

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
							£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