

MORRISON, Low & Co. have similarly detained a quantity of Railway iron for passage monies amounting to £741 4s. 5d.

INTEREST AND SINKING FUND under loans, and interest on debts may be roughly estimated at £30,000 per annum, for which provision must be made.

COMPENSATION AND LAW EXPENSES on account of deferred payments, and unfulfilled engagements may probably amount to a considerable sum.

DEPRECIATION of property and works may also involve a not inconsiderable item of expenditure, in repairs and restoration.

Remedial Measures.

Having approximately ascertained the amount of liability, and the character of the Provincial estate, I placed myself in communication with the local authorities, and others interested in the prosperity of the Province, with a view of enquiring as to the best means of meeting existing engagements. The suggestions which were made assumed various forms; among them may be mentioned the following:

TAXATION.—It appears that any additional taxation, except for local purposes, might have the effect of still further depressing the resources of the Province, by leading to Emigration, a depreciation of property, and a check on the sale of land.

DISPOSAL OR LEASING OF RAILWAY WORKS.—Whatever hope there might be with regard to the Bluff and Invercargill line, there would be very little present chance of disposing of or leasing the Oreti Line. The object in hastening on the Railway works, was to secure the trade of what are called the Border Gold Fields, but these having ceased to be so attractive as they were, there may be some doubt whether any Company could be induced, except on a merely nominal rent, to take a lease of the Bluff Line when completed, which would most probably require to meet monies due, and work to be done about £34,000. To finish the Oreti Line and to pay off existing debts would require about £32,000. The two lines stretching from the Bluff Harbor to the Terraces, on the Oreti, where a good natural road exists, would require little under £66,000. A question arises with respect to the Oreti Line, how far the General Government would be justified in taking any action on the guarantee of the whole Colony for the prosecution of works in one Province, designed to withdraw the trade and Customs dues from another, which is oppressed by expensive establishments, unless it were prepared to guarantee loans for all such works throughout the whole Colony. It has been suggested, that the General Government should buy the Railways: but, independently of financial difficulties, it may well be doubted whether such would be judicious, and the line could be economically worked.

It might be possible to raise a loan to finish the Bluff Line, on the security of the works themselves, but as the profit of the line owing to the sparseness of the population, and the remoteness of the Lake Gold Fields, is somewhat problematical, the plan might be attended with some risk.

DISPOSAL OF DEBENTURES.—The sale of the Debentures, at a low figure, would probably, if collaterally secured by an allocation of land, realise about £230,000. Only a small portion has been offered for disposal at 95, and there was no demand. An additional loan of about £170,000 at a higher rate of interest and sinking fund, and at shorter dates, making a total of about £460,000 might realize sufficient to clear off past liabilities, and enable the Government to complete one of the Railways, but, then the interest, at probably 6 to 8 per cent, and sinking fund at 2 to 4 per cent, amounting to about £42,000 would be a very heavy burthen on the Revenues of the Province. Besides the specific allocation of land, by Legislative enactment, to secure the repayment of the principal and interest of a loan, it appears desirable to provide against the allocated land not readily finding a purchaser, by ensuring to the lenders a certain proportionate annual payment out of the Territorial Revenue to be deducted, as in the case of the New Zealand Company's debt, by the Receiver of Land Revenue, and carried to the credit of Trustees, and, failing this, out of the Ordinary Revenue of the Province, where appropriations to meet guaranteed interest and sinking fund have not been made.

DISPOSAL OF LAND.—The sale of land combined with more productive pastoral leasing regulations might be effectual if there were any security of pastoral tenure, and provision against reckless expenditure by the Province. Doubtless the pastoral licensees would be disposed to pay a higher rental if this fixity of tenure were secured, and a high price placed on the sale of land which would prevent an indiscriminate spotting of their runs; but the probable effect of this high price would be that the best of the land would find purchasers, and the remainder would be a drug upon the market. A low price of £1 per acre would probably realise a very considerable sum, but, would involve a very great sacrifice of the Provincial estate, which perhaps, the inexorable necessities of the case might justify.

THE ISSUE OF SCRIPT, receivable at the land office in payment of land, has been suggested as a temporary expedient.

Whatever may be the views of Government, I think the Provincial authorities should be called upon to suggest several alternative propositions for redeeming the credit of the Province;