

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
	£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:—