that they would, for some months at least, amount to a less sum than would carry on the works on the limited scale we recommend.

We have, &c.,

J. F. DUNDAS.
THEOPH. HEALE.

Enclosure 3 in No. 43.

BLUFF AND INVERCARGILL RAILWAY.

Invercargill, 21st May, 1864.

Passengers by coach in January (taken as an average month) -	-	-	£221	10	0
Both ways daily in March	-	-	227	12	6
Average of above	-	-	£224	11	3
[The rush to Picton being exceptional, £400 was not taken into consideration.]					
Boats from Jetty to Stanley (Mokomoko), being at lower charges	-	-	112	5	0
Coach and Boat Passengers	-	-	£336	16	3
Traffic estimate based on the datum of trebling existing Traffic for increase with Railway facilities are never found in excess of Traffic realised—so trebled for Railway Traffic					
	-	-	£12,122	5	0

[No data can be obtained of Passengers who have gone on horseback and by private conveyances.]

Goods.

[Three Months ending 30th April.]

Bluff to Invercargill, 1468 tons at £1	-	-	-	-	-	-
Received at Invercargill Jetty, 2461 tons	-	-	-	-	-	-
Several thousand head of Cattle	-	-	-	-	-	-
40,000 to 50,000 Sheep	-	-	-	-	-	-

Estimating on the above data and without any allowance for increase on Cattle.

From Bluff, per annum	-	-	-	6,872 tons.
From Mokomoko,	-	-	-	10,564 tons.

Tons - 17,436

Including Pier dues and Railway transit this quantity may reasonably be taken at 10s. per ton showing a sum per year, from this source, of £8,718.

Items.—Passengers, as stated,	-	-	-	£12,122	5	0
Goods -	-	-	-	8,718	0	0
				£20,840	5	0

Wool and Agricultural produce have been omitted for want of data, but the former would form a considerable item.

Railway working expenses under £6,000 per annum.

A very considerable portion of this sum will have to be paid, whether the Railway is opened or not, under contracts to Engine-drivers from England, &c.—4 at £20 a month : £80 a month : £960 per annum.

No. 44.

THE HON. MR. WHITAKER TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 27th May, 1864.

(No. 154.)

SIR,—

With reference to former correspondence on the subject, I have the honor to inform you that the "Debentures Ordinance, No. 1, 1864," passed by the Provincial Council of Southland, and reserved by your Honor for the signification of the Governor's pleasure thereon, has been laid before His Excellency, who has been pleased to assent to the same.

I therewith return to you a copy of the Bill in question, with the Governor's assent duly noted thereon.

I have, &c.,

FREDK. WHITAKER,
In the absence of Mr. Fox.

His Honor the Superintendent,
Southland.

No. 45.

THE DEPUTY SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 10th June, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter, as per margin, informing me that the "Debentures Ordinance No. 1, 1864," had been laid before His Excellency the Governor, and that His Excellency had been pleased to assent to the same.

I have, &c.,

THEOPH. HEALE,
Deputy Superintendent.

The Hon. the Colonial Secretary,
Auckland.

27th May, 1864.

(No. 154.)

No. 46.

THE UNDER SECRETARY TO THE SUB-TREASURER, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 2nd September, 1864.

(No. 74.)

SIR,—

I have the honor, by the direction of Mr. Fox, to transmit to you the enclosed copy of a letter which he has caused to be addressed to Messrs. James McKenzie and Co., at Dunedin, on the subject of the Railway Piers at the Bluff.

I have, &c.,

WILLIAM GISBORNE,
Under Secretary.

The Sub-Treasurer,
Invercargill.

Enclosure in No. 46.

THE UNDER SECRETARY TO MESSRS. M'KENZIE AND CO.

Colonial Secretary's Office,
Auckland, 1st September, 1864.

GENTLEMEN,—

I have the honor, by the direction of Mr. Fox, to acknowledge the receipt of your letter, of the 8th ultimo, calling the attention of the General Government to the large amounts of money due to your firm by the Provincial Government of Southland on account of Railway Works, which you had contracted for and completed in that Province.

The General Government regret the hardship of your case, for which, however, they are in no way responsible; but Mr. Elles, the Sub-Treasurer at Invercargill, has rightly interpreted the arrangement sanctioned by them. He was authorised to advance funds for carrying on works not completed, but not to pay debts due upon works which were completed.

His Honor the Superintendent of Southland has been recently informed that the course which the General Government will adopt with reference to the liabilities of the Province of Southland, will be determined on after the arrival of the next mail from England, which is expected on the 22nd instant, and I am to inform you to the same effect.

I am to express the regret of the General Government that your Attorney, Mr. G. Pearson, should in his letter of the 28th of July last, have held out to Mr. Elles the threat of the liability of the General Government. It is surprising that any gentleman acquainted with the usual manner in which business is conducted, should resort to such an absurd and empty threat.

I have, &c.,

W. GISBORNE,
Under Secretary.

Messrs. James McKenzie & Co.,
Dunedin.

No. 47.

THE ASSISTANT TREASURER TO THE SUB-TREASURER, SOUTHLAND.

Treasury,
Auckland, 16th July, 1864.

SIR,—

I am directed to acknowledge the receipt of your letter of the 1st instant, No. 73, and, in reply, to inform you that your construction of the agreement made with his Honor the Superintendent is quite correct, as the object of the advance made by the General Government was to complete works which were in progress, so as to enable the Railways to be finished, and not to discharge liabilities for works already completed.

If, however, these liabilities are of small amount, an arrangement will be made to pay them.

In order to judge of this, I am to request you to furnish a Return of all those who are in a similar position to Mr. McKenzie; that is, of those to whom money is due, for works finished, and of the amount due to each of them.

I have, &c.,

R. F. PORTER,
Assistant Treasurer.

The Sub-Treasurer, &c. &c.,
Southland.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

(No. 173.)

Superintendent's Office,
Southland, 30th September, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 2nd inst., containing a copy of a letter from the Colonial Assistant Treasurer to the Sub-Treasurer of Southland, and stating that the latter officer had been desired to obtain for the General Government certain information regarding the liabilities of the Province of Southland, which I would not enable him to furnish.

I have to observe that the usual way in which information is obtained by the General Government, from a Provincial one, is by a direct request to the head of the latter Government. I apprehend that it is not usual to seek it by the indirect and circuitous mode of communicating through subordinate officers, and that it is still more unusual to apply for such information in both those modes at the same time, as the General Government has seen fit to do in this instance. To your direct application of the 23rd July I replied on the 11th August, giving the information required: it did not occur to me that it was in any way necessary to communicate that information at the same time through the Sub-Treasurer, or that the General Government could derive any especial advantage from its repetition conveyed by that officer. Whatever information he possessed he could communicate to the Treasury in Auckland, in obedience to his superiors, and without reference to the Provincial Government; but it did appear to me that compliance with his desire might form a precedent, and lead to a most inconvenient practice of eliciting information on the financial affairs of a Provincial Government, through the medium of a local officer of the General Government; and this opinion continues unaltered.

You express a regret that I should have thought it desirable to adopt the tone employed in my correspondence with Mr. Elles, at a time when the General Government is endeavouring to assist the Provincial Government to extricate itself from serious difficulties. I must in turn express the regret of the Provincial Government that you should conceive that the circumstance of the General Government's affording to the former such temporary assistance, should absolve it from the necessity of observing, or afford a fitting opportunity for disregarding, some very ordinary rules of courtesy generally attended to.

The Provincial Government fully acknowledges the important aid which it receives from the General Government; but the latter, when it takes occasion to remind the Provincial Government of their obligation, should remember that the partial assistance given only mitigates an embarrassment, of which the immediate cause has been its own antecedent action.

I have, &c.,
J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

(No. 331.)

Colonial Secretary's Office,
Auckland, October 17th, 1864.

SIR,—

I have to acknowledge the receipt of your Honor's letter, No. 173, dated the 30th ultimo, with reference to my letter of the 2nd of that month, on the subject of your declining to supply the Sub-Treasurer in Southland with certain information which that officer wanted, to enable him to furnish a return required from him by the Hon. Colonial Treasurer.

Your Honor apparently desires to justify your refusal to afford that information on the ground that it was discourteous and irregular in the General Government to apply for such information from you through its subordinate officer. I cannot, however, admit any impropriety in a respectful application (as in the case under consideration) from a subordinate officer of the General Government to the Superintendent of a Province for certain information which was required to complete a Return for the Colonial Treasury; especially in this instance, where, as your Honor admits, the General Government had applied to you direct for substantially the same information.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland.

No 50.

THE HON. MR. WHITAKER TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 7th June, 1864.

SIR,—

In reference to the correspondence and personal communications that have taken place between your Honor and the Colonial Government, I have now the honor to state the arrangements by which it is proposed to relieve the Province of Southland from its present financial embarrassment.

1. In order to prevent any breach of contract with the Contractors, the General Government will provide such sums as will be required for carrying on Railway and other works for three months, not exceeding £15,000 in any one month. No other works than Railway to be paid for unless done in fulfilment of a valid and now subsisting Contract.

2. To provide for the repayment of the advances thus to be made, the whole of the Land Fund is to be applied except so much as may be necessary to pay the cost of the Survey and Waste Land Offices, the expenses of which are to be reduced to the full extent compatible with efficiency, to the satisfaction of this Government.

3. It is also distinctly to be understood that the expenditure of the Provincial Government for other purposes than those specified, viz., Railway and other works, is to be reduced to the satisfaction of the General Government, so as to be within the Revenue arising from other sources than the Land.

4. The Balance due from the Bank of Otago, applicable to Railways, when paid, to be placed, if the General Government think fit, to a Railway account in the Colonial Treasury, and no part of it to be applied to any other purpose than towards the completion of the Railways.

Upon your signifying your assent to these terms the necessary instructions will be issued to the Colonial Sub-Treasurer at Invercargill to carry them out.

I have, &c.,

FREDK. WHITAKER,
In the absence of Mr. Fox.

His Honor the Superintendent,
Southland.

No. 51.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Auckland, 8th June, 1864.

SIR,—

I have to acknowledge the receipt of your letter of the 7th instant, stating the terms upon which the General Government is willing to assist the Provincial Government of Southland in its present financial embarrassment, namely, that the General Government will provide such sums as may be required for carrying on Railway and other works, under valid and existing contracts, for three months, such sum not to exceed £15,000 in any one month; the Land Revenue of the Province to be paid to the General Government until such advances are repaid; the General Government will pay the Land and Survey departments, which are to be reduced to the lowest degree compatible with efficiency; the expenditure of the Provincial Government for purposes other than Railways and other works contracted for to be reduced to the satisfaction of the General Government; and the sum due by the Bank of Otago on Railway accounts to be applied only to Railway purposes; and I have now to intimate the acceptance of those terms by the Provincial Government.

I have, &c.,

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

The Hon. the Colonial Secretary,
Auckland.

No. 52.

THE HON. MR. WHITAKER TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 8th June, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter, of this day's date, signifying your assent to the terms proposed for relieving the Province of Southland from its present financial embarrassment, and I now enclose, for your information, a copy of the instructions sent to the Colonial Sub-Treasurer at Invercargill.

I have, &c.,

FREDK. WHITAKER,
In the absence of Mr. Fox.

His Honor the Superintendent of Southland.

PAPERS RELATING TO

No. 53.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 28th June, 1864.

SIR,—

I have the honor to state the following circumstances in connection with the agreement under which the General Government advances certain sums to the Provincial Government of Southland. One of the Contractors on the Bluff Harbour and Invercargill Railway works (*i.e.* contracts for Jetties at Campbelltown and Stanley) completed his contract, according to the Engineers' certificate of 14th June. As the contracts were *not in progress* when Captain Elles, the Sub-Treasurer, received his instructions, he is of opinion that they are not within the category of the works for which he is authorised to pay. I hold a different opinion, and think that the circumstances of the completion of those contracts only a few days before the instructions reached the Sub-Treasurer should not debar the Contractors from the benefit of receiving an instalment now of the sum due to them. They (McKenzie and Co.) are good contractors, executing the works they undertake substantially and well. The Provincial Government did not find it convenient to pay sums which became due to them in the end of April: a large sum is now due to them, yet they have pressed their claims with moderation: they might not unreasonably have procrastinated the completion of the work, or refused to deliver it over until their claims were liquidated. I think that they should receive an instalment of the sum due to them; and that such a payment would be quite in conformity with the intentions of the agreement referred to, although its letter may be held to justify a different conclusion.

I bring the matter under your consideration, in order that further instructions may be transmitted to Captain Elles, which will clear up any doubt on such a point.

I have, &c.

J. A. R. MENZIES,
Superintendent.The Hon. the Colonial Secretary,
Auckland.

No. 54.

THE COLONIAL TREASURER TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 22nd July, 1864.

SIR,—

With reference to your Honor's letter, dated 28th ultimo, relative to the agreement under which the General Government advances certain sums to the Provincial Government of Southland, I have the honor to inform you that the Sub-Treasurer is quite right in his construction of that agreement. The object of the advances made by the General Government was to complete works which were in progress, so as to enable the Railway to be finished, and not to discharge liabilities for works already completed. If, however, these liabilities are of small amount, an arrangement shall be made to pay them. In order to judge of this, I have to request your Honor to be good enough to cause a Return to be sent of all those who are in a similar position to Mr. McKenzie; that is, of those to whom money is due for works finished, and of the amount due to each of them.

I have, &c.,

WM. FOX.

His Honor, the Superintendent,
Invercargill.

No. 55.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 11th August, 1864.

SIR,—

I have the honor to acknowledge your letter, of the 22nd July, referring to the sum due to Messrs. McKenzie & Co., on account of works done on the Railway line, stating that you approved of the Sub-Treasurer declining to pay these Contractors, and asking for a list of similar liabilities, in order to consider the propriety of discharging some of them. The Returns enclosed form a statement of the Provincial Accounts on the 10th inst. McKenzie & Co's claim, *in all*, is for a sum above £15,000; the other claims are almost exclusively for small sums, and it would be most desirable that these should be paid off. Particulars of all minor sums would be tedious to give, but will be sent if the accounts enclosed are not sufficiently minute. I do not, perhaps, entirely understand your object in asking for

those returns. It appears to be to enable you to select a few cases of claims to be paid, and so give a little temporary relief from the pressure of immediate liabilities; it can afford little from the pressure of the more serious liabilities; and as much of the period over which the advances from the General Government was to extend has passed away, I have to remind you that the position of the Provincial Government in September next will be highly embarrassing, and that it is becoming extremely anxious to learn what steps the General Government proposes to take in order to enable the Provincial Government to make permanent provision for the settlement of the balance of the unsecured debt. I trust you will put me in possession of the views of your Government by the return of this mail.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

PROVINCE OF SOUTHLAND—OUTSTANDING ACCOUNTS.

General Revenue Account.

	£	s.	d.	£	s.	d.
Contracts - - - - -	2,550	3	1			
Salaries - - - - -	1,520	6	10			
Miscellaneous - - - - -	1,393	6	0			
Secured to Bank of New Zealand by private individuals - - - - -	800	0	0			
Promissory Note - - - - -	10,000	0	0			
Immigration - - - - -	689	0	0			
				16,952	15	11

Bluff Harbour and Invercargill Railway Account.

Contracts and Miscellaneous Accounts - - - - -	16,064	0	0			
Freight - - - - -	1,157	1	7			
London Agent's Drafts - - - - -	6,654	4	11			
				23,875	6	6

Oreti Railway Account.

Compensation to Land Owners, &c. - - - - -				4,858	12	2
				£45,686	14	7

Treasury, 10th August, 1864.

W. F. TARLTON,
Provincial Treasurer.

PROVINCE OF SOUTHLAND.—CONTINGENT LIABILITIES AND OUTSTANDING ACCOUNTS.

General Revenue Account.

	£	s.	d.	£	s.	d.	£	s.	d.
Roads to complete existing Contracts - - - - -	5,060	11	8						
Loan to Town Board guaranteed by Provincial Government - - - - -	10,000	0	0						
Immigration - - - - -	1,000	0	0						
				16,060	11	8			
Outstanding Accounts, as per statement attached - - - - -				16,952	15	11			
							33,013	7	7

Bluff Harbour and Invercargill Railway Account

Freight - - - - -	1,350	7	0						
Storage of Material - - - - -	300	0	0						
Sinking Fund on Loan of £140,000 - - - - -	2,800	0	0						
Balance to complete Existing Contracts - - - - -	25,000	0	0						
				29,450	7	0			
Outstanding Accounts, as per statement attached - - - - -				23,875	6	6			
							53,325	13	6

Oreti Railway Account.

Balance to complete Existing Contracts, - - - - -	43,500	0	0						
Outstanding Accounts as per statement attached - - - - -	4,858	12	2						
				48,358	12	2			
				£134,697	13	3			

Treasury, 10th August, 1864.

W. F. TARLTON,
Provincial Treasurer.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 1st August, 1864.

SIR,—

A good deal of inconvenience is experienced in consequence of the Sub-Treasurer declining to pay vouchers certified by the head of a Department and myself, in the terms of the agreement, and demanding an inspection of the contracts under which such payment was due. This, in effect, is tantamount to a distrust in the truth of the certificates. On one occasion, lately, the delay caused by this proceeding induced the Solicitor who had charge of the recovery of a Bill to protest it.

Captain Elles, the Sub-Treasurer, informs me that he has instructions to pay the current expenses of the Land and Survey Department from the advances (from which he declines to pay the arrears). If this instruction is absolute you will observe, by referring to your letter of 7th June, that it is at variance with a distinct provision contained therein; it may be, however, that your instruction is meant to come into effect only in case the Land Revenue is insufficient to meet the expenditure in those departments. I should be glad to see a copy of those instructions, and learn the meaning you attach to them.

I have, &c.,

J. A. R. MENZIES,
Superintendent.The Hon. the Colonial Secretary,
Auckland.

No. 57.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 17th August, 1864.

SIR,—

I have to acknowledge the receipt of your letter, dated the 1st instant, on the subject of the agreement entered into by this Government to make certain advances of money to the Provincial Government of Southland, and to inform your Honor that your letter was referred to the Colonial Treasurer, and the Hon. the Acting Colonial Treasurer has reported that the Sub-Treasurer at Invercargill requested instructions from the Government as to paying arrears due to the Land and Survey Departments. He was directed, in reply, to pay those arrears. The General Government instructions to the Sub-Treasurer are now distinct on this subject, and authorise him to pay the charges on Land and Survey Department Accounts, whether the Land Revenue is sufficient to meet that expenditure or not.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Invercargill.

No. 58.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 1st September, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter, of the 17th ultimo, in reply to mine of the 1st ultimo, on the subject of the agreement entered into by the General Government to make certain advances to the Government of this Province, and in reply to state that there is one point in my communication of the above date to which you do not advert. It is there stated that "I understand that the Sub-Treasurer had received instructions to pay the current expenses of the Land and Survey Departments from the advances." Now, in the agreement, it is stated that those expenses shall be paid from the Land Revenue—not from the advances agreed upon—viz., £15,000 per month.

You inform me that the instructions to the Sub-Treasurer are now "distinct," and authorise him to pay the charges on Land and Survey Department Accounts, whether the Land Revenue is sufficient to meet that expenditure or not; do you, also, in those instructions, make it clear to the Sub-Treasurer that he is not to consider payments so made to form a part of the monthly advance?

I have, &c.,

J. A. R. MENZIES,
Superintendent.The Hon. the Colonial Secretary,
Auckland.

No. 59.

THE SUB-TREASURER, SOUTHLAND, TO THE COLONIAL SECRETARY.

Sub-Treasury,
Southland, 1st July, 1864.

SIR,—

Referring to the arrangement lately entered into between the General Government and the Superintendent of Southland, with a view of relieving the Southland Government from the embarrassment, I do myself the honor to state that in endeavouring to carry out said arrangement in what I conceive to be its true spirit and intention, I have laid it down as a general rule that no past liabilities are to be acknowledged; and I have acted on the principle that the special object which the General Government had in view was to prevent the Southland Government from being involved in indefinite expenses arising from breach of contract, and therefore the intention was to respect only those Contracts the works under which were in *actual progress*, and the stoppage of which would involve the consequences above referred to.

The strict carrying out of this principle has borne hard on several particular cases, inasmuch as thereby all contracts—the works under which were *completed*, and therefore on which no claim for damages could be raised were shut out from payment.

Had I acted otherwise, the greater portion of the money would be consumed in paying for *finished* works, leaving a sum utterly inadequate for carrying on to completion the public works now in *progress*.

I may state that my construction of the arrangement is widely different from that of His Honor the Superintendent, who appears to be entirely singular in his view of it, and who is, I understand, writing to Auckland this mail on the subject: it is this circumstance which has induced me to address you at present.

Trusting that in what I have done, I have pursued the course intended by the General Government.

I have, &c.,

A. J. ELLES,
Sub-Treasurer.

The Honorable
the Colonial Secretary,
Auckland.

No. 60.

THE ASSISTANT TREASURER TO THE SUB-TREASURER, SOUTHLAND.

Treasury,
Auckland, 16th July, 1864.

SIR,—

I am directed to acknowledge the receipt of your letter of the 1st instant, No. 73, and, in reply, to inform you that your construction of the agreement made with his Honor the Superintendent is quite correct; as the object of the advance made by the General Government was to complete works which were in progress, so as to enable the Railways to be finished, and not to discharge liabilities for works already completed.

If, however, these liabilities are of small amount, an arrangement will be made to pay them.

In order to judge of this, I am to request you to furnish a Return of all those who are in a similar position to Mr. McKenzie; that is, of those to whom money is due for works finished, and of the amount due to each of them.

I have, &c.,

R. F. PORTER,
Assistant Treasurer.

The Sub-Treasurer,
Southland.

No 61.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 1st August, 1864.

SIR,—

I have the honor to enclose a certified copy of Resolutions passed by the Provincial Council of Southland, on the 27th instant, which have been forwarded to me for transmission to His Excellency the Governor.

As they consist of a series of sweeping assertions, unsupported by any detail of facts or train of reasoning, I shall make no direct comment on them; but if His Excellency will read the papers

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and reports enclosed herewith he can form an estimate of the value of the reasons which may have induced the Council to express its unmeasured reprobation of the management of the Provincial affairs, and its intense alarm at the antagonism maintained by the Superintendent.

I have, &c ,

JAS. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

Enclosure 1 in No. 61.

Resolved,—

1. That in the opinion of this House the interests of the whole Colony are, to a considerable extent, bound up with, and may be seriously compromised by, the continuance of the present financial condition of this Province.
 2. That the management of the financial affairs of this province is of so disastrous a character that an immediate change of administration is absolutely required.
 3. That through such management the affairs of this Province have become seriously involved, and, therefore, this House views with the utmost alarm the position of antagonism to the views of the Provincial Council still maintained by His Honor the Superintendent.
 4. That, seeing the Superintendent refuses to act in accordance with the wishes or advice of the Provincial Council, this House respectfully but earnestly calls upon His Excellency the Governor to dissolve the Council forthwith, or to take such steps as he shall think necessary to prevent the further ruin of the interests of the Province, as well as for the protection of the credit of the Colony.
 5. That the Hon. the Speaker be requested to forward a copy of the above resolutions to His Excellency the Governor.
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Enclosure 2 in No. 61.

ADDRESS TO HIS HONOR THE SUPERINTENDENT ON OPENING THE SEVENTH SESSION OF THE
PROVINCIAL COUNCIL.

Mr. Speaker and Gentlemen of the Provincial Council—

I have been advised to summon you to meet in Council at this time, in order that you might be furnished with full information upon circumstances which have occurred since your last meeting, and take into consideration the measures which should be adopted with reference to the financial affairs of this Province. At the last session of this Council, after the financial position of the Province had been fully discussed and considered by you, three loan bills were passed, one for forty thousand pounds (£40,000), to enable the Government to complete the Bluff Harbour and Invercargill Railway; one for one hundred and twenty thousand pounds (£120,000), to cover liabilities on account of the General Expenditure of the Province; and one for twenty-five thousand pounds (£25,000), to meet liabilities incurred by the Government on account of, and advances to, the Town Board. The sum of those loans would have met all the liabilities of the Province, and completed the public works, which it had undertaken. The first mentioned loan bill alone, has received the assent of His Excellency the Governor; from both the others this assent has been withheld.

You will remember that, during the last session of this Council, intelligence was received that bank rates were high, and that New Zealand Provincial securities met with a very limited sale in London. By succeeding mails we were informed that they were nearly unsaleable, unless at a discount, and that they were not allowed to be quoted on the Stock Exchange. These circumstances occurring at a period of serious commercial depression in this Province, made the banks unwilling to negotiate Provincial loans. I believe that the high rate in the money market was the primary cause of the difficulty in effecting sales, but when the difficulty had once arisen, other considerations tended to increase it. Upon the Debentures under the Loan Ordinance for £110,000, the Provincial Government had arranged for advances to any extent that might be required, but its demands having exceeded the amount upon which the bank had calculated, it was unable to meet them, from its not having the requisite funds within the Colony at its disposal; this occasioned a serious embarrassment at once; still, that would soon have passed away if the measures adopted by this Council in its session in March had been sanctioned, but a crushing blow was given by the General Government when it disallowed the loan bills. Then it was manifest that the Provincial Government, unaided, would be unable to fulfil its engagements within the proper time and it became my duty to ascertain, without delay, what course the Colonial Ministry would propose, or agree to, to enable the Provincial Government to meet those engagements, as it had debarred the latter from doing so in the manner which the Provincial Legislature had considered advisable. After having some personal communication with the Colonial Ministry, I found that it would not sanction

any further loan bills at the present time ; it agreed to give temporary assistance for three months, by advancing fifteen thousand pounds (£15,000), in each month, during that period ; leaving the question of dealing conclusively with the Provincial liabilities, to be determined hereafter—the Land Revenue of the Province to be retained by the General Government until the advances were repaid.

In the meantime, the Provincial Government took steps to reduce the ordinary Expenditure and the works on the Railways were partially suspended. Those works had been pressed on with great vigour up to the early part of May; the heaviest works on both lines being well advanced, had it been practicable to have pushed them forward since that time with the same energy, I have no doubt that the Oreti Railway would have been open for traffic now. In consequence of the arrangement with the General Government, those works have been resumed, and there is every reason to believe that the Oreti Railway will be open for traffic for a considerable distance in the course of next month.

A detailed statement of the financial position of the Province will be laid before you, but I may briefly state now, that the aggregate sum of the liabilities of the Province has not very materially altered since this Council was prorogued. The actual debts on the 30th June were about thirty thousand pounds (£30,000), and the contingent liabilities, which will fall due in the next three months, or when the Railway and other contracts shall have been completed, amounts to one hundred and thirty-five thousand pounds (£135,000). To meet this we have an estimate of the Ordinary Revenue for three months at Eight thousand pounds (£8 000), and an advance of Forty-five thousand pounds (£45,000) from the General Government, to the repayment of which the Land Revenue for some time to come will be applicable.

Besides these liabilities, the Provincial Government has guaranteed the sum of Ten thousand pounds (£10,000), advanced by the Bank of New Zealand to the Town Board, as a security for which the Board has assigned to the Government special rates amounting to nearly Twelve thousand pounds. There is also a yearly charge on account of the New Zealand Loan, 1856, of about One thousand pounds.

The provincial debts, then, are the sum of the loans and the liabilities stated above. The sum of the loans is to be expended in the construction of the Railways, works which will be eminently reproductive. Until after they have been for some time open for traffic it will be necessary to meet a part of the annual charges on the loans by votes of money from the General Revenue; but few will doubt that after a time—two or three years, it may be—those Railways will yield a surplus Revenue of yearly increasing importance. The burden of annual charges for those loans, then, may be regarded as one only of a transient character ; and the Province has to deal, as its most onerous debt, with the immediate and contingent liabilities. Such a debt for a Province, having about half a million of acres of arable land yet unsold, and the gross amount of whose Customs Revenue during the financial year ending June 30, exceeded Sixty thousand pounds (£60,000), should not place it in a position of serious difficulty of any long duration. A temporary embarrassment, however, has occurred, and from a coincidence of causes which could scarcely have been anticipated.

To the mode, then, by which we shall effectually meet those liabilities, I have now to draw your earnest attention, and the question involves considerations which are Colonial rather than merely Provincial. The discussions that have taken place on the subject of Provincial Loans have fostered the opinion that without a Colonial guarantee they will not readily sell in London, an opinion which is now probably correct in the main, although in the first instance the pressure in the money market in London, rather than any distrust in the validity of Provincial securities, caused the very slow and limited sale of those that were offered ; the leading politicians in this Island are of opinion that this guarantee should be given, and the question is of such vital importance to its interests especially to those of its three Southern Provinces, who have each large loans to dispose of, that it becomes the duty of each Provincial Legislature to consider it carefully, and declare its opinion distinctly. The Provincial Loans of this island have no tangible Colonial guarantee, although no doubt the assent of the Governor to such loan bills may be regarded as a moral guarantee. To place the validity of the security, which is offered, beyond a doubt ; to enable the Provinces of the Southern Island to carry out the works they have undertaken ; to enable them to proceed with other great public works which will develop the resources of the island, and attract an increasing flow of immigrants to the Colony, it is essential that some measures should be urged on the Colonial Government by the expression of opinion in the Provinces that loan bills, sanctioned by the Governor, shall be secured by Act of the General Assembly, and provision made under the same authority whereby any Province, able to show sufficient reasons for undertaking large works, can obtain the means necessary to enable it to proceed with them. With a rapidly increasing population, and extending settlement and trade it may be anticipated that in order to give greater facilities for intercommunication between the different Provinces by land, and with other countries by sea, the construction of great and costly work will soon become indispensable. The current of opinion has set in favour of extension of railways through the length of the island to meet the first condition, and harbour works of similarly expensive character will be required to fulfil the second. Such works will be of Colonial importance, not simply local advantages. Their prosecution will involve the necessity of borrowing large sums of money ; to obtain the means, the Colony must become legally bound to repay them.

The Southern Island has a fair right to claim that the Assembly shall give it a due share of such advantages, seeing that it has already, by the action of its representatives, willingly undertaken its share of responsibility for large loans, authorised by Acts of the General Assembly ; far the greater part of which loans have been, or are to be, expended in the Northern Island. Some resolution on this subject will be submitted for your consideration in the course of the session.

I have to intimate to you that the members of the Executive Council have resigned their seats in it; the Provincial Treasurer alone retaining his seat and office until the appointment of his successor.

It has not been thought advisable to propose many bills for your consideration, or attempt much legislation in the course of this session, seeing that the time of this Council is drawing to a close, and that a newly elected Provincial Council may be expected to meet here in little more than three months.

The disease among cattle has unhappily extended widely during the last four months, and has occasioned serious losses; and when the reports of the inspectors are laid before you, I trust the subject will receive your serious attention.

And now, Gentlemen, in declaring that this Council is open for the transaction of business, I have to express the hope that the result of your deliberations will restore confidence, and hasten the return of that commercial prosperity, of which we already can see indications.

18th July, 1864.

Enclosure 3 in No. 61.

REPLY TO THE ADDRESS OF HIS HONOR THE SUPERINTENDENT.

The Provincial Council has received your Honor's address with great interest, and desires to express its entire concurrence with the soundness of the advice which has induced your Honor to call it together, in order that it might arrive at a full and clear explanation of the financial position of the Province.

While desirous of expressing its sympathy with your Honour, in the present embarrassed position of the Province, it cannot but give utterance to its grave regret at the reckless expenditure on public works which has led to it, an expenditure incurred in the face of impending financial difficulties of no little moment; nor can the Council concur with your Honor, in the opinion that the General Government withholding its sanction to the two Loan Ordinances for £120,000 and £25,000, is the main cause of our present difficulties; inasmuch as had the Loans been sanctioned, they were, in the present state of the home money market, unnegotiable; but rather to the Government having entered into large contracts since the 30th September, 1863, at which time there was an unprovided overdraft for ordinary expenditure of over £47,000.

The Council fully concurs with your Honor, in the hope that the Oreti Railway will, in a short time, be open for traffic, for a considerable distance; and would earnestly recommend that the balance of the sum of £15,000 a month, granted by the General Government, be strictly appropriated to the carrying forward of the Northern Railway works.

The Council further begs to express its entire disapproval of the application to other objects of funds raised on the security of the loans for the construction of the Bluff Harbour and Oreti Railways; nor can it see how the sum of these loans can be expended on the construction of Railway works, as mentioned in your Honor's address, seeing that it has already been spent on other works.

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. But this Council is strongly of opinion, that in the present state of the finances of the various Provinces, and the money market at home, it would be extremely imprudent to entertain any idea of loans, further than to cover existing liabilities. The Provincial Council learns, with regret, that your Honor is again without an Executive Council, but trusts that your Honor will see the necessity of at once appointing such a Council from members who possess the confidence and support of the Provincial Council.

The Council much deplores the existence and spread of disease among cattle in the Province, but it is unaware of its having any power to legislate on the subject; and trusts that your Honor will, with the advice of an Executive Council, take such measures as will prevent further spread of the disease, in accordance with the power delegated to your Honor by the Governor.

Enclosure 4 in No. 61.

MESSAGE NO. 4.

To the Provincial Council of the Province of Southland.

The Superintendent has to acknowledge the receipt of the reply of the Provincial Council to his address when opening it for the transaction of business.

The second paragraph expresses a censure on the Executive Government, and an opinion on the cause of the financial embarrassment, which he cannot allow to pass without remark.

The Council expresses "its grave regret at the reckless expenditure" which has led to this embarrassment; it differs from his opinion of the main cause of this, attributing it "rather to the Government having entered into large contracts since September 30th, 1863, at which time there was an unprovided overdraft for ordinary expenditure of £47,000."

In the fifth session of the Council (October 1863) above £84,000 was voted for Roads and Public Works alone—works done chiefly by contract. Much of this sum, no doubt, was voted on account of

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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PAPERS RELATING TO

Enclosure 6 in No. 61.

MEMORANDUM BY SUPERINTENDENT.

That the administration of the affairs of the Province shall be conducted by the Superintendent, acting with the advice and consent of the Executive Council, in all matters which are under the control of the Provincial Council, when such a course is prescribed by the authority conferring the power of administration.

23rd July, 1864.

Enclosure 7 in No. 61.

MEMORANDUM BY MR. PEARSON.

The Executive to have the entire control in all matters relating to the expenditure of moneys, and otherwise relating to finance.

To call for all tenders and decide on their acceptance or otherwise.

To appoint and dismiss all servants of the Government.

To see all correspondence prior to its being answered, and decide on the terms of reply.

To have the entire control of carrying into effect any financial scheme which may be resolved upon, and have generally all the powers stated in the Memorandum first submitted.

W. H. PEARSON.

23rd July, 1864.

Enclosure 8 in No. 61.

MEMORANDUM BY SUPERINTENDENT.

The entire control of the Provincial Government would, under such provision, be given over to the Executive.

The position of the Superintendent would be little else than that of Chairman of the Executive, having little or no power in the administration. Such a fundamental alteration in the constitution of a Provincial Government as this arrangement would amount to, should be effected only after due deliberation and by legislation.

23rd July, 1864.

Enclosure 9 in No. 61.

MEMORANDUM BY SUPERINTENDENT.

The gentleman who are willing to form an Executive demand that the *entire control* of the Government should be given over to the Executive. If this demand was acceded to, a radical change would be effected in the constitution of the Provincial Government. In support of this view the Message of February 17th, 1864, to the Council, may be referred to, as published in the *Southland Gazette* of 24th March, No. 11, where this point is considered at pages 453-4-5: the remarks made there have not been controverted.

The Superintendent thinks that such an alteration should be made by legislation; it is of a character too important to be concluded as a private arrangement between the Superintendent and the Executive Council, which would not necessarily bind the next Superintendent, as an Ordinance would. Judging from the expressions of opinion which reach him, the Superintendent infers that he is supposed to desire to dispense with an Executive Council; such a supposition, if it exists, is absolutely untrue. The Superintendent is now, and, as a rule, always has been, willing to be guided by the decision of the majority of the Members of the Executive Council in all matters in which legislation gives them a consultative power, and he is quite willing to consult with them in other matters in respect of which he may possess authority to decide without such consultation.

26th July, 1864.

Enclosure 10 in No. 61.

Invercargill, 26th July, 1864.

SIR,—

I have the honor to acknowledge the receipt of your Honor's Memorandum of to-day's date.

In answer I have to state that the gentlemen with whom I have been acting agree with me in the determination to take office only on the terms previously submitted to your Honor by me.

I have, &c.,

WALTER H. PEARSON.

His Honor the Superintendent,
Southland.

No. 62.

THE DEPUTY SPEAKER, SOUTHLAND, TO HIS EXCELLENCY THE GOVERNOR.

Council Chamber,
Southland, 2nd August, 1864.

SIR,—

I have the honor to enclose herewith a Memorial of the Provincial Council of Southland, adopted at a meeting held at the Court House, Invercargill, on Tuesday the 2nd of August, 1864.

I have, &c.,

WALTER H. PEARSON,
Deputy Speaker.

His Excellency Sir George Grey, K.C.B., &c.,
Auckland.

Enclosure in No. 62.

THE MEMORIAL of the Provincial Council of the Province of Southland, in the Colony of New Zealand, in Council assembled.

To His Excellency SIR GEORGE GREY, Knight, Commander of the Most Honorable Order of the Bath, Governor and Commander-in-Chief in and over Her Majesty's Colony of New Zealand and its Dependencies, and Vice-Admiral of the same, &c., &c., &c.

SIR,—

Certain Ordinances having been passed by the Provincial Council of this and other Provinces in this Colony, which have received the sanction of your Excellency, for the purpose of raising Loans by the sale of Debentures, and the negotiation of these Loans in the London market being difficult because the securities possess simply a Provincial guarantee, and as other Ordinances of a like nature will be required to meet the necessities of the various Provinces, it is most desirable for the well-being, not only of the Provinces, but of the Colony as a whole, that such guarantee should be enlarged, and that the Colonial guarantee should be given to the same by Act of the General Assembly. And as the necessities of the Provinces immediately affected are very urgent, we would earnestly entreat your Excellency to summon the General Assembly to meet at the earliest practicable time, in order to take this matter into consideration.

Also, that your Excellency would be pleased to set apart, for the charges for interest and sinking fund on the Loans which may be thus guaranteed on behalf of any Province, such a sum as may be requisite from the Land and Customs Revenues of such Province, as they arise.

And your Memorialists will ever pray.

WALTER H. PEARSON,
Deputy Speaker.

Passed the Provincial Council of Southland this second day of August in the year of our Lord One thousand Eight hundred and Sixty-four.

W. H. AYLMER,
Clerk of Council,

No. 63.

THE SUB-TREASURER, SOUTHLAND, TO THE SUPERINTENDENT, SOUTHLAND.

Sub-Treasury, Southland,
1st August, 1864.

SIR—

I do myself the honor to enclose copy of a letter received from Auckland by last Mail, and to request that your Honor will have the goodness to cause me to be furnished with the return referred to in the latter part thereof, in order that it may be transmitted by me to Auckland, by the Mail which closes to-morrow, at 10 a.m.

I have, &c.,

A. G. ELLES,
Sub-Treasurer.

His Honor the Superintendent,
Southland.

PAPERS RELATING TO

No. 64.

THE SUPERINTENDENT, SOUTHLAND, TO THE SUB-TREASURER, SOUTHLAND.

Superintendent's Office,
Southland, 4th August, 1864.

SIR—

I have the honor to acknowledge the receipt of your letter of the 1st instant, enclosing copy of a letter from the Assistant Treasurer, Auckland, and in reply to inform you that the return that is required is the return that appears to have been sent to you on a previous occasion.

I have, &c.,

J. A. R. MENZIES,
Superintendent.Capt. Elles, Sub-Treasurer,
Southland.

No. 65.

THE SUB-TREASURER, SOUTHLAND, TO THE SUPERINTENDENT, SOUTHLAND.

Sub-Treasury, Southland,
5th August, 1864.

SIR—

In reply to my letter of date 1st instant, No. 94-64, enclosing copy of a letter from the Assistant Treasurer, and requesting Your Honor to cause me to be furnished with a return in terms of said letter, I have the honor to acknowledge receipt of your Honor's letter of yesterday's date, informing me that the return that I had asked for, appears to have been sent to me on a previous occasion.

As I cannot recollect ever having received any return from the Provincial Government there is evidently some mistake somewhere, and in order to discover where it exists, perhaps your Honor will have the kindness to state what return you refer to and when it was sent to me.

I have, &c.,

A. G. ELLES,
Sub-Treasurer.His Honor the Superintendent,
Southland.

No. 66.

THE SUPERINTENDENT, SOUTHLAND, TO THE SUB-TREASURER, SOUTHLAND.

Superintendent's Office,
Southland, 8th August, 1864.

SIR,—

In reply to your letter, of the 5th instant, I have the honor to inform you that the statement made in my communication to you of the 4th instant, "that the return that is required is the return that appears to have been sent to you" seems to be an error.

I meant to have expressed my belief that the information you required had been furnished by the applications made to you for payment.

I have, &c.,

J. A. R. MENZIES,
Superintendent.Captain Elles,
Sub-Treasurer, Southland.

No. 67.

THE SUB-TREASURER, SOUTHLAND, TO THE SUPERINTENDENT, SOUTHLAND.

Sub-Treasury,
Southland, 9th August, 1864.

SIR,—

With reference to former letters on the subject, I do myself the honor to request that your Honor will be pleased to cause me to be furnished with the return asked for in my letter of the 1st instant, No. 94, in order that it may be transmitted to Auckland by the mail on the 12th instant.

I have, &c.,

A. J. ELLES,
Sub-Treasurer.His Honor the Superintendent,
Southland.

No. 68.

THE SUPERINTENDENT, SOUTHLAND, TO THE SUB-TREASURER, SOUTHLAND.

Superintendent's Office,
Southland, 9th August, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of this day's date, and, in reply, to inform you that the return to which you refer appears to be asked for by the Assistant Treasurer from you, and not from the Provincial Government.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

Captain Elles,
Sub-Treasurer, Southland.

No. 69.

THE SUB-TREASURER, SOUTHLAND, TO THE SUPERINTENDENT, SOUTHLAND.

Sub-Treasury,
Southland, 10th August, 1864.

SIR,—

I have the honor to acknowledge receipt of your letter of yesterday's date, relative to the return asked for in my letter of the 1st instant.

It must be obvious to your Honor that the return in question is of such a character that it can only be furnished from Provincial sources.

The Assistant Treasurer having, by direction of the General Government, called upon me to furnish said Return, I immediately placed myself officially in communication with your Honor as Head of the Provincial Government, thereby adopting the usual and the only proper and legitimate course open to me under the circumstances, in order to obtain correct and reliable information.

Had I attempted to obtain the information required through the medium of any of the officers, subordinate to your Honor, I should have been guilty of a breach of official etiquette, which your Honor would not have been slow to resent. It would appear from your Honor's letters on the subject that you are averse to my being furnished with the return referred to, and it is to be regretted that your Honor did not at once signify this aversion when I first addressed you, as thereby considerable delay and waste of time might have been avoided, and an opportunity of communicating with Auckland saved.

I have, &c.,

A. J. ELLES,
Sub-Treasurer.

His Honor the Superintendent,
Southland.

No. 70.

THE SUPERINTENDENT, SOUTHLAND, TO THE SUB-TREASURER, SOUTHLAND.

Superintendent's Office,
Southland, 10th August, 1864.

SIR,

In reply to your letter of this day's date, I have only to observe that the General Government can expect its officers to furnish it with such information only as comes within the scope of their observation.

Any information it desires to obtain from the Provincial Government, it can and should obtain directly, and not through subordinate channels.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

Captain Elles,
Sub-Treasurer, Southland

R

No. 71.

THE SUB-TREASURER, SOUTHLAND, TO THE COLONIAL TREASURER.

Sub-Treasury,
Southland, 10th August, 1864.

SIR,—

Referring to the last paragraph of your letter of the 16th ultimo, No. 201, I do myself the honor to state that, in order to be enabled to comply with the request therein expressed, I placed myself in immediate communication with his Honor the Superintendent, requesting him to have the goodness to cause steps to be taken to have me furnished with the requisite information; and I did so because it is obvious that the information is of such a character that it can only be supplied from a Provincial source.

I regret to say that I have failed to elicit from his Honor a direct or straightforward reply, either in the affirmative or negative; his letters (for several have passed on the subject) are evasive and unsatisfactory; but evince either a desire to evade the subject, or throw obstacles in the way of my being furnished with the return.

I have, &c.,

A. J. ELLES,
Sub-Treasurer.The Hon. the Colonial Treasurer,
Auckland.

No. 72.

THE SUB-TREASURER, SOUTHLAND, TO THE COLONIAL TREASURER.

Sub-Treasury, Southland,
11th August, 1863.

SIR—

Since writing letter of yesterday's date, I have, on further consideration deemed it expedient to forward copies of the correspondence therein referred to, and I have now the honor to do so.

Enclosure No. 8 had not been received by me at the time my letter referred to above was written.

I have, &c.,

A. J. ELLES,
Sub-Treasurer.The Honorable the Colonial
Treasurer, Auckland.

No. 73.

MESSRS. M'KENZIE AND CO. TO THE COLONIAL SECRETARY.

Dunedin, 8th August, 1864.

SIR,—

We have the honor of calling your especial attention to the following facts, with a view to our obtaining some redress from or through the General Government. We might preface our remarks by stating that we are contractors, viz. :—

First. That we, on the 23rd July, 1863, contracted with the Southland Government for the construction of Railway Piers at the Bluff and Mokomoko, one of the conditions of which contract was, that we were to be paid at the rate of 90 per cent. every month on work done.

Second. That we completed said contract on the 14th June, 1864, to the perfect satisfaction of the Provincial Government and its Engineers, when were handed original of document, marked "A" herewith, by which you will perceive that some £4,770 0s. 9d has been due since the 25th April, and the large sum of £15,163 2s. 1d. since the 14th June last.

Third. We beg to call your attention to copies of documents herewith, marked "C" and "B," since receipt of which we have not been able to obtain any payment whatever, not even a partial one. We also beg to refer you to copies of correspondence enclosed, recently passed between His Honor the Superintendent of Southland, Captain Elles, the Sub-Treasurer there, and ourselves.

By these various documents you will perceive that there exists a difference of opinion between His Honor and the Sub-Treasurer respecting the understanding arrived at as to mode of application of the £45,000 loan from the General to the Provincial Government. Captain Elles, with Messrs. Pearson and Heale, holding that we should receive no portion thereof, simply because our contracts were finished, although we are aware that Mr. Davis, another contractor, was paid some £2,000 to £3,000 on old work, and others to our entire exclusion.

We beg to refer you to letters of agreement passed betwixt yourself and His Honor the Superintendent of Southland, dated 7th 8th June last, embracing terms on which this £45,000 was granted,

and to ask if Captain Elles' view of the matter is in keeping with the meaning and tenor of said letter. Further, if his entirely passing our claim, while paying others, is reasonable or in keeping with their meaning.

We complain of what appears to us partiality hitherto shown, and respectfully solicit your interference in this matter, with a view to our getting a portion of the £15,000 due on the 26th inst.

It has been suggested to us that we should accept Superintendents' warrants in payment. These we have declined; but we are willing to take say £5,000 in cash, and the balance in some legal and negotiable documents—of course bearing Bank interest at, say, 2, 4, and six months—equally divided, and payable to our order here, free of exchange.

We therefore beg, most respectfully, to ask the General Government to take immediate action in this matter, in order to ensure a compliance with our very moderate demands, and preserve the credit of the Colony: as, to be candid, we cannot allow this matter to remain in its present position any longer: nay, failing some favourable action on the part of the General Government, we can see no other course open to us than to issue proceedings at law.

We are aware of Capt. Elles' recent payments, and we hold that, under any circumstances, we were entitled to a pro-rata payment as well as others. You, Sir, will see at a glance the very great hardship of our case, and the loss and inconvenience of the non-payment of such a large sum to men with an extensive business; and we with confidence look to you for an early remedy, as the Southland Government is perfectly helpless.

We would ask you therefore, in conclusion, to issue instructions to Capt. Elles to pay us on terms stated. Failing this, and without any desire to issue proceedings, we cannot see any other course open to us, in justice to our own interests.

An answer in due course would confer a favour.

Mr. Heale is, we understand, now in Auckland; and, a reference to him would confirm our statements herewith: also, that while his Honor the Superintendent was willing to have paid us, the General Government's agent has positively refused to do so.

We have, &c.,

JAMES MCKENZIE & Co.

The Hon. Mr. Fox,
Colonial Secretary, Auckland

Enclosure 1 in No. 73. *

A.

DATES and Amounts of Unpaid Vouchers on account of the Bluff and Mokonoko Railway Piers, Southland, and due James McKenzie & Co. by the Southland Government.

			£	s.	d.	£	s.	d.
<i>Mokonoko:—</i>								
April 25.	Amount of Voucher	...	2769	16	2			
June 14.	Ditto	...	3549	13	7			
"	Extras	...	834	15	0			
"	20 per cent. retained on progress payments	...	2273	12	6			
						9427	17	3
<i>Bluff:—</i>								
April 25.	Amount of Voucher	...	2000	4	7			
June 14.	Ditto	...	1996	15	5			
"	20 per cent. retained on progress payments	...	1573	19	7			
						5570	19	7
						£14,998	16	10
	Extras, Labour, &c.	...				164	5	3
						£15,163	2	1
	Amount acknowledged by Deputy Superintendent, as per Letter, vouched in Treasury	...				£15,142	12	1
						£20	10	0

All the above Vouchers are now in the Southland Treasury.

PAPERS RELATING TO

Enclosure 2 in No. 73.

B.

THE DEPUTY SUPERINTENDENT, SOUTHLAND, TO MESSRS. M'KENZIE AND CO.

Superintendent's Office,

Southland, June 18th, 1864.

GENTLEMEN,—

The Voucher passed in your favor, as acknowledged by the mems. of the Provincial Treasurer, amounting in all to £15,142 12s. 1d., has been lodged in the Treasury of the Province of Southland ; and will be duly met at an early date.

I have, &c.,

THEO. HEALE,
Deputy Superintendent.

Messrs, McKenzie and Co.,
Dunedin.

25th June, 1864.

The Provincial Government agrees that this Note shall bear Bank Interest.

J. A. R. MENZIES,
Superintendent.

Enclosure 3 in No. 73.

C.

THE SUPERINTENDENT, SOUTHLAND, TO MESSRS. M'KENZIE AND CO.

Superintendent's Office,

Southland, 24th June, 1864.

GENTLEMEN,—

I would have been willing to have paid an instalment of your claim on the Provincial Government for works completed on the 16th instant, to the extent of £5,000, but owing to the construction put on the agreement between the Provincial and General Governments by the Sub-Treasurer here, it is impossible to carry out this arrangement. I will refer the whole matter to the Colonial Secretary, and will abide by the decision of the General Government.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

Messrs. James McKenzie & Co.,
Contractors, Railway Piers.

Enclosure 4 in No. 73.

MESSRS. M'KENZIE AND CO. TO THE SUPERINTENDENT, SOUTHLAND.

Southland Club,

Invercargill, 28th July, 1864.

SIR,—

Referring to the writer's interview with your Honor on the 21st instant, relative to a settlement of a claim on your Government for work done under contract.

Your Honor, on that occasion, stated that you had written to the General Government respecting the difference of opinion existing betwixt your Honor and the Sub-Treasurer, relative to the mode of distribution of the £45,000 loan, and that you expected an early reply.

Would you be good enough to inform us whether such reply has been received, and, if so, its tenor, so far as we are affected.

We have, &c.,

JAMES MCKENZIE & Co.,
Per Geo. Pearson, Jun.

His Honor the Superintendent,
Southland.

Enclosure 4 in No. 73.

MESSRS M'KENZIE AND CO. TO THE SUPERINTENDENT, SOUTHLAND.

Southland Club,
Invercargill, 28th July, 1864.

SIR,—

Referring to the writer's interview with your Honor on the 21st instant, relative to a settlement of a claim on your Government for work done under contract.

Your Honor, on that occasion, stated that you had written to the General Government respecting the difference of opinion existing betwixt your Honor and the Sub-Treasurer, relative to the mode of distribution of the £45,000 loan, and that you expected an early reply.

Would you be good enough to inform us whether such reply has been received, and, if so, its tenor, so far as we are affected.

We have, &c.,
JAMES MCKENZIE & Co.,
Per Geo. Pearson, Jun.

His Honor the Superintendent,
Southland.

Enclosure 6 in No. 73.

MESSRS. M'KENZIE AND CO. TO THE SUPERINTENDENT, SOUTHLAND.

Southland Club,
Invercargill, 29th July, 1864.

SIR,—

We have the honor of acknowledging receipt of your letter of the 28th inst., at the concluding paragraph of which we are very much surprised.

Since last addressing you we have been instructed by our Mr. McKenzie to hand you the following Notice, which your Honor will please to consider as final, as we consider that we have been, and are now, very badly treated by this Government, viz:—

“Dunedin, 26th July, 1864.

“It is with much regret that we have the honor to state the following terms through our agent, Mr. Geo. Pearson, now visiting you for the purpose of settling all matters betwixt us, relative to our Contracts at the Bluff and Mokomoko.

“We may state that the extraordinary manner in which Mr. Elles, the General Government's agent, treats our claim has taken us by surprise; such a course is, in fact, in direct variance with the meaning and spirit of a letter published in this day's *Otago Times*, headed ‘Letter from the Colonial Secretary, to His Honor the Superintendent of Southland,’ relating, to the recent loan of £45,000.

“However, the following are the only terms that we can now offer; and we beg respectfully, but finally, to state, that unless they are at once accepted, and carried out in their entirety, an action at law will be immediately issued.

“1st. £5,000 in cash to be handed Mr. Pearson on receipt hereof, or paid into the Bank of New Zealand, Dunedin, to our credit by the 20th instant.

“2nd. The Balance to be equally divided into 4 Bills of Exchange or Promissory Notes, with 10 per cent. interest added; and with 12 per cent. interest from date of Vouchers to date of payment, also added: these to be 1, 2, 3, and 4 months, and made payable to our Order at the Bank of New Zealand, Dunedin.

“JAMES MCKENZIE & Co.”

The writer may add that he leaves the Province to-morrow by the _____ and that he will wait upon your Honor, personally, this afternoon, in order to ascertain if this very unpleasant matter cannot be settled without Law.

He would ask your Honor to give this matter your best attention, in the meantime—be prepared in fact with some reasonable proposition—failing your power to carry out the above on so short a notice.

We have, &c.,
JAMES MCKENZIE & Co.,
By Geo Pearson, Jun.,
Attorney for James McKenzie.

His Honor the Superintendent,
Southland.

Memorandum.—I called upon the Superintendent, but could obtain no satisfaction of any kind.

GEO. PEARSON, JUN.

Enclosure 7 in No. 73.

MR. PEARSON TO SUB-TREASURER, SOUTHLAND.

Southland Club,
Invercargill, July 26th, 1864.

SIR,—

Referring to the writer's interview with you on the 21st instant relative to our claim for the construction of Railway Piers at the Bluff and Mokomoko, and being aware that a further sum of £15,000 will be due this day by the General to the Provincial Government under an agreement, as published, bearing dates 7th and 8th June, 1864.

We beg to claim a portion of said sum on account on the following grounds :

1st. Because this £15,000 per month for three months, or £45,000 in all, was specially granted by the General Government to prevent a breach of existing Contracts for "Railway and other Works."

2nd. Because our works were *Railway Works*, although we are credibly informed that you have paid on "other Works" as well, recently.

3rd. Because although we have finished *our* part of the Contract, the Provincial Government have not completed theirs by making monthly payments in terms of same ; it being consequently an existing Contract still.

Until, therefore, we have some payment on account, we protest against your paying other Contractors to our entire exclusion, more particularly as there was a voucher in our favor "in progress," and, still unpaid, dated so far back as the 25th April last, say—

For Bluff	...	...	...	£2,000	4	7
„ Mokomoko	...	...	...	2769	16	2
						<hr/>
						£4770 0 9

Should you entirely ignore our claim, amounting to £15,142 12s. 1d., as per Memorandum from the Provincial Government, now in our possession, as well as a further sum not yet passed, in your present and future payments, we shall, however much such a course may be against our inclination, be compelled to take proceedings at law at once—not only for the recovery of the principal, and interest on the same, but for special damages, as well as for the great injury and positive inconvenience this delay in a settlement has caused and is causing us.

We have, &c.,

JAMES MCKENZIE & Co.,
Per George Pearson, Jun.A. J. Elles, Esq., Sub-Treasurer,
Invercargill.

Enclosure 8 in No. 73.

THE SUB-TREASURER, SOUTHLAND, TO MR. PEARSON.

Sub-Treasury,
Southland, 27th July, 1864.

SIR,—

I have the honor to acknowledge your letter of yesterday's date, relative to the payment by me to Messrs. McKenzie & Co., of a sum due to them by the Provincial Government of Southland; and in reply I beg to state, that on receipt of my instructions, based upon the late arrangement made between the General Government and his Honor the Superintendent, with a view to relieve the Provincial Government of its embarrassment, the right of various claims to be embraced within the scope of said instructions was duly weighed and considered by me ; and the conclusion arrived at, that the claim referred to by you did not belong to the class contemplated by the General Government.

I take this opportunity of remarking that no claim whatever of the same character as Mr. McKenzie's, viz :—for finished work, has been paid by me.

I have, &c ,

A. J. ELLES,
Sub-Treasurer.George Pearson, Esq.,
Invercargill.

Enclosure 9 in No. 73.

MR. PEARSON TO THE SUB-TREASURER, SOUTHLAND.

Southland Club,
Invercargill, 28th July, 1864.

SIR,—

We have the honor of acknowledging receipt of your favor of the 27th instant, in answer.

After carefully re-perusing the notes of agreement bearing dates of 7th and 8th of June last passed betwixt His Honor the Superintendent of this Province, and the General Government in Auckland, on the subject matter of this correspondence, we cannot come to any other conclusion than that your instructions from the latter, must be in direct variance with the plain tenor and meaning of the said notes, otherwise you would not have come to the decision you have.

Would you favour us with a perusal or copy of said instructions, so far as they bear upon our claim? Such a course might possibly prevent expensive litigation, with all its attendant inconveniences: as, to be candid, we *must* have something of a tangible character handed us at once, otherwise we proceed to Law. We have waited too long already for our own interests and convenience, even for a partial payment.

We beg again to impress on you the remarks contained in ours of the 26th instant, and state that we still differ from your conclusions.

We have no desire to canvas politics—local or general—but we are impressed with the idea that directly or indirectly, the General Government will have to pay all present Provincial Liabilities—that is of Southland *eventually*? In fact we have yet to learn whether or not the General Government is liable for our claim, without reference to the above notes? Under these circumstances, even taking this light as a guide, it will be for you to say whether it would not be politic, in order to prevent an action at law, for you to pay us, say, £5000 on account.

We will make a proposition, but without prejudice, viz:—

That you shall at once hand us £5,000 out of the £45,000 on account: and, that we should give time for the balance: terms of which to be agreed upon afterwards?

We beg therefore that you will reconsider the matter, as it affects us, and send us a favorable reply at your earliest convenience, as the writer purposes leaving the Province by the first opportunity.

We, have, &c.,

JAMES MCKENZIE & Co.,
By George Pearson, Junr,
Attorney for James McKenzie.

A. J. Elles, Esq., Sub-Treasurer,
Southland.

Memorandum.

We have received no answer to this, but Mr. Elles informed us verbally that he was not in a position to discuss the matter.

JAMES MCKENZIE & Co.,
Per George Pearson, Junr,

Dunedin,
August 5th, 1864.

No. 74.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 20th August, 1864.

SIR,—

I have the honor to remind you that I have not yet received any intimation of the steps you propose to take to aid the Provincial Government in affecting a settlement of its liabilities the present provisional arrangement merely defers the moment when action of a more comprehensive character must be taken. By the last mail I forwarded a statement of the amount of outstanding liabilities, and an estimate of the sums which would be required to complete the Railways, and meet some other contingent liabilities. The works on both lines of Railways, are well advanced towards completion; they could be so far completed, that the lines would be open for traffic in little more than two months, if carried on more slowly, the Contractors may have grounds for claiming damages.

It is of the utmost importance to the interests of this Province that those works should be finished shortly—while proceeding slowly, and still imperfect, some parts must necessarily deteriorate. The

greater part of the expenditure has been already incurred—*all the plant*, excepting one spare engine, *the fifth*, and a small quantity of rails and chairs expected shortly, have already arrived in the Province—the capital invested must remain unproductive until the works are ready.

Whenever the line is open for traffic, it will begin to yield a revenue, and the fact of the two lines being completed, and open for traffic, will do more than any other circumstance could, to restore confidence in the credit of the province, in the elasticity of its resources and its ability to give ample security for its debt. It is desirable then to provide the means of finishing those contracts without unnecessary delay, and in case you should not be prepared to suggest a better mode of enabling the Province to proceed with them, I have now once more to propose that you would accede to a Provincial Loan Bill for such a sum as may be required to meet the outstanding or contingent liabilities on the 30th October. It is probable that the new Council will meet early in November, and if you agree to sanction a Loan Bill to the extent required, it will be proposed to the Council: the exact sum will be stated before that time, but it will probably amount to about £100,000. It is probable that a Loan for a short term of years—say 10 years—bearing good interest and a high sinking fund, raised on Railway Debentures, would command a more ready sale in the money market; but if the Loan was in that form, it must be partly applicable to other purposes, as well as for the completion of Railways.

When it is agreed that the sanction of His Excellency shall be given to such a Bill, I have further to suggest that the General Government should guarantee such an advance from a Bank as may be required by the Provincial Government, pending the negotiation of the Loan, such an advance to be repaid from the Loan when negotiated. The present mode of giving the aid of the General Government is open to serious objections; the instructions are at variance with the agreement, and admit the possibility of a capricious determination of the accounts to be paid. At the same a weekly increasing amount of outstanding liabilities is accumulating, and, as you may have observed in the accounts sent to Auckland, these arrears now amount to a considerable sum. I trust that your Government will re-consider this question of a Loan in the light of more recent information communicated, and that I shall have an early intimation of your decision.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 75.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,

Southland, 5th August, 1864.

SIR,—

I have the honor to inform you that the Appropriation Ordinance No. 1, 1864, passed by the Provincial Council of Southland in its sixth Session, and forwarded for His Excellency's assent on the 16th March, 1864, has not been returned with the Governor's assent notified thereon.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 76.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,

Auckland, 26th August, 1864.

SIR,—

I have to acknowledge the receipt of your Honor's letter, dated the 5th instant, stating that the Provincial Southland Bill, entitled the "Appropriation Ordinance No. 1, 1864," had not been returned to you with the Governor's assent notified thereon.

I enclose a copy of such Bill, with such assent notified thereon, and regret that by some inadvertence the Bill so assented to was not transmitted to you at the same time as the "Debentures Ordinance No. 1, 1864," its joint-bill, was returned to your Honor, assented to.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland.

No. 77.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office, Auckland,
27th August, 1864.

SIR,—

I have to acknowledge the receipt of your Honor's letter of the 1st instant, enclosing certified copies of Resolutions relating to the condition of Southland, passed by the Provincial Council of that Province, which had been forwarded to you for transmission to His Excellency the Governor.

I have also to acknowledge the receipt of your Honor's letter of the 11th instant, referring to certain accounts of Messrs. M'Kenzie & Co. against the Provincial Government of Southland, and requesting to be informed generally what steps the General Government propose to take in order to enable the Provincial Government to make permanent provision for the settlement of their unsecured debts.

In reply, I have to inform your Honor that the General Government are not at present in a position to state definitively what course they will take in reference to the financial embarrassments of Southland, but that they will be prepared to do so after the arrival of the next mail from England, as they hope then to be in a position to propose some comprehensive plan with a view to permanent relief.

In the meantime, the temporary arrangements made will be continued until the 20th October next.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland.

No. 78.

THE COLONIAL SECRETARY, TO THE DEPUTY SPEAKER, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 27th August, 1864.

SIR—

I have the honor to acknowledge the receipt of your letter, dated the 2nd instant, transmitting a Memorial of the Provincial Council of Southland on the subject of Provincial Loans, and in reply to enclose for the information of the Provincial Council a copy of a letter which I addressed, on the 27th ultimo, to his Honor the Superintendent of Canterbury respecting the Loans of that Province, and which indicates the course which will be pursued by the General Government with regard to Provincial Loans.

I have, &c.,

WILLIAM FOX.

The Deputy Speaker of the Provincial Council,
Southland.

No. 79.

THE ASSISTANT TREASURER TO THE SUB-TREASURER, SOUTHLAND.

Treasury,
Auckland, 29th August, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letters of the 10th and 11th instant, Nos. 101 and 103, enclosing correspondence with his Honor the Superintendent respecting the Return called for by my letter of the 16th ultimo, No. 201, and, in reply, I am directed to inform you that the course you have taken in the matter meets with the approval of the Government.

It is not necessary that you should make any further application to the Superintendent for the Return you were requested to send, and which the Government think should have been supplied at once upon your application for it.

I have, &c.,

R. F. PORTER,
Assistant Treasurer.

The Sub-Treasurer,
Southland.

T

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 30th, August, 1864.

SIR,

I have the honor to enclose herewith copy of a letter from the Manager of the Bank of New Zealand here, requesting payment of the sum of £855 (Eight hundred and fifty-five pounds) being balance due to the Bank of the sum of £2,500 (Two thousand five hundred pounds) guaranteed by private individuals on the 21st May, 1864, and which advance was to be a first charge on the Land Revenue.

These advances were made by the Bank, on the guarantee of several gentlemen here, to enable Mr. Davies, the Railway Contractor, to pay off a number of workmen; a necessary preliminary to a partial suspension of the Railway works, and the repayment of these advances was to be one of the first charges on the Land Revenue.

On the 8th June the Provincial Government entered into an agreement with the General Government, whereby the whole of the Land Revenue of the Province of Southland was to be handed over to the General Government until the sum of £45,000 (Forty-five thousand pounds) advanced for Railway purposes had been repaid, and at the time the Sub-Treasurer here received his instructions from Auckland, the amount of £855 (Eight hundred and fifty-five pounds) still remained unpaid.

I regret that those gentlemen who guaranteed the repayment of an advance by the Bank, at a time when such advance was an urgent necessity, should now be subjected to the proceeding indicated by the manager of the Bank as expressed in the enclosed communication, in consequence of the too rigid interpretation by the Sub-Treasurer of the agreement made between the Provincial Government of Southland and the General Government, and I trust that your Government will see the necessity of issuing instructions to the Sub-Treasurer to pay to the Bank of New Zealand the balance of the amount due on this account from the proceeds of the Land Sales.

I have, &c.,

J. A. R. MENZIES,
Superintendent.The Hon. the Colonial Secretary,
Auckland.

Enclosure in No. 80.

THE MANAGER OF THE BANK OF NEW ZEALAND, INVERCARGILL, TO THE SUPERINTENDENT,
SOUTHLAND.Bank of New Zealand,
Invercargill, 30th August, 1864.

SIR,—

I beg to request payment of the Provincial Governments' overdraft in our Books amounting to £855 (eight hundred and fifty-five pounds) being the balance, with interest, of certain advances which it was agreed should be a first charge on the Land Revenue.

These advances were also secured to the Bank by the bond of private individuals, against whom I shall be compelled to proceed, unless the advance is repaid within a month from this date.

I have, &c.,

THOMAS WATSON,
Manager.His Honor the Superintendent,
Southland.

No. 81.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 6th September, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of the date quoted in the margin, on the subject of the financial embarrassments of the Province of Southland, and in reply to refer your Honor to my letter of the 27th ultimo.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland.

20th August, 1864.

No. 82.

THE ASSISTANT TREASURER TO THE SUB-TREASURER, SOUTHLAND.

Treasury, Auckland,

19th September, 1864.

SIR,—

A communication having been received from His Honor the Superintendent, Southland, respecting the demand made by the Bank of New Zealand for payment of Eight hundred and fifty-five pounds, being balance due to that Bank of the sum of £2,500, advanced to the Provincial Government under a guarantee given by certain private individuals, to enable Mr. Davies, the Railway Contractor, to pay off a number of workmen, I have received instructions to authorise upon to pay the amount.

I have, &c.,

R. F. PORTER,
Assistant Treasurer.

The Sub-Treasurer,
Southland.

No. 83.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,

Auckland, 26th September, 1864.

SIR,

I have the honor to acknowledge the receipt of your letter, of the number and date quoted in the margin, and, in reply, to inform your Honor that in compliance with your request the Sub-Treasurer at Invercargill has been instructed to pay to the Manager of Bank of New Zealand the sum of £855, (Eight hundred and fifty-five pounds).

I have, &c.,

WILLIAM FOX,

His Honor the Superintendent,
Southland.

No. 43.
August 30th, 1864.

No. 84.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,

Auckland, 27th September, 1864.

SIR,—

In my letter, No. 261, of the 27th ultimo, your Honor was informed that the Government hoped to be able, after the arrival of the next mail after that date from England, to propose some comprehensive plan by which it would be enabled to relieve the Provincial Treasury of Southland from the pressure of its financial difficulties.

This hope was based upon the anticipation that a considerable amount of the £3,000,000 Loan would have been negotiated, and that the General Government would have been in a position, without embarrassing the Colony, to relieve the Province of Southland.

The Loan in question has not been negotiated, and the General Government has been able only to make arrangements to meet its own liabilities.

Under these circumstances it is quite impossible at present to carry out the intention of the General Government with reference to Southland, and I greatly regret to inform your Honor that the temporary measure of relief, which is now being given to that Province, cannot be continued beyond the 20th next month (October).

I have, &c.,

FREDK. WHITAKER.

In the absence of Mr. Fox.

His Honor the Superintendent,
Southland.

PAPERS RELATING TO

No. 85.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 1st October, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter, No. 261, 27th August, and in reply to inform you that the latter part of the above communication on the subject of the financial condition of this Province has been referred to in another letter of this day's date, No. 175, which is also despatched by this mail.

I have, &c.,
J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 86.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 1st October, 1864.

SIR,—

I fully relied on receiving from you before this time some definite reply on the subject of the proper provision to be made for permanently arranging the liabilities of this Province. I have received no reply to the enquiry whether you would agree to recommend that a loan bill passed with this view should receive the assent of His Excellency. In my letter of the 20th August, some considerations were pointed out which I conceived should, on being brought prominently forward, lead to your taking some immediate steps with this view. The present arrangement does not work satisfactorily and it is only provisional. The Provincial Government is unwilling to continue it. Some considerable Land sales will enable it shortly to repay most, if not all of the advances already made, and if you can agree to no way of assisting this Province thereafter other than by direct loan to it: the manner of its application should be decided by the Provincial authorities.

The liabilities which have not been met by the advances from you cannot be ignored, and it will be most discreditable for the Provincial Government to enter into further arrangements, which would enable it to provide for a portion only of its liabilities, while it disregarded the claims of others of its creditors, which in some cases may be even more urgent. I have to draw your attention once more to my letter of 20th August referred to, and request that you will favour me with a reply.

I have, &c.,
J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 87.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 11th October, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter as per margin, informing me that the Sub-Treasurer at Invercargill had been instructed to pay to the Manager of the Bank of New Zealand the sum of Eight hundred and Fifty-five pounds

I have, &c.,
J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 175.

No. 296.
September 26th, 1864.

No. 88.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 12th October, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 27th ultimo, in which you inform me that the General Government hoped to be able, after the arrival of the September mail from England, to propose some comprehensive plan, by which it would be enabled to relieve the Provincial Treasury of Southland from the pressure of its financial difficulties, that this hope has been abandoned for reasons stated, and that you regret that the temporary relief given cannot be continued beyond the 26th of October.

I hoped that under any, and especially under those circumstances, that you would have, in reply to my representations, have intimated the willingness of the General Government to accede to the request of the Provincial Government with regard to a Loan Bill to recover its liabilities. The Provincial Government has all along been unable to see any way other than by a Loan Bill to meet its liabilities completely, within any reasonable time; and while it willingly acknowledges the valuable assistance it has received from the General Government, yet it has always recognised the fact that that aid was only temporary and provisional, as you observe. It is quite prepared to undertake to meet all those liabilities now, as it has been from the first perception of the pressure, if it received your assurance that a Loan Bill will be assented to, and seeing that you do not indicate any other course, and now withdraw the assistance given during the winter, I have to represent that as the capital of the Province,—the unsold lands, the Railway Lines, &c., is sufficient to enable it to offer ample security.

The Provincial Government does not doubt that, with the promise of your sanction to a Loan Bill of an amount sufficient to cover its liabilities, it will soon overcome the difficulties which at present paralyse its free action. My views as to the nature of this loan have been clearly expressed to you (August 20). If, in addition to this the General Government, seeing that a very considerable portion of its advances to this Province have been repaid, would also authorise me to draw upon it for a sum of Fifteen or Twenty thousand pounds, *if required*, on account of the Province, I would feel confident that the existing embarrassment of this Province would terminate at an early date.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 89.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 17th October, 1864.

SIR,—

I have to acknowledge the receipt of your Honor's letter, No. 175, of the 1st instant, stating that you fully relied on receiving from me before that date some definite reply on the subject of permanently providing for the liabilities of the Province of Southland.

In reply, I have to inform your Honor that the definite decision of the General Government on the subject referred to was communicated to you in my letter, No. 302, dated the 27th ultimo, and as you had previously been informed that no decision would be come to until after the arrival of the English Mail (about 22nd September), and as, even if a decision had been settled and transmitted by the Mail which left Auckland on the 23rd of September, it would not reach Invercargill by the 1st instant. I am at a loss to imagine the ground on which you relied on receiving a reply before that date.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland.

PAPERS RELATING TO

No. 90.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 17th Oct., 1864.

SIR,—

I have to acknowledge the receipt of your Honor's letter, No. 114, of the 22nd ultimo, enquiring, with reference to the £140,000 Southland Loan, whether, in the event of the Debentures being sold before the end of the year, the General Government will authorise Mr. Morrison to draw on the Colonial Treasurer for the purpose of meeting the interest due on the 1st of January next.

The Hon. Colonial Treasurer, to whom I referred your letter, informs me that he thinks, after consulting with Mr. Morrison in London on the subject of the negotiation of this Loan, that there is little probability of the Loan being negotiated before the end of the year.

If, however, it should be negotiated, I apprehend that Mr. Morrison can have no difficulty in paying the first half-year's interest from the proceeds of the sale of the Loan. Should this not be possible, I regret to say that the General Government is not in a position to authorise him to draw upon the Colonial Treasury for that purpose.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland.

No. 91.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 27th October, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter, No. 189, of the 12th instant, and, in reply, to inform your Honor that as Ministers have resigned their offices, and are simply waiting for the appointment of their successors, they will not have to advise the Governor in reference to the Legislation of next Session.

If your Honor, therefore, submits to the Provincial Council such a Loan Bill as you propose, it will be done entirely on your own responsibility.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Southland.

No. 92.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 1st November, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 17th ult., expressing your regret that the General Government was not in a position to authorise Mr. Morrison to draw upon it for the interest, due on the 1st January next, on the Loan for £140,000.

I have, &c.,

J. A. R. MENZIES,
Superintendent.The Hon. the Colonial Secretary,
Auckland.

No. 93.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 1st November, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 17th ultimo, referring to previous correspondence on the subject of the liabilities of this Province and the mode of dealing with

them, and expressing your surprise that I should have expected a definite reply before the 1st ultimo.

I have not overlooked your previous communications of 27th August, and 27th September. On referring to them again, you will observe that they refer mainly to temporary assistance given by the General Government to the Province.

In my letter of 20th August, I requested that you would inform me whether you would approve of a Loan Bill of a character stated, which would make permanent provision for Provincial Liabilities, affording something beyond merely temporary relief. It is to a reply to this proposal that the Provincial Government looks forward with interest. It still appears to the Provincial Government that the course indicated is the best way for making provision for those liabilities, and, in absence of any more eligible suggestions, I have the honor again to request that you will intimate what course the General Government will take with reference to this proposal, or whether it has any other to make in lieu of it. If some definite proposition had been agreed to before, or if the Provincial Government knew to what extent, and in what manner the General Government would have aided it to make such permanent provision, it might have been able to avert a process which has just now occurred, namely the serving of a Writ for £20,000, at the instance of McKenzie & Co., whose claim has already been a subject of correspondence with you.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 94

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 17th November, 1864.

SIR, —

I have to acknowledge the receipt of your Honor's letter, No. 236, of the 1st instant, in reply to my letter of the 17th ultimo, in which I expressed surprise that your Honor should have expected a definite reply on the subject of the financial embarrassments of Southland before the 1st ultimo.

Your Honor states that you had not overlooked my previous letters of 27th August and 27th September last, and you inform me that on referring to them again I will observe that they refer mainly to temporary assistance given by the General Government to the Province of Southland.

I have referred to my letter of the 27th August last, and I find that so far from referring mainly to "temporary assistance" it expressly states that *after the arrival of the then next mail from England*, the General Government "hope to be in a position to propose some comprehensive plan *with a view to permanent relief*" of the financial embarrassments of Southland.

My other letter (27th Sept.,) to which your Honor refers, contains the definite answer promised, and could not of course have been before you when you wrote your letter of the 1st of October, in which you express surprise at not having received a definite answer.

With respect to the proposed additional Loan Bill for Southland, I have to refer your Honor to my letter of the 17th ultimo, in which I stated that the introduction of such a Bill into the Provincial Council must be altogether on your Honor's own responsibility.

I have, &c.,
WILLIAM FOX

His Honor the Superintendent,
Southland.

No. 95.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

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

SIR,

I have had the honor to inform you that Messrs McKenzie, & Co. had served the Provincial Government with a writ for the sum of £20,000. Since this circumstance has become known creditors of the Government have become more pressing in their demands and threaten extreme proceedings, one judgment was obtained to-day. Under these circumstances the Provincial Government has

thought it most prudent course in order to save the Provincial property from being sacrificed was to assign all its moveable property to the General Government, (its chief creditor) for its protection until some measures were taken by the General Assembly or by the General Government such as would enable the Province to make permanent provision to meet its liabilities. Pending the adoption of such steps, and a reference to you, the Sub-Treasurer in Southland will take charge of the property.

These circumstances will probably convince you of the necessity of taking immediate steps such as will be calculated to restore the credit of the Province and thereby maintain that of the Colony. I trust they will receive your careful consideration.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.
