

PAPERS RELATIVE TO THE
Sub-Enclosure No. 5 in Enclosure No. 1.

THE MANAGER OF THE BANK OF OTAGO TO J. MORRISON, ESQ., LONDON.

The Bank of Otago, Limited,
5, Adam's Court, Old Broad Street, London, E.C.,
25th June, 1864.

SIR,—

I beg to acknowledge the receipt of your letter of the 24th instant, in which you inform me that you could not assent to the Southland Government Debentures being disposed of *under par*, and that you consider the present an unfavorable moment for introducing them on the market, and to inform you that my Directors agree with you in that opinion, and have accordingly resolved to delay doing so until a more favorable opportunity arrives.

I am desired to accept your proposition to allow the 12 months named in the agreement with this Bank to date from the present time, the 24th instant, and to assume that the Debentures have been offered.

I am also desired to request that you will have the goodness to report the state of the market to the Provincial Government of Southland with a view to your obtaining some modification in your instructions with reference to the sale of these Debentures, as there is little hope of getting rid of them either now or at the end of twelve months *at par*.

By the 8th clause of the Debentures Ordinance, No. 2 of 1863, they can be sold only by means of "*Public Tender*," which is a great disadvantage and it is highly desirable that authority should be given to sell them *privately* if not sold publicly.

I have, &c.,

ALEX. GRACE,
Secretary.

John Morrison, Esq., Agent for the Provincial Government
of Southland, 3, Adelaide Place, London Bridge.

Sub-Enclosure No. 6 in Enclosure No. 1.

MEMORANDUM RESPECTING LIABILITY OF THE PROVINCE OF SOUTHLAND, TO THE BANK OF OTAGO.

Supplementary Memorandum in regard to the Provincial Government of Southland's account with the Bank of Otago, Limited, shewing in compliance with the desire of the Hon. Major Richardson the following points—

I. "The particular clause in any agreement by which the Bank claims to force a sale of Debentures after the 24th June last."

Clause 3rd of the agreement between the Superintendent and the Colonial Manager of the Bank, dated 8th January, 1864, which *inter alia* provides that "In event of their (the Debentures) not being sold within twelve months from being placed in the market they shall be again exposed at a reduced price, to be fixed by the Agent for the Government and the Directors of the Bank in London, so as to ensure a sale."

The Debentures were held to have been placed on the market on 24th June, 1864, as per copies of correspondence already furnished, marked Nos. 4 and 5.

The Bank accordingly holds itself clearly entitled, should the Home Agent fail to fix such a price as "will ensure a sale" to realise on the security it holds at the risk of the Provincial Government.

II. "A Return, up to the last day of January, indicating the following points—

1. Advance under Oreti Railway Ordinance with Advance and Interest in distinct columns.
2. Advance under other Revenue Agreement in the same way.
3. Advance under other Agreements in the same way.

| Name of Account. | Advance. | Interest. |
|--|--------------|-------------|
| Oreti Railway | 48,998 13 11 | 3,136 13 5 |
| Ordinary Revenue | 72,475 9 7 | 4,635 15 11 |
| Promissory Note | 10,000 0 0 | 936 17 3 |
| Greville and Whiting's Contract | 3,227 5 5 | 169 11 1 |
| | 134,701 8 11 | 8,878 17 8 |