

F U R T H E R P A P E R S

RELATIVE TO THE

LOANS AND FINANCIAL CONDITION

OF THE

PROVINCE OF SOUTHLAND.

In continuation of Papers presented 9th December, 1864.

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

W E L L I N G T O N :
1865.

REPORT BY THE HON. MAJOR RICHARDSON
ON THE
FINANCIAL CONDITION
OF THE
PROVINCE OF SOUTHLAND.

REPORT.

In carrying out the wishes of the Cabinet with respect to an examination into the Financial position of the Province of Southland, its embarrassments, and its prospects, I did not understand that it was desired that the examination of accounts should extend beyond a reasonably approximate estimate of its Assets and Liabilities, because a more complete examination would rather have assumed the form of an Audit, which was not necessary, and for which I was not prepared. It will be seen by a perusal of the accompanying documents that the sums due by the Provincial Government, as rendered by the Bank of Otago, the Bank of New South Wales, and the Sub-Treasurer at Invercargill, (respectively numbered 1, 2, and 3), do not exactly correspond with those rendered by the Provincial Treasurer, (numbered 4 and 5); which latter were necessarily drawn up in haste in order to give a rough approximation only. I have adhered in my statements to the former; accepting, however, as correct, the amount of "outstanding claims" legally chargeable on the Revenue of the Province, as represented by the Accountant of the Provincial Government on the 31st January, 1865. (No. 4.)

The approximate total of these Liabilities amounts to £403,530 13s. 3d. as may be seen by the annexed statement marked A. Attached to this is another statement marked B, indicating the probable Assets of the Province on the same date amounting to £27,231 8s. 6d., or, including Immigrants Bills overdue, to the sum of £34,865 8s. 6d.

Little reliance in regard to immediate realizations can be placed upon the Immigrant Bill accounts; the London Agent's account is probably dissipated by this time, and from the Town Board it will be very difficult to realize any great amount at the present moment.

A.

Approximate Liabilities on the 31st January, 1865.

| | Advance. | | | Interest. | | | Total. | | |
|----------------------------------------------------------------------|----------|----|----|-----------|----|----|----------|----|----|
| | £ | s. | d. | £ | s. | d. | £ | s. | d. |
| Bank of Otago, Oreti Railway acct. to 31st January, 1865 (1) ... | 48,998 | 13 | 11 | 3136 | 13 | 5 | | | |
| Do. Ordinary Reve., do., do. | 72,475 | 9 | 7 | 4635 | 15 | 11 | | | |
| Do. Promissory Note, do., do. | 10,000 | 0 | 0 | 936 | 17 | 3 | | | |
| Do. Greville & Whittings' do., do. | 3,227 | 5 | 5 | 169 | 11 | 1 | 143,580 | 6 | 7 |
| Bank of N.S. Wales, Railway Loan acct. to 31st January, 1865 (2) ... | 151,579 | 1 | 0 | 4276 | 3 | 10 | | | |
| Do. Provl. Treasrs. do., do. | 25,565 | 11 | 9 | 725 | 13 | 0 | | | |
| Do. do. No. 2, do., do. | 6,037 | 19 | 3 | 171 | 7 | 8 | | | |
| Do. Campbell & Robertson, do., do. | 2,300 | 0 | 0 | ... | | | | | |
| Do. Manning and Shelton, do., do. | 800 | 0 | 0 | ... | | | | | |
| Do. Harnett & Co., do., do. | 450 | 0 | 0 | ... | | | 191,905 | 16 | 6 |
| General Govt., Advance on Revenue to 18th Feb. 1865 (3) ... | 22,597 | 0 | 2 | 1005 | 6 | 3 | 23,602 | 6 | 5 |
| Outstanding claims, to 31 Jan. 1865 (3) | | | | | | | 41,442 | 3 | 9 |
| | | | | | | | 403,530 | 13 | 3 |
| | | | | | | | £403,530 | 13 | 3 |

B.

Approximate Assets on 31st January, 1865.

| | Amount. | Total. |
|-------------------------------------------------------------------------|-------------|-------------|
| Unauthorised expenditure for which future provision will be made | 10,598 13 0 | |
| Amount in hand of the London Agent on 30th June, 1864 | 7,494 4 10 | |
| Loan to Town Board | 9,138 10 8 | |
| Immigrants Bills overdue | 7,634 0 0 | 34,865 8 6 |
| | | £34,865 8 6 |

No notice is taken of Railway and rolling Stock nor of the Provincial landed estate.

Railway System and Accounts.

In addition to the sum due by the Provincial Government of £29,676 11s. 6d. on account of the Retention money, and payments to be made for works already completed, there appears to be required to complete the Railways, the following sums, viz. :

| | |
|-------------------------------------------|--------------|
| Bluff and Invercargill Railway (14) about | £12,724 7 0 |
| Oreti Railway (14) | 23,347 3 3 |
| | £36,071 10 3 |

Independently of a probable claim for compensation of

£5,000 0 0

In order to explain the Railway System of Southland, it may be said that the two Railways above referred to, form one continuous line, commencing at the Bluff Harbor and extending through Invercargill towards the Lake Gold Fields, in the Province of Otago ; being about 18 or 20 miles on each side of the Town. The Bluff and Invercargill line is constructed on the usual double headed Iron Rail system, of which the half, commencing at the Bluff, is finished ; and the remaining half in different states of progress. The Oreti line is constructed after Davies' patent, with wooden rails, capable, if desired, of being used by the carriages of the Bluff line, through the application of iron plates to the present wooden rails, at an additional expense of about £13,000. (14)

About one half of this line commencing at Invercargill is also finished, and considerable progress is made in the remaining half. There is a branch of the Bluff line diverging to the New River at Mokomoko, where an expensive pier has been erected at the cost of £23,735 5s. 7d. (13). This loop line, which strikes the Bluff line at a distance of about 11 miles from Campbelltown, is partly formed. The Bluff line has cost considerably more than was originally estimated, owing chiefly to the Railway embankments, when crossing estuaries, being protected from the action of the sea by a double revetment of planking—it being designed at some future time to fill in the interval with ballasting. The Oreti line though only designed to last but a short time, will scarcely realize the expectations of its originators, as there is reasonable doubt whether the material used will bear heavy traffic, and it is said that a large quantity of the material laid along the line for the construction of the remainder, being chiefly composed of white pine, has warped and scaled, and may be regarded as unfit for use. The embankments on both lines, being composed of loose material, would appear likely to call for considerable repairs at some future time. The carriages on the Bluff line are standing exposed to all the changes of weather, and are likely to become seriously injured from this exposure ; the carriages of the Oreti line are in the Railway Station shed. It may not be unnecessary to mention that there runs, parallel with the Bluff and Invercargill line, at a varying distance of from 20 to 300 yards, a gravel main road, following the natural surface of the country ; but which, from the nature of the material used, and the low lying character of the land, (though made at an expense of above £3000 a mile), is not likely to be of much benefit in bad weather, as it has to be supported in many places by fascines of scrub.

Should Government design taking any steps towards aiding in the completion of one, or both of these lines, or taking them as collateral security for any pecuniary liability which it may incur in connection with them, it is highly desirable that every part of the work completed, the material provided for completion, and the terms and conditions of existing contracts should undergo a careful scrutiny by an Officer specially appointed for the purpose, before any legislative or administrative action is taken. It would also be expedient to ascertain through a Marine Engineer, which of the two harbors, the Bluff or the New River, is best adapted for communicating with Invercargill. There are conflicting opinions on this subject ; and grave doubts have been thrown out as to the wisdom of having constructed the Mokomoko pier. It may be a question whether, at the present time, with a trade of an insignificant character, it would be expedient

to incur any further expense in completing the Mokomoko railway branch, and whether, if assistance be rendered, its whole weight should not be brought to bear on completing the Bluff and Invercargill line, leaving the Oreti line to be completed, if necessary, at some future time. Should the Government consider that professional Reports on these subjects are necessary before making any suggestion to, or bringing the subject before the Assembly, it would be highly expedient to endeavor to secure the services, for a few weeks, of Mr. Balfour, the Marine Engineer in the service of the Provincial Government of Otago, and of Mr. Dobson, connected with the Government of Canterbury, or of Mr. Doyne of Nelson.

Having now approximately described the liabilities of the Province, and pointed out the probable sums requisite to enable it, in addition to the loan power it already possesses, to complete its railway system; I proceed to show the nature of its dealings with the Banks.

Borrowing Power under Acts.

From several Acts which have received the sanction of the Governor, it appears that the Province has the following power of raising money by the sale of Debentures, viz. :—

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| 1. "Debentures Ordinance, 1863" for the construction of a railway between } the Bluff Harbor and Invercargill, and Jetty Works connected therewith ... } | £140,000 |
| 2. "Debentures Ordinance, No. 2, 1863" for the construction of a railway } between Winton and Invercargill ... } | £110,000 |
| 3. "Debentures Ordinance, No. 1, 1864" for the construction of the Bluff } Harbor and Invercargill Railway and Extensions ... } | £40,000 |

| | |
|-----------------------|----------|
| Total Borrowing Power | £290,000 |
|-----------------------|----------|

All these Debentures bear interest at 6 per cent. per annum, payable on the 1st of January and 1st of July, having a sinking fund of 2 per cent. per annum. The Debentures raised under them are not repayable sooner than 1st July, 1870, nor later than 1st July, 1895. The Principal and Interest are a charge upon the Revenue of the Province. The Debentures must "be sold by means of public tender, and not otherwise, for the best price that can be obtained." It is a question for the determination of the Attorney-General whether or not the sinking fund should accumulate from the date of the issue of the Debentures under hypothecation. The whole of the Debentures under the "Debentures Ordinance, 1863" amounting to £140,000 were placed by agreement, dated May 13th, 1863, with the Southland branch of the New South Wales Bank in the Manager's hands to cover advances to be made, and which have been made on Railway Account to the amount of £151,579 1s. 0d., exclusive of interest. The Bank has, up to the 31st January last, only charged 7 per cent., but, henceforth claims 12 per cent. from the circumstance of Government not having refunded the amount borrowed (2).

The whole of the Debentures under "Debentures Ordinance, No. 1, 1864," amounting to £40,000 have been similarly handed over to the Manager of the same Bank, to cover advances on Railway and other accounts, and they are bound to hold them some months yet, charging for the present 7 per cent. (2).

The whole of the Debentures under the "Debentures Ordinance, No. 2, 1863," amounting to £110,000 were, by agreement, dated January 8th, 1864, handed over to the Bank of Otago, (Limited,) on certain conditions (1) including a security on Land to cover advances to be made by the Bank; and the advances made on this account, and under other agreements, amount to £134,701 on the 31st January last, exclusive of interest. The Bank has, up to January, only charged 7 per cent. but now claims to charge 12 per cent. on account of breach of contract, (1), and further claims to force a sale of the Debentures after the 24th day of June, next.

Land Securities.

The Blocks of Land set apart as collateral security for advances under loans appear to be as follows (see 10)—Under Bluff and Invercargill Railway Loan, a block of £22,400 acres has been appropriated by Provincial action (not legislation), the principal part being under pastoral license and the greater portion "good agricultural land." The whole is being triangulated and 4160 acres have been surveyed into sections.

Under the Oreti Railway Loan, a block of 68,400 acres has been appropriated by Provincial action (not legislation); about 2000 acres have been laid off into sections, and the principal part of the Block is considered to be good agricultural land. On the whole, though one authority regards about 14,000 acres as worthless, the reserves appear to contain an average amount of good marketable land.

From what I can learn the land in question has not very readily been disposed of, and moreover, the sums hitherto received from sales do not appear to have been carried to a separate account as they should have been under the allocation.

With a view of assisting towards the formation of a judgment on the railway completion question, I proceed to the consideration of the traffic which passed into the Town of Invercargill *via* the Bluff, and the Port of Invercargill on the New River, respectively.

PAPERS RELATIVE TO THE

Vessels Entering (11).

| Whence. | Port of Invercargill. | | | | Bluff. | | |
|----------------------|-----------------------|----------|--------|--------------------|--------------------|----------|--------|
| | Number of Vessels. | Tonnage. | Crews. | | Number of Vessels. | Tonnage. | Crews. |
| Great Britain ... | 4 | 1358 | 55 | | ... | ... | ... |
| Colonies ... | 43 | 6802 | 351 | | 165 | 33,595 | 2728 |
| U. S. of America ... | 1 | 258 | 10 | | ... | ... | ... |
| From Bluff ... | 58 | 8418 | 416 | From Invercargill. | 165 | 33,595 | 2728 |
| | 80 | 3657 | 290 | | 125 | 6152 | 720 |

Value of Imports at the Bluff and Invercargill for 1864 (12).

| Whence. | Port of Invercargill. | | Bluff. | | Remarks. |
|----------------------|-----------------------|------------|-------------------|---------|------------------------------------------------------------|
| | Direct. | Via Bluff. | General Goods. | Stock. | |
| | £ | £ | £ | £ | |
| Great Britain ... | 20,711 | 83,653 | 40,262 16 0 | 123,783 | Of the Bluff Imports about £25,000 were for Railway Plant. |
| Victoria ... | 137,015 | 13,279 | | | |
| N. S. Wales ... | 3518 | 195 | | | |
| Tasmania ... | 48,417 | 474 | | | |
| S. Australia ... | 7,257 | ... | | | |
| U. S. of America ... | 7,294 | ... | | | |
| Total ... | £ 224,212 | 97,601 | | | |
| | 97,601 | | | | |
| Grand Total ... | £ 321,813 | | £164,045 16s. 0d. | | |

The population of the Province may be roughly calculated at about 9000.
The gross Customs Receipts for the year ending 31st December, 1864, are as follows (16).—
Port of Invercargill £40,729 3 6
Bluff Harbor 1,639 4 8
£42,368 8 2

About 75 per cent. of the goods represented by the figures given above, according to the Collector of Customs at Invercargill, *come direct to the New River*, and about 90 per cent. of the remainder are sent to the New River from the Bluff by lighter.
Vessels from 200 to 400 tons, drawing 16 feet of water can come within seven miles of the Invercargill Jetty, and vessels not drawing more than nine feet of water can reach the Jetty.
At the Mokomoko Jetty there are 20 feet at low water.
The insurance on vessels for the Bluff and New River is at present about 40s. from London and 20s. from Melbourne.
It should be stated that the Channel of the New River is represented as continually shifting, and thus creating considerable difficulty and danger.

Ordinary Revenue.

The prospective Revenue from all sources (the sale of land excluded) may be calculated as not exceeding per annum £20,000 which sum is entirely absorbed by departmental machinery

fixed at the lowest scale ; and thus all public works are stopped, and there are no means whereby the interest on the public debt and the sinking fund for its extinction may be met. Of course the receipts from the sale of land, were sales effected, would materially improve the position of the Province, and enable the Government to meet its liabilities and resume the prosecution of public works.

Territorial Estate and Revenue.

With reference to the sale of land there has been an almost entire cessation of all sales since the new Act, raising the price to £2 an acre, came into operation ; and intending purchasers may in addition to this be somewhat deterred by the prospect of the imposition of a tax to redeem the credit of the Province. Be that as it may, very little reliance can be placed on receiving any large proceeds from the sale of land under existing circumstances ; still it is evident that it is principally to her land that Southland must look for extrication from her embarrassments.

| | Acres. | Acres. | Acres. |
|----------------------------------------------|---------|-----------|-----------|
| The total area of the Province is about (15) | | | 2,935,065 |
| DEDUCT : | | | |
| Within Hundreds, sold | 294,423 | | |
| Do. at present unsaleable, surveyed | 30,341 | | |
| Do. " " unsurveyed | 128,840 | | |
| Beyond Hundreds, barren and bush | 277,393 | 730,997 | |
| Agricultural land, available, good | 189,568 | | |
| Do. " indifferent | 269,335 | | |
| Do. " inferior | 345,270 | | |
| Do. under pastoral license | 383,360 | 1,187,533 | |
| Pastoral land do. | 957,120 | | |
| Reserves for Villages, Towns, Roads, Timber | 59,415 | 1,016,535 | |
| Total Area of the Province... | | | 2,935,065 |

We may arrive at a rough guess of the value of the landed estate of the Province at £1 per acre, viz. :—

| | |
|-----------------------------------------|-------------------|
| Agricultural land, £1,187,533 acres ... | £1,187,633 |
| Town and Villages 8,000 " | 400,000 |
| | <u>£1,587,633</u> |

To this sum we have to add the annual rental of 957,120 acres of Pastoral Land at say 6d per acre, after existing licenses have expired..... £24,000

Claims for Payment.

It may be said that the Banks and all the creditors of the Province are most urgent for an early settlement of their claims ; the former bringing that pressure to bear by intimating their intention to charge the ordinary rate of interest on advances, viz. : 12 per cent., besides threatening a forced sale of Debentures.

MACKENZIE & Co's claim of about £15,000, for two Piers, has been urged with peculiar tenacity, and an execution was made, but the Sheriff withdrew from possession. There appeared to be a well substantiated claim for an immediate payment of £5000, which I met last month (19).

ROSS & Co., with whom are Messrs. RATTRAY, are urgent for a settlement of their claim for about £16,000, under contract for Bluff Harbour and Invercargill Railway.

OFFICERS OF THE GOVERNMENT had claims amounting, on the 31st January, to £3,128 4s. 9d., and as some of these gentlemen are about to be discharged, it appears expedient that their arrears of salary, amounting to £1300, should be paid as early as possible.

DALGETTY, RATTRAY & Co. have detained at the Bluff Harbour a certain quantity of Railway iron, against an account for freight, amounting to £1543 4s. 6d.

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 SCRIP, 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;

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9. B.—No. 31.

stating them in the order of their approval; and that His Honor the Superintendent should be invited to confer personally with the Government on the subject.

Wellington, March 3rd, 1865.

J. RICHARDSON,
Post-Master General.

Enclosure No. 1.

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

MEMORANDUM explanatory of the existing relations between the Provincial Government of Southland and the Bank of Otago, (Limited).

These relations are constituted by an agreement, certain correspondence, and subsequent transactions.

The agreement between the Superintendent of the Province and the Colonial Manager of the Bank, dated 18th January, 1864. (Copy, herewith marked No. 1.,) deals in the main, with two points:—

I. The negotiation of certain Provincial Debentures, and granting an advance thereon.

II. An advance to be allowed the Government by ordinary overdraft.

In regard to the first point, the more material conditions of the agreement are—

1. That the Bank should negotiate the Oreti Railway Loan of £110,000, consisting of six per cent. Debentures, secured on land.

2. That, pending the negotiation of the Loan, it should make any advances required on the Debentures.

3. That the Debentures, if unsaleable at par, should be held, if necessary, for one year from the date of their being offered on the London market, and if not sold at par before the expiry of that period, they should then be exposed at a reduced price, so as to ensure a sale.

The agreement is further constituted by correspondence, defining what was to be understood by "Any advances required" in Clause II., being a letter from the Superintendent, dated 22nd January, 1864, requiring £50,000; and a letter from the Colonial Manager of the Bank, dated 27th January, assenting thereto. Copies herewith marked Nos. 2 and 3.

The account was accordingly opened, and the required advance made.

The Debentures reached London in June, 1864, and it being evident that they would not sell at par, the Home Agent of the Government agreed with the Directors of the Bank that they should be held as offered on the market at that date, as per copies of letters herewith marked Nos. 4 and 5.

In regard to the second main stipulation in the agreement, the more material provisions are—

1. That the Government should be allowed to overdraw its ordinary account, for the purposes of the public service only, to the extent of one half year's revenue.

2. That the entire revenue of the Government from whatever source should, from time to time, be paid in to the Bank.

The Government was accordingly allowed to overdraw to the extent of £70,000, being greatly in excess of the current half year's revenue.

The agreement provides that interest, at the rate of seven per cent. per annum, shall be charged on the Government overdrafts; but the Bank refuses to be held to this rate of interest, because of the following clear breaches of the agreement by the Government, being—

1. Material delay in the delivery of the Debentures after the advance on them had been commenced to be made, whereby the Bank was prevented offering them on the London market at a time when they might have been disposed of.

2. The failure on the part of the Government to continue paying in their ordinary revenue from whatever source to the Bank, whereby the Bank was deprived of its security for the large advance made—the more valuable portion of that security, viz., the land revenue, being hypothecated to another party by the General Government; and whereby the Bank was further deprived of the ordinary profit on the Government business (such as exchange, circulation, &c.), which was a material inducement in giving so large an advance at so low a rate of interest.

The Bank, therefore, holds the Government liable for the current rate of interest on overdrawn accounts, being twelve per cent., though it is not indisposed to assent to some modifications of this rate on certain conditions.

The Bank, by the agreement, is entitled to force a sale of the Debentures after 24th June next; and the serious inconvenience it suffers by reason of its heavy advances to the Government, may oblige the Directors to have the Debentures disposed of, even at a sacrifice of the Provincial Government property, unless some arrangement to relieve the Bank is effected in the meantime.

In addition to the overdrafts above referred to, the Bank holds a Promissory Note of the Government for £10,000 in security for an advance to J. R. Davies, Railway Contractor.

The Bank has a further claim on the Government in respect of a Contract made by Greville and Whiting, and for certain reasons transferred to the Bank—amounting to upwards of £3,000.

The following is a note of the Government obligations to the Bank, as at 20th January last, interest being calculated on the overdrafts, provisionally, at seven per cent. only, until a definite rate shall have been fixed on:—

| | | | | | | | |
|---------------------------------|-----|-----|-----|-----|-----------------|----------|----------|
| Overdrawn Accounts | ... | ... | ... | ... | £128,980 | 5 | 4 |
| Promissory Note | ... | ... | ... | ... | 10,898 | 16 | 11 |
| Greville and Whiting's Contract | ... | ... | ... | ... | 3,385 | 3 | 1 |
| | | | | | <u>£143,264</u> | <u>5</u> | <u>4</u> |

The Oreti Debentures at par would yield £110,000, leaving an uncovered claim of the Bank on the Government of nearly £35,000.

The above statement and explanation is given by me as to the best of my knowledge and belief correct, but is not intended to be held as in any way authoritatively on the part of the Bank defining or affecting its rights in relation to the Government, a thing the Colonial Manager only is empowered to do.

JOHN MURRAY,
Manager.

Bank of Otago, Invercargill, 17th Feb., 1864.

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

AGREEMENT BETWEEN THE PROVINCE OF SOUTHLAND AND THE BANK OF OTAGO.

MEMORANDUM of Agreement between the Provincial Government of Southland, New Zealand, on the one part, and the Bank of Otago (Limited), of London and New Zealand, on the other part. Dated this eighth day of January, one thousand eight hundred and sixty-four.

It is agreed upon by the said parties, as follows:—

1st. The said Bank shall be the Bankers of the Provincial Government, and shall transact all their monetary business in Southland and London, excepting always the negotiation of, and payment of interest upon the last loan which has already been entrusted to the Bank of New South Wales.

2nd. It shall undertake the disposal of the present authorised loan of £110,000 in security, of which land is to be set aside, and reserved by the Government, and until the said loan is disposed of, shall make any advances required, at the rate of seven pounds sterling per cent. interest; as the loan is negotiated, the proceeds shall be retained in extinction "*pro tanto*" of their advances, interest, and commission.

3rd. The commission to be allowed to the said Bank for negotiating the said loan shall be, including brokerage and all charges, one and a quarter (25s.) per cent.

The selling price of the Debentures shall be fixed by the Agent of the Government in London. So long as the Debentures are unsold, they shall be held by the Bank in security of their advances at par. In the event of their 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 insure a sale.

4th. The exchange charge in London or Invercargill to be the current rates of the day.

5th. The Coupons, or Interest Warrants, shall be issued, payable at the Bank of London or Invercargill; and the Bank shall be allowed a commission on the amount of interest paid by them, at the rate of $\frac{1}{4}$ per cent. The Provincial Government shall impress into the hands of the Bank, half-yearly, the amount of interest due.

6th. In the ordinary account current between the Government and the Bank, the Government shall be allowed to overdraw their account, the proceeds to be applied to the public service only, to the extent of one half year's revenue, and which overdraft seven per cent. interest shall be charged; if the overdraft should remain a year uncovered, a Loan Ordinance shall be passed to discharge the debt by Debentures, to be held in security for a time to allow the Government to redeem the same by the proceeds of land sales, but in the event of a sale of the Debentures being advisable, they shall be issued in the usual manner, and on the like conditions as the negotiation of the present loan is to be conducted.

7th. The entire revenue of the Government, from whatever source, shall, from time to time, be paid into the credit of the Government in account current.

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

JOHN MURRAY,
Colonial Manager and Attorney
for the Bank of Otago (Limited).

Witness to Signature—

W. H. AYLMER,
Clerk to Superintendent.

FINANCIAL CONDITION OF SOUTHLAND.

11 B.—No. 3A.

Sub-Enclosure No. 2 in Enclosure No. 1.

THE SUPERINTENDENT OF SOUTHLAND TO THE MANAGER OF THE BANK OF OTAGO.

Superintendent's Office,
Southland, 22nd January, 1864.

SIR,—

I have the honor to request that in terms of the agreement between the Bank of Otago and this Government, you will provide a portion of the sum (to be realised by the Northern Railway Debentures) viz., fifty thousand pounds sterling (£50,000). The Railway Works proceeding very rapidly, and in consequence heavier payments having to be made sooner than was anticipated, has necessitated the Government calling upon you to act at an earlier period than it would otherwise have done.

A confidential agent of the Government is the bearer of this letter, which has thus been forwarded in order, that no chance of miscarriage or delay in carrying out the matter may occur.

You will oblige, if remitting through the Banks, to pay into the credit of the Provincial Treasurer.

I have, &c.,

JAS. R. MENZIES.

John Bathgate, Esq.,
Manager of the Bank of Otago.

Sub-Enclosure No. 3 in Enclosure No. 1.

THE MANAGER OF THE BANK OF OTAGO TO THE SUPERINTENDENT OF SOUTHLAND.

The Bank of Otago, Limited,
Dunedin, 27th Jan., 1864.

SIR,—

I was favored with your despatch of 22nd January, and to meet your requirements have sent down an Interim Manager to open a branch at Invercargill without a day's delay. The drafts on behalf of the Government in anticipation of the Northern Railway Loan will be honored to the extent of £50,000. You will be so good as to place in the hands of the Interim Manager a minute authorising how the account is to be operated on.

As I find difficulty in disposing of drafts on London here at this season it will be of importance that the credit required be used as slowly as possible.

I have, &c.,

JOHN BATHGATE,
Colonial Manager.

To His Honor the Superintendent,
of Southland.

Sub-Enclosure No. 4 in Enclosure No. 1.

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

Office of the New Zealand Government Agency,
3 Adelaide Place. King William Street,
London, 24th June, 1864.

DEAR SIR,—

In reply to your communication of to-day, I beg to state for the information of your Directors, that I could not assent to the Southland Government Debentures for £110,000 being disposed of under par, and further that I consider the present an unfavorable moment for introducing them on the market.

I am willing however, if required, to allow the 12 months named in the agreement with the Bank to date from the present time, and assume that the Debentures had been offered.

The question of removing the coupons for the July dividend, I need not therefore reply to.

I am &c.

JOHN MORRISON,

ALEX. GRACE, Esq., Secretary,
Bank of Otago, 5 Adams Court.

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 |

FINANCIAL CONDITION OF SOUTHLAND.

13 B.—No. 3a.

As explained in previous Memo. interest is calculated, provisionally only, at seven per cent. on the overdrafts.

J. M.
Bank of Otago, Limited, Invercargill.

Enclosure No. 2.

THE MANAGER BANK OF NEW SOUTH WALES, INVERCARGILL, TO HON. MAJOR RICHARDSON.

Bank of New South Wales,
Invercargill, 17th February, 1865.

SIR,—
Annexed I hand you memo. of the Southland Government's liability to this Bank, and enclosed you will find copies of the agreement between the Government and Bank relative thereto.

I have, &c.,
A. T. ADAMSON,
Manager.

The Honorable Major Richardson,
Invercargill.

Sub-Enclosure No. 1 in Enclosure No. 2.

MEMORANDUM.

| | | | |
|---------------------------------------------------------------------------------------|----------|----|----|
| Amount due by Southland Government to Bank of New South Wales on | £ | s. | d. |
| current account, 31st January, 1865... | 183,182 | 12 | 0 |
| Interest thereon to 31st January, 1865 ... | 5,173 | 4 | 6 |
| | 188,355 | 16 | 6 |
| Due to Bank in virtue of assignment by Campbell and Robertson, Contractors, about ... | 2,300 | 0 | 0 |
| Due on account of Maning and Whillon's Contract for Sleepers, about ... | 1,000 | 0 | 0 |
| Sundry Vouchers held by Bank, about ... | 450 | 0 | 0 |
| | £192,105 | 16 | 6 |

Up to 31st January the Bank has charged Interest at the rate of 7 per cent. as per contract, at that time the Government were bound if the Debentures issued were unsold to refund to the extent of £140,000 (the first issue), but not having done so, the Bank will charge 12 per cent. until they are taken up. The other £40,000 debt the Bank is bound by agreement to hold for some months yet.

Sub-Enclosure No. 2 in Enclosure No. 2.

APPROXIMATE Memorandum of Advances, &c., by Bank of New South Wales to Provincial Government of Southland, 31st January, 1865.

| | Amount. | Interest. | Total. |
|--------------------------------------------------------------------------------------------------|--------------|------------|--------------|
| | £ s. d. | £ s. d. | £ s. d. |
| Due by Government on account called "Railway Loan" ... | 151,599 1 0 | 4,276 3 10 | 155,855 4 10 |
| " Provincial Treasurer | 25,565 11 9 | 725 13 0 | 26,291 4 9 |
| " Prov. Treasurer, No. 2 | 6,087 19 2 | 171 7 8 | 6,209 6 11 |
| | 183,182 12 0 | 5,173 4 6 | 188,355 16 6 |
| Due by Government on account of contracts of Campbell and Robertson, assigned to Bank, about ... | 2,300 0 0 | | |
| Contract of Maning and Whillon for Sleepers, Railway, (about) | 800 0 0 | | |
| Harnett & Cos. for Printing, &c., (about) ... | 450 0 0 | | |

PAPERS RELATIVE TO THE

Sub-Enclosure No. 3 in Enclosure No. 2.

AGREEMENT BETWEEN THE PROVINCIAL GOVERNMENT OF SOUTHLAND AND THE BANK OF NEW SOUTH WALES.

Superintendent's Office,

Southland, 13th May, 1863

Memorandum of Agreement between the Provincial Government of Southland, and the Manager of the Bank of New South Wales here, relative to the negotiation of the Debentures of the Bluff and Invercargill Railway, and to the necessary advances thereon.

On behalf of the Provincial Government, the Superintendent agrees that (so soon as they can conveniently be prepared), the whole amount of the Debentures, one hundred and forty thousand pounds sterling shall be placed in the hands of the Bank Manager here, to be by him transmitted to the Branch Office of the Bank in London, and the Directors of the Bank, shall in conjunction with the Provincial Government Agent, John Morrison, Esq., place the same on the Stock Exchange, in order to dispose of them by Public Tender.

Transit of the Debentures to be at the risk of the Provincial Government. The Agent of the Provincial Government aforesaid shall fix the minimum selling price at which the Debentures shall be disposed of, and shall be present at the opening of the Tenders.

In the event of the realization of all or any of the Debentures, the Bank in Invercargill immediately on receipt of the intelligence shall allow Interest on the amount at 5 per cent. (five per cent.) Advances on said Debentures to be made to Provincial Government here at 7 per cent., and to the authorised London Agent at same rate.

Should the Debentures not be realised within twelve months after having been placed for sale on the Stock Exchange, the Bank shall retain as security for any advances made, an amount of Debentures at par, such as in the aggregate, shall cover said advances, and all interest accruing thereon, and shall hand the remaining Debentures to the Agent.

When the unsold Debentures shall have been given over to its Agent the Provincial Government will make arrangements for the taking up of those held by the Bank as security for advances made by them.

On receipt of funds the Bank to pay all Interest on Debentures, and Debentures themselves when due, charging $\frac{1}{2}$ per cent. on the transaction.

Rates of Exchange to be ordinary rates.

Commission, brokerage, and charge for negotiation 1 per cent.

J. A. R. MENZIES.

Superintendent.

Enclosure No. 3.

STATEMENT OF EXPENDITURE BY PROVINCE OF SOUTHLAND FROM 24TH JUNE 1864 TO 31ST JANUARY, 1865.

STATEMENT of Amounts paid on account of the Provincial Government of Southland, from 24th June, 1864, to 31st January, 1865, both days inclusive.

Payments under arrangements between the General Government and His Honor the Superintendent :—

| | | | | | | | £ | s. | d. |
|----------------------------------------------------------------------|-----|-----|-----|-----|-----|-----|--------|----|----|
| To Bluff Harbour Railway Contractors | ... | ... | ... | ... | ... | ... | 22,065 | 4 | 9 |
| " Oreti " " | ... | ... | ... | ... | ... | ... | 15,334 | 6 | 2 |
| " Railway Station " " | ... | ... | ... | ... | ... | ... | 3,873 | 1 | 8 |
| " Roads and Bridges Department " | ... | ... | ... | ... | ... | ... | 2,069 | 6 | 6 |
| " Freight on Railway Plant | ... | ... | ... | ... | ... | ... | 4,757 | 17 | 5 |
| " Wages and Salaries of Railway Department | ... | ... | ... | ... | ... | ... | 1,010 | 3 | 4 |
| " Expenses " " | ... | ... | ... | ... | ... | ... | 442 | 6 | 4 |
| " Drafts against Railway Plant | ... | ... | ... | ... | ... | ... | 9,035 | 9 | 11 |
| " Harnett and Co.'s account Printing Contract | ... | ... | ... | ... | ... | ... | 299 | 3 | 9 |
| " Captain and owners of "Sevilla" account, Immigration Department | ... | ... | ... | ... | ... | ... | 1,113 | 0 | 0 |
| | | | | | | | 59,999 | 19 | 10 |
| " Payment on account of Stewart's Island | ... | ... | ... | ... | ... | ... | 2,900 | 0 | 0 |

FINANCIAL CONDITION OF SOUTHLAND.

15 B.—No. 3A.

| | | | | | |
|-------------------------------------------------------------------|-----|-----|-------|--------|----------------------|
| “ Wages, Salaries and Expenses of Land and Survey Departments— | | | | | |
| “ Salaries of Land Department | ... | ... | 600 | 0 | 0 |
| “ “ “ Survey “ | ... | ... | 2,826 | 0 | 1 |
| “ Expenses “ “ | ... | ... | 874 | 11 | 0 |
| | | | | | <u>4,300 11 1</u> |
| | | | | | <u>£66,300 10 11</u> |
| By amount of Land Revenue received | ... | ... | ... | 43,987 | 2 3 |
| Total of Principal due General Government | | | | | <u>£22,313 8 8</u> |

A. J. ELLES,
Colonial Sub-Treasurer.

Sub-Treasurer, Southland,
31st January, 1865.

| | | | | | |
|-------------------------------------------------------|-----|-----|-----|--------|--------------------|
| Payments from 1st to 18th February, 1865, inclusive : | | | | | |
| Land Salaries and Wages | ... | ... | ... | 63 | 6 8 |
| Survey “ “ | ... | ... | ... | 197 | 17 4 |
| Survey Expenses | ... | ... | ... | 22 | 7 6 |
| | | | | | <u>283 11 6</u> |
| Amount brought down | ... | ... | ... | 22,313 | 8 8 |
| Total of Principal due by Provincial Government | | | | | 22,597 0 2 |
| Balance of Interest “ “ “ | | | | | <u>1,005 6 3</u> |
| Total amount due to General Government this date | | | | | <u>£23,602 6 5</u> |

A. J. ELLES,
Sub-Treasurer.

Enclosure No. 4.

BALANCE SHEET OF PROVINCE OF SOUTHLAND, FOR 1865.

BALANCE SHEET of ASSETS and LIABILITIES of the PROVINCE of SOUTHLAND, on the 31st January, 1865.

| ASSETS. | | £ | s. | d. | LIABILITIES. | | £ | s. | d. |
|-----------------------------------------------------------------------|-----|--------------------------------------------------------------------------------------------------------------------------------|-----|-----|-----------------------------------------------------------------------------------|-----|----------|----|----|
| Unauthorised Expenditure for which future legal provision is required | ... | ... | ... | ... | Amount of outstanding claims legally chargeable on the Revenue of the Province... | ... | 44,442 | 3 | 9 |
| Amount in hands of London Agent, on 30th June, 1864 | ... | ... | ... | ... | Amount of Unfunded Debt, loans by Bank, &c. | ... | 322,854 | 3 | 8 |
| Loans to Town Board | ... | ... | ... | ... | Balance of advance by General Government | ... | 23,163 | 8 | 8 |
| Balance at Debit of Province | ... | ... | ... | ... | | | | | |
| | | | | | | | £390,459 | 16 | 1 |
| PERMANENT DEBTS. | | | | | | | | | |
| Nil. | | Provinces proportion of New Zealand Company's Debt allocated by "Otago and Southland Public Debt Apportionment Act, 1861." ... | | | | | | | |
| | | 18,000 0 0 | | | | | | | |

£7,634 Immigrant's Bills overdue are not included in the above Assets.

Treasury, Invercargill,
21st February, 1865.

Enclosure No. 5.

RETURN OF FUNDED AND UNFUNDED DEBT OF THE PROVINCE OF SOUTHLAND.

STATEMENT of the FUNDED and UNFUNDED DEBT of the PROVINCE of SOUTHLAND on the 31st day of January, 1865.

| Authority. | Amount Authorised to be borrowed. | Rate of Interest. | Rate of Sinking Fund. | Amount for which Debentures have been issued. | When Redeemable. | Unexpended Balance of Amount raised in Provincial Treasury. | Amount of Sinking Fund accrued. | In what man- ner, and for what Amount Sinking Fund invested. | Remarks. |
|---------------------------------------------|-----------------------------------------|-------------------------|--------------------------------|-----------------------------------------------------------|---------------------|-------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------|---------------------------------------------|
| Debentures Ordinance, No. 1, 1863 | £140,000 | 6 p cent. | 2 p cent. | Nil. | 1st July, 1893. | ... | ... | ... | Sinking Fund £2,800 due 1st July, 1864. |
| Do. do. No. 2, 1863 | £110,000 | 6 p cent. | 2 p cent. | " | 1st Jan'y. 1894 | ... | ... | ... | £2200 due 1st January, 1865. |
| No. do. No. 1, 1864 | £40,000 | 6 p cent. | 2 p cent. | " | 1st July, 1894 | ... | ... | ... | No Sinking Fund due till 1st July, 1865. |

UNFUNDED DEBT

On the same day.

| Authority. | From Whom Borrowed. | Rate of Interest. | Amount Borrowed. | When to be Repaid. | Remarks. |
|------------|-------------------------------------------------------------------|-------------------------------------------|------------------------------------------------------|-----------------------|-------------------------------------------------------------------|
| | Bank of New South Wales. Bank of Otago. General Government. | 7 per cent. 7 per cent. 6 per cent. | £ s. d. 188,955 16 6 133,898 7 2 23,163 8 8 | | Including Interest to date. Do. do. Do. to 26th Jan., 1865. |

W. STUART,
Provincial Treasurer.

NOTE.—Enclosures Nos. 6, 7, 8, and 9 not printed, being the “Appropriation Ordinances Nos. 1 and 2, 1863,” and the “Debentures Ordinances,
Nos. 1 and 2, 1863.”

PAPERS RELATIVE TO THE

Enclosure No. 10.

RECEIVER OF LAND REVENUE TO HON. THE COLONIAL SECRETARY.

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

SIR,—

I have the honor to acknowledge receipt of your Letter of 21st December, 1863, transmitting copies of a correspondence on the subject of setting apart 68,000 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 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.The Honorable the Colonial Treasurer,
Auckland.

MEMORANDUM.

- The extent of land which is almost utterly worthless is from 12,000 to 15,000 acres.

A. J. E.,
Rec. of L. R.

Sub-Enclosure No. 1 in Enclosure No. 10.

Office of Receiver of Land Revenue,
Southland, 4th March, 1864.

SIR,—

I have the honor to acknowledge receipt of your letter of 5th ultimo, referring to a former letter from you of 21st December on the subject of the value of land to be set apart as security for the Debentures, under the "Debentures' 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 any 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 "Waimatook Moss" is utterly worthless.

I have, &c.,

A. J. ELLES,
Receiver of Land Revenue.The Honorable the Colonial Secretary,
Auckland.

FINANCIAL CONDITION OF SOUTHLAND.

19 B.—No. 3A.

Sub-Enclosure No. 2 of Enclosure No. 10.

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

SIR,—

I have the honor to acknowledge receipt of your letter of 6th ultimo, enclosing a tracing of land set apart by the Provincial Government of Southland as security for a proposed loan of forty thousand pounds (£40,000), 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 portions near the river 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 of 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 northward. I return the tracing as requested.

I have, &c.,

A. J. ELLES,
Receiver of Land Revenue.

The Honorable the Colonial Secretary,
Auckland.

Sub-Enclosure No. 3 of Enclosure No. 10.

THE CHIEF SURVEYOR TO THE HON. MAJOR RICHARDSON.

Chief Surveyor's Office,
Southland, February 19, 1865.

SIR,—

I have the honor of submitting the following information respecting the block of land, reserved under the "Bluff and Invercargill Railway Loan," No. 2, 1863, and the "Oreti Railway Loan," No. 1, 1864.

The land reserved under the "Bluff and Invercargill Railway Loan," consists of 22,400 acres. One block, containing 4,160 acres, has been surveyed into sections, and the whole of the reserve is at present being triangulated. A small portion of the reserve is timbered, but the principal part consists of open plains (under Licence), the greater portion of which is good agricultural land.

The land reserved under the "Oreti Railway Loan, No. 1, 1864," comprises 68,400 acres. Part of this, Blocks fifteen (xv.) and sixteen (xvi.), 8,000 acres in the Jacob's River Hundred and a portion of Block two (ii.), Aparima Hundred 3,129 acres has been surveyed into sections, and is excellent agricultural land. The whole of the reserve has been triangulated. It includes about 800 acres of the spar bush. The rest of the reserve, with the exception of a few swamps of no considerable area, consists of open plains, the greater portion of which can be classified as good agricultural land.

I have &c.,

JOHN H. BAKER,
Deputy Chief Surveyor.

J. L. C. RICHARDSON, Esq.,
Postmaster-General.

PAPERS RELATIVE TO THE

Enclosure No. 11.

RETURN SHOWING THE NUMBER, TONNAGE, AND CREWS OF VESSELS, ENTERED AND CLEARED COASTWISE AT THE PORT OF BLUFF HARBOR DURING THE YEAR, 1864.

| Period. | Invercargill. | | | Other Ports. | | | Total. | | |
|-----------------------------------------------------------------------------------------------------|---------------|-------|--------|--------------|-------|--------|----------|-------|--------|
| | Vessels. | Tons. | Crews. | Vessels. | Tons. | Crews. | Vessels. | Tons. | Crews. |
| Quarter ended 31st March ... | 29 | 1434 | 186 | 25 | 2922 | 234 | 54 | 4356 | 420 |
| “ “ 30th June ... | 40 | 1896 | 197 | 29 | 4154 | 345 | 69 | 6050 | 542 |
| “ “ 30th Sept. ... | 31 | 1638 | 192 | 40 | 6086 | 573 | 71 | 7724 | 765 |
| “ “ 31st Dec. ... | 25 | 1184 | 145 | 31 | 3298 | 376 | 56 | 4482 | 521 |
| Melbourne steamers called in to land and receive mails, passengers, &c., not entered at Customs ... | 125 | 6152 | 720 | 125 | 16460 | 1528 | 250 | 22612 | 2248 |
| | | | | 40 | 17135 | 1200 | 40 | 17135 | 1206 |
| Totals | 125 | 6152 | 720 | 165 | 33595 | 2728 | 290 | 39747 | 3448 |
| | | | | | | | | | |
| Totals... | 115 | 5663 | 527 | 137 | 24403 | 1966 | 252 | 30066 | 2493 |
| | | | | | | | | | |
| Totals... | 115 | 5663 | 527 | 137 | 24403 | 1966 | 252 | 30066 | 2493 |

C. T. Toole,
Sub-Collector,

Custom House, Bluff Harbor,
31st day of July, 1865.

Enclosure in No. 11.

MEMO. BY THE COLLECTOR OF CUSTOMS, INVERCARGILL, FOR THE HONORABLE MAJOR RICHARDSON.

- 1. With the exception of stock (the greater part of which arrives at Bluff Harbor) at least 75ths of all the Imports of Southland come direct to New River. This, of course, is only an approximate estimate, as an accurate account cannot be arrived at, but I am certain it is on the safe side.
- 2. Vessels from two to four hundred tons frequent New River; at present, vessels drawing sixteen feet of water can come within seven miles of Invercargill Jetty, and vessels not drawing more than nine feet can come to the Jetty.
- 3. There is twenty feet of water at Mokomoko Jetty at low water.
- 4. The rates of Insurance to each of these ports at present appear to be the same, but the rate itself varies according to circumstances. Quotations at present from London, 40s; Melbourne, 20s.
- 5. Amount due by Provincial to General Government at this date, including interest, (see Sub-Treasurer's statement), £23,602 6s. 5d. stg.

A. G. ELLES,
Collector.

Custom House,
Invercargill, 18th February, 1865.

| | | | |
|--------------------------------------------------------------|-------|---------|-----|
| Gross Customs Receipts at the Port of Invercargill, for year | | | |
| ending 31st December, 1864 | | 40,729 | 3 6 |
| Do. do. Bluff Harbour do. | | 1,639 | 4 8 |
| | | £42,368 | 8 2 |

Custom House,
Invercargill, 20th February, 1865.

NOTE.—About 75 p. c. of the goods represented by the figures given above come *direct to New River*. About 90 p.c. of the remainder is sent to New River from Bluff by lighters.

A. G. ELLES,
Collector.

Enclosure No. 12.

RETURN OF VALUE OF IMPORTS INTO INVERCARGILL FOR YEAR, 1864.

VALUE of IMPORTS and EXPORTS at PORT INVERCARGILL, for year ending 31st December, 1864.

| | | | | Imports. | | | Exports. | | |
|---------------|-----|-----|-----|----------|----|----|----------|----|----|
| | | | | £ | s. | d. | £ | s. | d. |
| March Quarter | ... | ... | ... | 123,693 | 0 | 0 | 42,028 | 0 | 0 |
| June | " | ... | ... | 98,752 | 0 | 0 | 27,524 | 0 | 0 |
| September | " | ... | ... | 50,376 | 0 | 0 | 10,594 | 0 | 0 |
| December | " | ... | ... | 48,992 | 0 | 0 | 12,910 | 0 | 0 |
| | | | | 321,813 | 0 | 0 | 93,056 | 0 | 0 |

A. J. ELLES,
Collector.

Enclosure in No. 12.

RETURN Shewing the PARTICULARS and VALUE of IMPORTS at the PORT of BLUFF HARBOUR during each Quarter of the Year, 1864.

| Period. | | General Goods. | Stock. | Total. |
|--------------------------|-----|----------------|-------------|--------------|
| | | £ s. d. | £ s. d. | £ s. d. |
| Quarter ended 31st March | ... | 4,726 15 0 | 85,220 0 0 | 89,946 15 0 |
| Do. do. 30th June | ... | 5,870 10 0 | 38,129 0 0 | 43,999 10 0 |
| Do. do. 30th September | ... | 21,978 11 0 | ... | 21,976 11 0 |
| Do. do. 31st December | ... | 4,687 0 0 | 434 0 0 | 5,121 0 0 |
| Totals | | 40,262 16 0 | 123,783 0 0 | 164,045 16 0 |

Custom House, Bluff Harbour,
21st day of February, 1865.

C. W. TOOLE,
Sub-Collector.

MEMORANDUM BY THE HON. MAJOR RICHARDSON.

In examining the various memos. which were placed at my disposal by the Provincial Government I found several discrepancies and gaps, and should be obliged by the following information being forwarded to me, together with this memorandum—

1. The figured statement which represented, specifically, the objects for which the new loan of £170,000 was required.

2. The detailed items of the sum of £44,442 3s. 9d. which appears in the Asset and Liability Account up to 31st January, 1865. The heading of the summary was given but no detail.

3. There is doubt where the sums due to contractors on both lines of Railway appear, as also that due on account of Piers. This is desirable up to the 31st January, 1865.

The only Liabilities reported to me are as follows :—

| | £ | s. | d. |
|--------------------------------------------------------------------------------------------|---------|----|----|
| Bank of Otago, as rendered by them on 31st January, 1865, with interest calculated to date | 143,580 | 6 | 7 |
| Bank of New South Wales, do. do. do. | 191,905 | 16 | 6 |
| General Government, interest to (18th Feb.), do., do. | 23,602 | 6 | 5 |
| Outstanding Claims on 31st January, 1865. Details not given by Provincial Treasurer | 44,442 | 3 | 9 |

J. RICHARDSON.

To His Honor the Superintendent
of Southland.

Sub-Enclosure No. 1 of Memorandum.

THE DEPUTY SUPERINTENDENT, SOUTHLAND, TO THE HON. MAJOR RICHARDSON.

Superintendent's Office,
Southland, 1st April, 1865.

SIR,— I have the honor to acknowledge the receipt of your letter of the 17th ult., and in reply, to enclose herewith—

1. The Figured Statement which represented specifically the objects for which the new loan of £170,000 was required.

2. The detailed items of the sum of £44,442 3s. 9d., which appears in the Asset and Liability Account up to 31st January, 1865.

The sum due to contractors up to date on Bluff Harbor and Invercargill Railway appears in reply to query No. 2 of your Memo. under the heading "Contracts."

The sum due to contractors on the Oreti Railway had not reached the Treasury in the form of a Voucher and does not appear at all, but it will be found in a statement taken by His Honor the Superintendent to the North as an item of £5,929 10s. 1d.

Mr. Taylor has taken with him to Wellington a more complete statement than was furnished to you.

I have, &c.,
JOHN R. CUTHBERTSON,
Deputy Superintendent.

The Hon. J. L. C. Richardson,
Wellington.

Sub-Enclosure No. 2 of Memorandum.

Amount of Outstanding Accounts legally chargeable on the Revenue of the Province.
31st January, 1865:—

| | £ | s. | d. | £ | s. | d. |
|------------------------------------------------------------------------------------------------------------------------------------------|--------|----|----|--------|----|----|
| Miscellaneous Accounts, viz., Tradesmen's Bills and all other monies due, except on account of the following items, numbered 1, 2 and 3— | | | | | | |
| General Revenue Account... | 3,808 | 0 | 2 | | | |
| B. H. & I. Railway "... | 2,331 | 0 | 8 | | | |
| Oreti Railway "... | 791 | 8 | 2 | | | |
| | | | | 6,930 | 9 | 0 |
| 1. Wages and Salaries— | | | | | | |
| General Revenue Account... | 2,736 | 11 | 5 | | | |
| B. H. & I. Railway "... | 1,335 | 5 | 1 | | | |
| Oreti Railway "... | 251 | 6 | 8 | | | |
| | | | | 4,323 | 3 | 2 |
| 2. Contracts— | | | | | | |
| General Revenue Account... | 9,225 | 16 | 0 | | | |
| B. H. & I. Railway "... | 19,390 | 12 | 6 | | | |
| | | | | 28,616 | 8 | 6 |
| 3. Compensation (for land taken)— | | | | | | |
| B. H. & I. Railway... | 1,172 | 1 | 10 | | | |
| Oreti Railway ... | 3,400 | 1 | 3 | | | |
| | | | | 4,572 | 3 | 1 |
| Total ... | | | | 44,442 | 3 | 9 |

PAPERS RELATIVE TO THE
Sub-Enclosure No. 3 of Memorandum.

Proposed Appropriation of Loan of £170,000—

| | £ | s. | d. | £ | s. | d. |
|--------------------------------------------------------------------------------------------------------------------|--------|----|----|----------|----|----|
| To pay all Outstanding Accounts, including Contracts, Salaries, Tradesmen's Bills, &c., due 31st January, 1865, on | | | | | | |
| B. H. & I. Railway | 24,228 | 0 | 0 | | | |
| Interest on " | 1,938 | 0 | 0 | 26,166 | 0 | 0 |
| Do. on Oreti Railway | 7,942 | 0 | 0 | | | |
| Interest on do. | 632 | 0 | 0 | 8,574 | 0 | 0 |
| Do. on General Revenue | 16,773 | 0 | 0 | | | |
| To pay Town Board Overdraft at Bank of New Zealand, under guarantee of Provincial Government | 10,500 | 0 | 0 | | | |
| To pay Balance uncovered by Debentures held by Bank of New South Wales (value estimated at par) | 7,266 | 0 | 0 | | | |
| Do. do. Bank of Otago | 28,980 | 0 | 0 | | | |
| Interest on Bank Overdrafts | 6,400 | 0 | 0 | 69,919 | 0 | 0 |
| General Government Advance | 23,163 | 0 | 0 | | | |
| Interest on do. | 694 | 0 | 0 | 23,857 | 0 | 0 |
| Interest and Sinking Fund on Loans already issued to 1st July, 1865 | | | | 37,700 | 0 | 0 |
| | | | | £166,216 | 0 | 0 |

No. 13.

MESSRS. M'KENZIE AND CO., DUNEDIN TO THE HON. MAJOR RICHARDSON.

Dunedin, 16th February, 1865.

SIR,—

We have the honor of addressing you with reference to our recent contracts with the Southland Government.

As you are doubtlessly aware we had the erection of two piers for that Government, and that when we had nearly finished the works, we found the Government could not or would not pay.

We then arranged with the then Superintendent, S. R. Menzies, Esq., to finish the contracts with our own means, with the understanding that we were to be paid in full so soon as the Province received assistance from the General Government, which was then expected, and afterwards received.

Under this arrangement we duly completed our contracts, and on the return from Auckland of Mr. Menzies, he desired the Provincial Treasurer to pay us £5000 on account, but to our surprise, Capt. Elles, the General Government's agent, declined, stating that his instructions were, "to pay on unfinished contracts only." Since we finished our contracts we have been led to understand that some £60,000 has been advanced and paid by the General Government, on account of Public Works in Southland, while our claim still remains unpaid.

This most extraordinary proceeding we beg to lay before you, and ask for an immediate remedy.

As we purpose visiting Southland by the "Airedale" we will doubtless meet you there, when we trust the foregoing will be fully gone into, and a settlement arrived at.

We have, &c.,
JAMES M'KENZIE & Co.

To the Honorable the Post-Master General,
of Otago.

Enclosure No. 13.
MOKOMOKO PIER.

| | Payments. | Money Retained. | To be paid on works already completed. | Required to complete. | Totals. |
|--------------------------------|------------|-----------------|----------------------------------------|-----------------------|------------|
| | £ s. d. | £ s. d. | £ s. d. | | £ s. d. |
| Contract Work and Extras | 14,143 3 1 | 2,273 12 6 | 7,318 10 0 | ... | 23,735 5 7 |

RETURN OF EXPENDITURE ON ACCOUNT OF RAILWAYS.
BLUFF HARBOR AND INVERCARGILL RAILWAY.

FINANCIAL CONDITION OF SOUTHLAND.

25

B.—No. 3A.

BLUFF HARBOR PIER.

| | | | | | |
|-----------------------------------|-------------|------------|-----------|-----|-------------|
| Contract Work and Extras | 10,168 16 4 | 1,573 19 4 | 3,997 0 0 | ... | 15,739 15 8 |
|-----------------------------------|-------------|------------|-----------|-----|-------------|

| Particulars of Works. | Payments. | | | Money Retained. | | | To be paid on Works already completed. | | | Required to complete. | | | Totals. | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----|----|-----------------|-----|-----|-------------------------------------------|-----|-----|-----------------------|-----|-----|----------|----|----|
| | £ | s. | d. | £ | s. | d. | £ | s. | d. | £ | s. | d. | £ | s. | d. |
| Contract No. 1 | 44,479 | 8 | 6 | 1,753 | 14 | 2 | | | | 5,000 | 0 | 0 | 51,233 | 2 | 8 |
| Do. No. 2 | 20,250 | 18 | 4 | 2,719 | 16 | 5 | 14,000 | 0 | 0 | | | | 36,970 | 14 | 9 |
| Do. No. 3 | 13,863 | 18 | 9 | 436 | 6 | 8 | | | | 2,500 | 0 | 0 | 16,800 | 5 | 5 |
| Do. part of No. 4, Invercargill Station | 405 | 12 | 5 | 33 | 0 | 0 | 33 | 0 | 0 | | | | 471 | 12 | 5 |
| Laying Pernat. Way, Contract No. 5 | 2,574 | 0 | 11 | 179 | 4 | 2 | 1,900 | 0 | 0 | 4200 | 0 | 0 | 8,853 | 5 | 1 |
| Contract for Sleepers | 8,144 | 0 | 0 | | | | | | | (a) 1,024 | 7 | 0 | 9,168 | 7 | 0 |
| | £89,717 | 18 | 11 | 5,122 | 1 | 5 | 15,933 | 0 | 0 | 12,724 | 7 | 0 | 123,497 | 7 | 4 |
| Contracts 1, 3, 5, marked blue in map | | | | | | | | | | | | | | | |
| Mr Davies. | | | | | | | | | | | | | | | |
| Do. 2, do. red, Messrs Ross & Co. | | | | | | | | | | | | | | | |
| Do. 4, (station) do. yellow, (part) | | | | | | | | | | | | | | | |
| E. C. Carter & Co. | | | | | | | | | | | | | | | |
| Do. for sleepers, Messrs. Murray | | | | | | | | | | | | | | | |
| and Whitton. | | | | | | | | | | | | | | | |
| To complete all pay- | | | | | | | | | | | | | | | |
| ments, including | | | | | | | | | | | | | | | |
| stations, and Moko- | | | | | | | | | | | | | | | |
| moko Branch£33,779 0 0 | | | | | | | | | | | | | | | |
| For Compensation, 5000 0 0 | | | | | | | | | | | | | | | |
| On Piers' account, ex- | | | | | | | | | | | | | | | |
| clusive of Law | | | | | | | | | | | | | | | |
| Expenses (about) 15,163 0 0 | | | | | | | | | | | | | | | |
| £53,942 0 0 | | | | | | | | | | | | | | | |
| ORETI RAILWAY | | | | | | | | | | | | | | | |
| Contract "A." (all works of Oreti Railway, exclusive of Rolling Stock and Stations)..... Rolling Stock (Invercargill) Contract No. 4, (part Station) | £ | s. | d. | £ | s. | d. | £ | s. | d. | £ | s. | d. | £ | s. | d. |
| | 73,320 | 13 | 6 | 2,692 | 0 | 0 | 5,929 | 10 | 1 | 20,630 | 9 | 11 | 102,572 | 13 | 6 |
| | 5,433 | 6 | 8 | ... | ... | ... | ... | ... | ... | 2,716 | 13 | 4 | 8,150 | 0 | 0 |
| | 5,213 | 5 | 9 | ... | ... | ... | ... | ... | ... | ... | ... | ... | 3,213 | 5 | 9 |
| | 88,967 | 5 | 11 | 2,692 | 0 | 0 | 5,929 | 10 | 1 | 23,347 | 3 | 3 | 115,935 | 19 | 3 |
| For addition of Iron Rail as per model | | | | | | | | | | | | | | | |
| shewn to Major Richardson | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | 13,000 | 0 | 0 |
| | | | | | | | | | | | | | £128,935 | 19 | 3 |

FINANCIAL CONDITION OF SOUTHLAND

Enclosure No. 15.

REPORT BY DEPUTY CHIEF SURVEYOR, INVERCARGILL.

| Description. | Good. | Indifferent. | Inferior. | Unsaleable. | Total. | Grand Totals. |
|-------------------------------------------------------|---------|--------------|-----------|----------------------------|--------------------|---------------|
| Purchased Land in Hundreds ... | | | | | 294,423 | 294,423 |
| Land Surveyed into Sections, in Hundreds, Unsold..... | 33,481 | 35,391 | 32,468 | 30,341 | 131,681 | |
| Land Unsurveyed in Hundreds, Unsold | 56,087 | 83,944 | 61,867 | 128,840 | 330,738 | 462,419 |
| Reserves for Villages, Timber, Gravel, &c..... | | | | | 39,700 | |
| Reserves for Townships | | | | | 9,607 | |
| Reserves for Roads | | | | | 10,108 | 59,415 |
| Total Area of Hundreds... | | | | | | 816,257 |
| Barren Land, Bush, &c. | | | | | | 277,393 |
| Stewart's Island..... | 100,000 | 150,000 | 250,935 | | | 500,935 |
| Land Under License | | | | { Pastoral Agricultural | 957,120 383,360 | |
| | | | | | | 1,340,444 |
| Total Area of Province..... | | | | | | 2,935,029 |

JOHN H. BAKER,
Deputy Chief Surveyor.

Survey Department,
February 19th, 1865.



CORRESPONDENCE IN CONTINUATION OF SESSIONAL PAPERS

B.—No. 3. 1864.

No. 1.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 10th December, 1864.

No. 395.

SIR,—

Referring to previous correspondence on the subject of the financial state of the Province of Southland, I have to inform your Honor that Mr. Strickland, of the Commissariat Department, now at Wanganui, has been appointed to examine into and report on this matter and all the circumstances connected therewith.

Mr. Strickland will proceed directly to Invercargill, and I have to request your Honor to give him every assistance in your power in the fulfilment of his duties.

I have, &c.,

FRED. A. WELD.

His Honor the Superintendent,
Southland.

No. 2.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

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

SIR,—

I have the honor to acknowledge the receipt of your letter of the 10th instant, No. 395, informing me that Mr. Strickland of the Commissariat Department had been appointed to examine into and report on the Financial State of this Province, and that he was about to proceed hither for that purpose.

I shall be happy to give Mr. Strickland every facility to obtain all the necessary information.

I have, &c.,

J. A. R. MENZIES,

Superintendent.

The Honorable the Colonial Secretary,
Auckland.

No. 3.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Invercargill, Southland,
21st December, 1864.

SIR,—

The case of M'Kenzie and Company's claim against the Provincial Government of Southland has been the subject of frequent communication with your office since the latter end of June. The claim which they made then I considered a reasonable one, although standing almost alone in the opinion that it should be met at the time. As you may perhaps be aware after endeavoring in various ways to obtain a portion of the sum due to them, Messrs. M'Kenzie and Co., served a writ on the Provincial Government which was notified at once to the Colonial Secretary, for the time being. Subsequently the property of the Provincial Government was assigned to the General Government for its protection, on the 22nd November. The Colonial Sub-Treasurer in Southland took possession on that day on behalf of the General Government. In the course of yesterday the Sheriff, acting on behalf of M'Kenzie and Co., under authority of a writ of *Fieri Facias* issued out of the Supreme Court, took possession of the property of the Provincial Government Railway Plant, Government Offices, Furniture, Papers, Documents, &c. &c. All that could be seized. A messenger who was in charge and resided on the premises was forcibly expelled, the doors were locked, and the officers of the Provincial Government prevented this morning from resuming their ordinary duties.

This has brought the whole machinery of Government to a stand, the exclusion from the offices is a serious evil: but that might be obviated. The seizure of the Books and Documents of the Government will have a paralysing effect even although they are only withheld, if they should be sold, as these parties declare they will shortly, the injury inflicted on the Province and its inhabitants will be incalculable.

If the records of the Land Office and the record Maps of the Survey Office should be sold, the evidence of ownership of land furnished by them may become unavailable, and the confusion which would necessarily follow might lead to all but interminable litigations on questions of Title. I should also state distinctly that the Bailiffs have taken possession of the Land Office, locking out and refusing admission to the Commissioner and Clerks. The Provincial Government is powerless to deal with this matter.

The Assignment to the General Government was made on the 22nd November, and due notice sent forthwith; but the General Government has not yet indicated the course it is proposed to take, whether to accept or decline; nor authorised any person to act on its behalf in case of the former. In absence of any direct authority to act, the Colonial Sub-Treasurer does not consider himself in a position to take active steps to recover possession on behalf of the General Government. I think that the bare statement of those circumstances will satisfy you that it has become necessary for the General Government to interpose with decision.

In another communication transmitted by this mail I have the honor to refer to some points connected with the general question of the financial state of this Province.

I have, &c.,

J. A. R. MENZIES,
Superintendent.

The Honorable the Colonial Secretary,
Auckland.

No. 4.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 21st December, 1864.

SIR,—

A long series of communications have passed between this Office and yours on the subject of the Finances of the Province, to the dates of which from circumstances detailed in another letter sent by this mail, I regret that I am unable to refer with exactness. They extend however, from the latter end of June, up to a recent date. I have endeavoured to keep your predecessor in office thoroughly informed on the subject. In one of my letters in August, I believe, I enquired whether the Colonial Ministry would approve of a Provincial Loan Bill, for a short period, ten years, bearing a high rate of Interest and sinking fund, 8 per cent. and 5 per cent., for having made enquiries, I learn on good authority, that a loan of £60,000 or upwards could be readily obtained in Australia on such terms, provided that a Colonial guarantee was given. The late Colonial Ministry steadily objected to sanction any further Provincial Loans, but it never indicated any course to which it would be willing to accede, whereby this Province would be enabled permanently to meet its liabilities. I believe that a perusal of the correspondence on the subject, and of the accounts transmitted from time to time, will satisfy you, that some decisive steps are necessary on the part of the General Government for the maintenance of the credit of this Province; otherwise the credit of the Colony will be compromised to a serious extent if this Province should be allowed to continue in its present embarrassment,

The difficulty could, in the opinion of the Provincial Government, as stated in one of the letters alluded to, have been overcome without any external aid, if the General Government had sanctioned the raising of a further Loan.

The terms upon which a loan could be raised now, would depend most materially on the giving or withholding of the Colonial guarantee.

I shall be glad to learn your views on this subject at your earliest convenience.

I have &c.,

J. A. R. MENZIES,
Superintendent.

The Honorable the Colonial Secretary,
Auckland.

No. 5.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 22nd December, 1864.

SIR,—

With further reference to my letter of the 21st inst., on the subject of the seizure of the property of the Provincial Government at the instance of McKenzie & Co., I have now the honor

to inform you that this afternoon upon my giving as Superintendent of the Province, a deed of indemnity to the Sheriff, that officer stayed proceedings and withdrew the Bailiffs from the public offices. The officers of the Provincial Government thereupon resumed possession of the premises. The decided and bitter feeling displayed by McKenzie and Company in this transaction leads me to the conviction that they will leave no means untried to recover possession as quickly as the forms of the law will permit.

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

The Honorable the Colonial Secretary,
Auckland.

No. 6.

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

Colonial Secretary's Office,
Auckland, January 7th, 1865.

SIR,—

I have to acknowledge the receipt of your Honor's letter dated the 12th ultimo, and the letter written the following day with respect to the claim of Messrs. McKenzie and Co. against the Provincial Government of Southland, and to the Financial state generally of that Province. The whole subject to which your Honor refers has occupied the most serious consideration of this Government, since their recent accession to office. And I assure your Honor that no time shall be lost in giving practical effect to such measures as they may be able to adopt for the extrication of the Province of Southland from its present financial embarrassment. It is a matter of deep regret to them, that Mr. Deputy Commissary General Strickland, who was appointed more than a month ago specially to visit Southland, and report to the General Government on its Financial state, has been unavoidably prevented by his Military duties from proceeding thither, but the Government still anticipate being able to avail themselves within a short time of Mr. Strickland's valuable services in this matter, and I have to thank your Honor for promising (as stated in your letter of the 20th ultimo, the receipt of which I beg also to acknowledge) to give Mr. Strickland every facility in obtaining all the necessary information.

I have &c.,
WALTER MANTELL,
For the Colonial Secretary.

His Honor the Superintendent,
Southland.

No. 7.

THE ASSISTANT MILITARY SECRETARY, TO HIS EXCELLENCY'S PRIVATE SECRETARY.

Camp, Patea,
21st February, 1865.

SIR,—

Referring to my letter of the 14th December, No. 3985, I have the honor, by direction of the Lieut.-General Commanding, to forward for the information of His Excellency the Governor, the copy of a communication received from Deputy-Commissary-General Strickland.

I have, &c.,
GEO. DEAN PITT,
Major, Assistant Military Secretary.

The Private Secretary, Government House,
Auckland.

Enclosure in No. 7.

DEPUTY-COMMISSARY-GENERAL STRICKLAND, TO THE ASSISTANT MILITARY SECRETARY.

Commissariat, New Zealand,
Camp, Nukumarū,
29th January, 1865.

SIR,—

I have the honor to request that you will be pleased to submit to the Lieutenant General Commanding, that in my humble opinion it is necessary that I should now give a definite reply to the Colonial authorities respecting the mission offered me by them.

FURTHER PAPERS RELATIVE TO

I would wish it to be communicated to the Colonial Secretary that I had hoped to have been able to undertake the mission to Southland, which they had done me the honor to offer to me; but the course of events in this District have entailed on me duties which oblige me to decline it, and this much to my regret, for I feel grateful for the flattering manner in which I had been selected for the performance of a difficult task, and would gladly have exerted myself to the utmost of my power in the interest of the Colony, and to prove that I was not unworthy of the choice.

I have, &c.,

C. E. STRICKLAND,

Deputy Commissary General.

The Assistant Military Secretary.

No. 8.

THE COLONIAL SECRETARY TO MR. HART.

Colonial Secretary's Office,

Wellington, 28th January, 1865.

SIR,—

Your legal opinion is requested by Government on the following points (1) whether a writ of *fi. fa.* against the Superintendent of a Province can be lawfully executed upon the books, papers, and other official documents belonging to his Provincial Government.

(2). Whether such execution can be levied upon plans of Crown Lands, and Documents and Records in the Crown Lands Office in such Province? (3). Can a deed of assignment (such as the one enclosed herewith) cover more than the sum due to the Crown; and can creditors enforce the sale of property under it to realise their claims?

(4). Security having been already taken on the Land Revenue as it may accrue, for the debt to the General Government, is the deed of assignment valid?

(5). Should the Deed not be registered, could other creditors step in?

(6). How would its validity be effected if formal but absolute possession had not been taken?

(7). and generally as to the validity of the Deed.

I have, &c.,

FRED. A. WELD.

R. Hart, Esq.,
Wellington.

No. 9.

MR. HART TO THE COLONIAL SECRETARY.

Wellington, 31st January, 1865.

SIR,—

I have the honor to state, in reply to your letter of the 28th instant, requesting my legal opinion—

1. A writ of *fi. fa.* against the Superintendent of a Province cannot be lawfully executed against the books, papers, and other official documents and records belonging to the Provincial Government. Books, accounts, letters, and correspondence of a merchant or tradesman, not being direct securities for money, are not so seizable.

2. Such execution against goods cannot be levied upon plans of Crown Lands, Documents and Records in the Crown Lands Office, and Survey Office in such Province.

3—4. The Deed of Assignment enclosed appears to me to be inoperative. The appropriation of goods or money belonging to the public, whether to the payment of debts or to any other purpose, must be the act, or authorised by the act of a legislature possessing competent authority. Unless, being made in favour of the Crown, ordinary rules in reference to deeds of this nature are in this instance inapplicable. The deed appears to me to be otherwise inoperative. There is no consideration for the absolute conveyance expressed in the deed. From paragraph 4 of your letter, I infer that the loan referred to as a debt, was contracted upon terms which have been fulfilled by the Provincial authorities, and which do not include a security of this nature, so that no consideration in fact exists for the deed. If it be a mortgage, there should be a defeazance, or by the "Bills of Sale Registration Act, 1856," it is void, and this defeazance should be written upon the same paper or parchment. The Bond of Indemnity, copy of which has been enclosed, seems to be useful only to stay proceedings by the Sheriff, until the question which is at the root of the matter, shall be determined. In the case of a valid mortgage of goods, or other property seizable under an execution against goods, the judgment creditor may, in a suit in equity offering to redeem the mortgage, obtain a decree for a sale, but he cannot compel the mortgagee to sell.

5. The Queen is not named in the "Bills of Sale Registration Act, 1856," but the Act being to prevent fraud, the Queen is bound by it (11 Rep. 74). In the case of a valid mortgage to

the Queen, of chattels personal, I think the Bill of Sale, or copy should be filed with the Registrar of the Supreme Court for the Province in which the goods are situated.

6. For the reasons stated, possession along with the Deed, whether formal or absolute, would not, I think, affect its validity.

7. Taking the Preamble, together with the 1st, 4th, and 6th clauses of the "Provincial Law-suits Act, 1858," I am of opinion that "all property belonging to any Province (whatever that may be) is vested in the Superintendent" for all purposes of proceedings in any court, and not for purposes of sale or other disposition. The object of the Statute appears to be to afford facilities for the determination by legal means, of questions of right, not to appropriate public property, or to render it generally liable to the liquidation of claims of possible judgment creditors. Their rights as against the Superintendent personally, are expressly taken away. By the 4th clause, a mode is pointed out of satisfying money claims, and when the judgment or decree is for something other than the payment of money, the Superintendent is authorised to perform it. But I cannot find in that Act any appropriation of public property; I think, had such an appropriation been intended, that care would have been taken to define what should be deemed Provincial property for this purpose, as well as to declare of what nature Provincial property might be. I think there is nothing legally seizable under a *fi fa*, or writ of execution against goods, in an action against the Superintendent under the Act referred to, and that the Sheriff would be justified in making a return of *nulla bona* to the writ, on being satisfied that the judgment, upon which the execution proceeded, was so obtained. A case has been mentioned to me as having been tried in Auckland, and having a bearing upon this question, but I have been unable to obtain access to a report of it. It is usual for the Imperial Legislature, when giving to officers of companies and others, special powers of suing and being sued, to define the modes by which adverse judgments are to be satisfied.

I have, &c.,

ROBERT HART.

The Honorable the Colonial Secretary,
Wellington.

No. 10.

THE COLONIAL SECRETARY, TO THE SUPERINTENDENT, SOUTHLAND

Colonial Secretary's Office,
Wellington, 4th March, 1865.

SIR,—

I have the honor to enclose the copy of a letter dated 24th ultimo, from Messrs. Dalgetty Ratray & Co., of Dunedin, representing that they have an unsatisfied claim of £25,000 against the Provincial Government of Southland, for balance of contract money, on account of the Bluff Harbour and Invercargill Railway.

I have to request your Honor to be good enough to make for the information of the General Government, such remarks as you may think fit, on the allegations made in that letter, as to the engagements stated to have been made by the Provincial Government of Southland.

I have &c.,

FRED. A. WELD.

His Honor the Superintendent,
Southland.

Enclosure in No. 10.

MESSRS. DALGETTY & CO., TO THE COLONIAL SECRETARY.

Dunedin Otago, N. Zealand,
24th February, 1865.

SIR,—

We take leave to represent to you the case of the Contractors for the Bluff and Invercargill Railway contract, No. 2. (for 6½ miles from Campbelltown Jetty towards Invercargill) to whom the Provincial Government of Southland are indebted in a sum of about twenty five thousand pounds, (£25,000) for balance of contract money. The Contractors are Messrs. Ross & Aldrich whom we as Merchants undertook, when their tender was accepted, to assist with money for the work.

In May last the Provincial Government stopped payment, but urged us to continue to advance money to Messrs Ross & Aldrich, so that their contract might be kept in progress, and thus the damage be avoided which would result to half finished embankments in the sea.

The Provincial Government assured us at the same time that money would be forthcoming to pay us in full, as soon as the contract should be complete, and that in the interim they would pay us £2,000 per month on account. Being then already involved to the extent of £10,000, on account of this contract, we agreed to the proposal of the Provincial Government, and to protect ourselves had our names joined as contractors to those of Messrs Ross & Aldrich. During the

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succeeding four months we received on account from the Provincial Treasurer £8000, a sum very far short of the contractor's expenditure during the same period. Then all payments by the Provincial Government ceased, but we were urged by them to push the contract to completion at our own cost, as the General Government were certain, they said, to advance funds without any delay to pay for the Railway.

We could perceive the necessity of completing this contract for the sake of the Provincial Government, as the works, being much exposed to the action of the water in the harbour, would very rapidly deteriorate, unless completed and made secure. We have, therefore, pushed on the works, although with great inconvenience and hardship, as our expenditure on the contract in consequence of arrears of payment, additions to plans, &c., now exceeds by £26,000 the sum received on account.

The contract is now completed, and our papers are under examination by the Provincial Government; a sum of about £25,000 will be due to us, and seeing little prospect of receiving early payment from the Government of Southland, we beg to appeal to you for assistance. The debt presses ruinously on the contractors and ourselves, and the consequences must be most serious to all concerned, unless you come forward to our relief. We do not say that you are under any engagement to us to do so, but we assume that the assurance made us by the Provincial Government, that the General Government would put them in funds to pay us, was reliable, or we should have risked the loss of the smaller sum due upon the contract early in 1864, and have abandoned the work.

Begging your favorable consideration of this case.

We have, &c.,

DALGETTY, RATTRAY, & Co.,

In Liquidation.

The Honorable the Colonial Secretary,
Wellington.

No. 11.

MR. GISBORNE, TO MESSRS. DALGETTY AND CO.

Colonial Secretary's Office,

Wellington, 4th March, 1865.

GENTLEMEN,—

I have the honor, by the direction of Mr. Weld, to acknowledge the receipt of your letter, dated 24th ultimo, respecting an unsatisfied claim of yours against the Provincial Government of Southland, and to inform you that I have caused a copy of your letter to be forwarded to His Honor the Superintendent of that Province for his comments thereon.

I have, &c.,

W. GISBORNE,

Under Secretary.

Messrs. Dalgetty Rattray & Co.,
Dunedin, Otago.

No. 12.

MR. GISBORNE TO MESSRS. DALGETTY AND CO.

Colonial Secretary's Office,

Wellington, 13th April, 1865.

GENTLEMEN,

Referring to my letter to you of the 4th ultimo, on the subject of your unsatisfied claims against the Province of Southland, I am directed to inform you that the whole subject of the liabilities of that Province will shortly receive the attention of the General Assembly with special reference to enable that Government to meet its engagements.

I have, &c.,

W. GISBORNE,

Under Secretary.

Messrs. Dalgetty, Rattray & Co.,
Dunedin.

THE FINANCIAL CONDITION OF SOUTHLAND.

7 B.—No. 3A.

No. 13.

THE ACTING SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 11th March, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 3rd instant, regarding Messrs. Dalgetty, Rattray and Co.'s contract for the Bluff Harbor and Invercargill Railway.

Owing to the absence of the late Superintendent, I am unable to answer as requested, but will do so by the next mail.

I have, &c.,

JAMES WILSON,
Acting Superintendent.

The Honorable the Colonial Secretary,
Wellington.

No. 14.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 22nd March, 1865.

SIR,—

Referring to your despatch of 3rd current, enclosing a copy of a letter from Messrs. Dalgetty, Rattray, and Co., of Dunedin, and requesting my remarks on the allegations in that letter, as to the engagements to pay stated to have been made by the Provincial Government of Southland. I have the honor to enclose copy of a letter from the late Superintendent on the matter, which contains all the information I am able to afford.

I have, &c.,

JOHN P. TAYLOR,
Superintendent.

The Honorable the Colonial Secretary,
Wellington.

Enclosure in No. 14.

THE HONORABLE MR. MENZIES TO THE SUPERINTENDENT, SOUTHLAND.

Invercargill,
16th March, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 14th instant, enclosing copy of a letter from Messrs. Dalgetty, Rattray and Co., addressed to the Colonial Secretary, representing that they have an unsatisfied claim against the Provincial Government of Southland for £25,000, a balance of contract money, on account of the Bluff Harbor and Invercargill Railway, and requesting information on the subject.

The sum of the contract (No. 2 B. H. and I. Railway, accepted 15th October, 1863) with Ross and Aldrich was £22,413 14s., and an allowance for excavating rock at 2s. per cubic foot not to exceed £2,500. The work to be completed on 22nd June, 1864.

Their progress with the work was dilatory and unsatisfactory up to the end of January, 1864, as the correspondence on the subject in your office will show. So much so that the propriety of withdrawing the contract from them on the ground that they could not complete it within a reasonable time, was at one period under the consideration of the Provincial Government in the end of January, and subsequently their progress was more satisfactory, but even in the end of April so much of the work remained to be done that its completion within the time specified was very doubtful.

In May, in a conversation with Mr. Rattray, I stated that the Provincial Government would probably be unable to meet large monthly payments, and acting on advice, suggested that the works should be limited to an extent which would be covered by a monthly payment of £2000, which I stated would be about the largest sum that the Government could rely on being able to pay the contractors, the payments up to the end of April had amounted to £8239, being an average monthly payment of £1647.

Mr. Rattray observed that the contractors were then in a position to push forward the works with greater rapidity than before, but after some discussion and consultation the heads of an agreement were arranged, those were given to Mr. Marchant, who subsequently gave them to the Provincial Solicitor to be drawn up in a formal shape. I presume that the document is in his custody.

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Exclusive of the payments above stated the following payments were made subsequently as approved by a return sent in to me by the Railway Engineer, Mr. Marchant—

| | £ | s. | d. |
|---------------------|------|----|----|
| May 27 | 2011 | 14 | 7 |
| June 27 | 2000 | 0 | 1 |
| July 21 | 2000 | 1 | 5 |
| August 22 | 2000 | 0 | 0 |
| September 11 | 2000 | 0 | 6 |
| October 11 | 2000 | 0 | 0 |

The whole sum paid up to that time amounting to £20,250 18s. 4d.

I should here remark that when rough measurements are taken for advance payments, the amount of work is understated.

The monthly payments of £2,000 a month during the winter and spring, as well as the previous payments which purported to amount to 90 per cent. on the work done, were calculated on a rough estimate, or loose measurement of the work done, which has proved to be far below the correct measurement; thus, a monthly increasing arrear accumulated, which the Railway Engineer approximately estimates to have amounted to about £15,000 at 1st November, besides about £1,000 for permanent way. After that time, the Provincial Government was unable to make any further payments to the contractors, and with a full knowledge that no further immediate payments could be expected, Mr. Rattray, in the first week of November, expressed his desire for his own sake to carry the work to its completion. The Provincial Government never contemplated that the General Government would have so unreasonably continued to withhold its assent from a further Provincial Loan—the only measure which can bring permanent relief—its conviction that the General Government would see and admit the necessity, it did not hesitate to express; and it trusted that pending the negotiation of such a loan the General Government would give it credit at a Bank for a sum sufficient to meet its pressing emergencies, but beyond this, it had not, in October, any reason to, nor did it rely any further on the action of the General Government to aid it in liquidating those claims. I am not aware that it made a different representation to Mr. Rattray; the Colonial Secretary had distinctly intimated that no further advances could be expected from the General Government. The sum claimed by Mr. Rattray is greatly in excess of the sum of the contract: it appeared that a great amount of extra and supplementary work had been executed by the contractor on Contract No. 2, much of which had been ordered without the knowledge of the Provincial Government.

This subject was under investigation at the time that I left office. A part of the claim I am aware is on account of another small contract on the line.

I have, &c.,

J. A. R. MENZIES.

His Honor the Superintendent,
Southland.

No. 15.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Wellington, 18th March, 1865.

SIR,—

The General Government have had under their serious consideration the financial position of the Province of Southland, with a view to the application of such measures of relief as may be possible, and the submission to the General Assembly, at the ensuing Session, of such proposals of permanent relief as may accord with the views of the Provincial Council of Southland, and be acceptable to the Colonial Legislature.

In order to enable the General Government to obtain this result, it is desirable that they should be in full possession of the remedial measures proposed to be adopted by your Honor's Government, and with this view I have to invite your Honor to suggest, for the consideration of Ministers, such measures as may be severally approved by your Government, especial attention being directed to the methods of enabling the Waste Lands in the Province to be made most readily available.

It is very important that as little delay as possible should occur in arriving at practical conclusions on these points, and I would suggest to your Honor that it would greatly facilitate the attainment of the object in view, if you were able to place yourself, by a visit to Wellington, in personal communication with the Government.

I have, &c.,

FRED. A. WELCH.

His Honor the Superintendent,
Southland.

THE FINANCIAL CONDITION OF SOUTHLAND.

9 B.—No. 3A.

No. 16.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Wellington, 27th March, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter of the date quoted in the margin, and in reply to inform your Honor that the whole question of the liabilities of Southland is under the consideration of the General Government.

I have, &c.,

His Honor the Superintendent,
Southland.

FRED. A. WELD.

No. 17.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Wellington, 8th April, 1865

SIR,—

I have the honor to transmit you an application from Messrs. James McKenzie and Co., for a definite reply to their offer, respecting the liquidation of the debt to them of the Southland Government.

In reply, I have the honor to request you to inform those gentlemen that the Government is not prepared, under all the circumstances of the case, to accept their offer.

I have, &c.,

His Honor the Superintendent of Southland,
Wellington.

FRED. A. WELD.

Enclosure in No. 17.

MESSRS. M'KENZIE AND CO. TO THE HON. MAJOR RICHARDSON.

Dunedin,
23th February, 1865.

SIR,—

We have the honor of addressing you with reference to the present indebtedness of the Southland Government to us, as we purpose shewing hereafter, and we trust that the General Government will take such action as to insure an immediate settlement to us in preference to any other claimant on that Province; to explain—

In the year 1863, we contracted with that Government for the erection of two Jetties in connection with the Railways between the Bluff and Invercargill, on the 25th April, 1864, a sum of over £4,000 was due us as a progress payment, but which the Government could not pay. We then arranged with the Superintendent verbally to carry on, and, if necessary, to finish those Piers with our own means, with the understanding, however, that we were to be paid out of the first monies received from the General Government or otherwise. On this basis we completed our contract while the Superintendent was in Auckland for the purpose of arranging a loan with the General Government. On his return, he sent for our Mr. Cain to pay him £5,000 on account, and he then promised to pay £5,000 monthly until our claim was settled; he also then informed us that he had arranged with the General Government for assistance, at the rate of £15,000 per month for three months, to meet and pay off the then existing Provincial liabilities. At this point, however, commenced the trouble. Captain Elles, the General Government Agent in Invercargill, would not pay us any monies, on the grounds of his instructions being to pay only on then existing contracts in progress. We need scarcely state that the Superintendent differed from this view, and that, he informed us, that as soon as he had time to explain the then state of affairs to the General Government, his promises to us would be carried out. We here beg to refer you to his letters bearing date about the 24th June, 1864, to the General Government containing that explanation.

In answer to our respects to the Honorable Mr. Fox, bearing date 8th August, 1864, on this subject, we were informed that Captain Elles had correctly interpreted his instructions, and that the General Government could not pay us any money then. We complain that during the same time, other contractors were paid to the extent of £60,000—several, in fact, having Railway works being paid in full, besides paying Mr. Davis, the Railway Contractor, a large portion of his retention money which was not due until the completion of his contract, which is still unfinished.

We further personally waited on the late Ministry of the General Government on this matter, when the Honorable Messrs. Gillies and Whittaker admitted the hardship of our case, stating, however, that we were too late, as they were just then unable to assist any of the Pro-

vinces. In fact, the Ministry resigned the day following our interview, consequently our visit was fruitless. We need scarcely point out the direct loss and trouble we have sustained through such treatment, which is so far as our experience goes, without a parallel.

The Southland Government have in the meantime been carrying on and paying for extensive works, but although ours was a first claim, have, so far, entirely passed it over, excepting the £5,000 you were kind enough (and for which we thank you) to direct to be paid to us when last in Southland. We carried on and completed our works in good faith, and in a business-like manner, to the complete satisfaction of the Government and its Engineers, and this too during great monetary difficulty, without any extra claim whatever.

We thank you for your recognition of our rights to a certain extent by the above-mentioned payment on account, and we trust that the Ministry will see fit to secure us a settlement in full at an early date. Our Mr. Cain proceeds to England early in April, and we are very desirous that it should be effected some time in March.

We beg to submit for your consideration this offer viz. :—That the General Government give us its Debentures (8 per cents.) for the balance now due us by the Southland Government, amounting to some £10,700 @ £11,000, *at par* (as we understand that is the value put on them by the Government itself), or cash. An early and favourable reply would confer a great favour on us, and depending on such,

We have, &c.,

JAMES M'KENZIE & Co.

The Honorable the Postmaster-General,
Wellington.

No. 18.

MESSRS. M'KENZIE AND CO. TO THE HON. MAJOR RICHARDSON.

Dunedin,
28th March, 1865.

SIR,—

We have the honor of calling your attention to our respects to you bearing date of 28th ultimo, relative to the indebtedness of the Southland Government to us, and our proposed terms of payment of same.

As you are aware of Mr. Cain's intended departure for Europe, and of our Mr. M'Kenzie's intention of leaving as soon as this matter is settled, an answer by return mail would confer a favor as we cannot any longer allow its non-settlement to retard our business operations.

We have, &c.,

JAMES M'KENZIE & Co.,

The Honorable the Postmaster General,
Wellington.

No. 19.

MESSRS. M'KENZIE AND CO. TO THE HON. MAJOR RICHARDSON.

Dunedin,
4th April, 1865.

SIR,—

We have the honor of calling your particular attention to our respects of the 24th Feb. last and the 25th ultimo, respecting the indebtedness of the Southland Government to us and our offers with respect to its liquidation.

In the first named letter we named March as a limit for an answer, this we have not received, and we now beg to inform you that unless we receive one of a favorable character, within seven days from date, we shall consider our offers made on the 24th February last, as null and void.

We have, &c.,

JAMES M'KENZIE & Co.

The Honorable the Postmaster General,
Wellington.

No. 20.

MEMORANDUM by the POSTMASTER GENERAL on Messrs. McKENZIE's Letters of the 28th February and the 4th April.

28th February.—McKenzie asks payment of the debt due to them by the Southland Government "That the General Government give us its debentures 8 per cents for the balance now due us by the Southland Government, amounting to some £10,700 @ £11,000 at par (as we understand that it is the value put on them by the Government itself) or cash."

This letter does not appear to have been replied to, but a letter connected with the liabilities of Southland was sent to the Superintendent (see attached.) On the same day as M'Ken-

zie's letter, viz: 28th February, Ross and Co. made an offer to complete the Railway. These are different firms and different subjects.

4th April.—McKenzie refers to his letters of the 24th February and 25th ultimo, but the offer is contained in that of 28th February which he apparently calls the 24th. I do not know what the 25th ult. is about. However, I have written and despatched a letter of which this is a copy.

April 8th, 1865.

SIR,—

In reply to your letter of the 4th inst., referring to previous communications on the subject of the liability of the Province of Southland to your firm, I have to observe that it is not the intention of the Government to accept the proposal you make with respect to the liquidation of the same, and to inform you that the whole subject of the liabilities of the Province of Southland will shortly receive the attention of the General Assembly, with especial reference to enabling that Government to meet its engagements.

James McKenzie, Esq.,
Dunedin.

I have, &c.,
J. RICHARDSON.

No. 21.

MEMORANDUM FOR THE HONORABLE THE ATTORNEY GENERAL.

The General Government having advanced large sums of money to the Province of Southland, the opinion of the Attorney General is requested as to the best mode of obtaining security for repayment.

Treasury, Wellington,
7th April, 1865.

No. 22.

OPINION.

April 7th, 1865.

"Constitution Act," clause 18, empowers Provincial Councils, but creates no property.

Council may impose a tax on lands not of the Crown, to which the title of natives has been extinguished, and any other tax except Customs.

Any security given should be authorised by Act of Provincial Council.

"Surplus Revenues Act, 1858," provides for portions of Ordinary Revenue to be credited to the Province.

The "Provincial Law Suits Act, 1858," vests (for purposes of proceedings in any Court only), property of Province, in Superintendent, in his proper name.

The "Otago and Southland Public Debt Apportionment Act, 1861," provides for Apportionment of previously existing public debts of Province of Otago.

See clause 2, "Public Debt Apportionment Act, 1858, Amendment Act, 1862."

See "Public Reserves Act, 1854," and "Public Reserves Act Amendment Act, 1862."

"Southland Waste Lands Act, 1863."

"Superintendent's Incorporation Act, 1863," vests lands in trust for or on behalf of the Province conveyed as therein mentioned in a corporation styled "The Superintendent of the Province of"

Clause 5, Superintendent and Provincial Council may make law authorizing sale, not to affect lands granted under "Public Reserves Act, 1854."

ROBT. HART.

No. 23.

April 8, 1865.

Mr. Hart, on a former occasion, considered the subject of the Superintendent's power of disposal of the property of the Province, real property including chattels, real. The "Superintendent's Incorporation Act, 1863," directs the disposal of to be by law or Ordinance of the Superintendent and Provincial Council with respect to other personal estate (if vested in the Superintendent), which (except for purposes of suit or action is not clear) he holds only as a Trustee or Bailee, having no power to dispose of it, unless so authorised by Act of the Provincial Council, or of the General Assembly. Mr. Hart is of opinion that any security taken should be made subject to the approval of the Provincial Council or confirmed by Act of the General Assembly; and if, as seems possible, further advances should be or are required, they should be made contingent on the legalisation of any security so taken. The property to be dealt with should be defined.

ROBT. HART.

No. 24.

Wellington, 18th April, 1865.

Mr. Hart begs to forward the accompanying Draft Security for the name and address and description of the proposed Trustee, and other particulars to be inserted. Whenever the furniture, &c., is to be taken possession of, an Agent should be appointed by the Trustee for the purpose; such appointment may be in the form also accompanying. When practicable, a complete Schedule should be taken of the articles of which possession is delivered, and the Memorandum of the actual possession delivered, should be signed by the Agent and the person who delivers possession. As suggested by the Draft, Mr. Hart is of opinion that the Deed will be inoperative until confirmation by Act of the Provincial Council of Southland or of the General Assembly. It may be proper to add to the Draft an express declaration that the Superintendent is to incur no personal responsibility.

ROBT. HART.

No. 25.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Wellington, 7th April, 1865.

SIR,—

With reference to the communications between your Honor and the General Government respecting the affairs of the Province of Southland, I have to express the views of the General Government as to the conditions under which it is proposed to aid the Government of the Province in providing for the discharge of its liabilities.

I must, in the first place, distinctly state that the General Government declines to undertake any responsibility whatever on account of such liabilities; it is therefore obvious the resource to which the Province must look to for relief from its financial difficulties is the territorial revenue of the Province, and a loan to be raised on the security thereof. Before agreeing to any future loan, to be contracted either by the Province of Southland or by any other Province, the Government will require a specific allocation, to be made of a block or blocks of land of a definite value to be determined, to be set apart under authority of an Act of the General Assembly as collateral security, in addition to the security of the ordinary and territorial revenue of the Province for the payment for the principal and interest, not only of that loan to be contracted, but also of any loans previously contracted and unpaid.

They will also require an adequate sinking fund, to be provided out of the general territorial revenue of the Province, and in case of need, out of the ordinary revenue of the Province, as additional guarantee for the payment of such past and new loans. The period within which any new loan so to be contracted shall be paid off; the rate of interest and other details must be made the subject of specific arrangement.

If your Honor is prepared to adopt these conditions, I shall be prepared on the part of the General Government to consider any proposal founded thereupon which your Honor may make for enabling your Government to contract a further loan, for the purpose of discharging the Provincial liabilities.

I have, &c.,

His Honor the Superintendent,
Southland.

FRED. A. WELD.

No. 26.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Wellington, 7th April, 1865.

SIR,—

As there may be some apprehension that one or more of the creditors of the Provincial Government of Southland may put in an execution for monies due to them; and, as in the case of the execution at the instigation of Messrs. McKenzie and Cain, the Government had to pay the Sheriff the sum of £100, independently of all law expenses, I am anxious to know what is the opinion of the Attorney-General as to the legality of such execution, and as to whether the property of the Provincial Government, viz., its books, papers, maps, furniture, railway rolling-stock, police horses, &c., &c., is liable to be seized in default of payment; and as I hear that it is probable I shall find the Sheriff in possession at my return, I should be glad to know what, in the opinion of the Attorney-General, is the proper course for me to pursue in that case.

I have, &c.,

The Honorable the Colonial Secretary,
Wellington.

JNO. P. TAYLOR.

THE FINANCIAL CONDITION OF SOUTHLAND.

13 B.—No. 3A.

No. 27.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Wellington, 7th April, 1865.

SIR,—

In reply to your Honor's letter of this date, I have to inform you that the Honorable the Attorney General, to whom I referred it, is of opinion that there are certain portions of the property of the Province vested in the Superintendent which cannot be taken in execution by the Sheriff, such as public records, muniments and papers necessary for the carrying on of the public service. But the really valuable and saleable part of the property such as railway plant, are, in the opinion of the Attorney General, liable to be seized by the Sheriff under a *Fi Fa*, and the Attorney General cannot recommend any proceedings by way of resistance to such a process.

I have, &c.,

FRED. A. WEIRD.

His Honor the Superintendent,
Southland.

No. 28.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Wellington, April 8th, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter of 7th instant informing me that it is the opinion of the Attorney General that the public records, muniments, and papers of Provincial Governments necessary to carry on the public business, are not liable to be taken in execution, but that other property is.

I have, &c.,

JOHN P. TAYLOR.

The Hon. the Colonial Secretary,
Wellington.

No. 29.

THE DEPUTY SUPERINTENDENT OF SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 12th April, 1865.

SIR,—

I have the honor to enclose herewith, copy of a letter from Mr. J. A. Ross, Railway Contractor, in further explanation of a communication addressed by him to Major Richardson, dated the 28th February, containing an offer to complete the Bluff Harbor and Invercargill Railway, to free the Government from all claims on the part of the present contractor, and to relieve the Government from interest and working expenses for five years.

The proposal seems to the Provincial Government to be highly advantageous, and as the assistance required from the General Government is comparatively small. I trust that you will give the matter your most favorable consideration as in the present position of the Province the importance of the completion of this work can hardly be overrated.

I have, &c.,

JOHN R. CUTHBERTSON,
Deputy Superintendent.

The Hon. the Colonial Secretary,
Wellington.

Enclosure in No. 29.

MR. J. A. ROSS TO THE HON. MAJOR RICHARDSON.

Dunedin, February 28th, 1865.

SIR,—

Referring to our conversation at the Bluff on the subject of the unfinished portion of the "Bluff Harbor and Invercargill Railway", I have the honor to inform you that after giving the matter considerable and careful attention, I am prepared, if it meets with your approval, to undertake the completion of the line. It is currently reported that it is the intention of the General Government to finish the work, and I would be prepared to take their Debentures in payment of the total cost, which would be about £30,000, the line to be in working order and fit for traffic in six months from commencement.

This arrangement, if carried out, would, I believe, be a considerable saving to the Government, as I would make it part of the agreement to satisfy the claims of the present contractor.

FURTHER PAPERS RELATIVE TO

who intends entering an action against the Government for breach of contract. I would also further agree to keep the line and the rolling stock in a thorough state of repair for three or five years for the amount that may be derived from the traffic, and pay Bank interest on the total cost. Appologising for the liberty I have taken, and awaiting your reply.

I have, &c.,

The Hon. Major Richardson,
Wellington.

J. ALEX. ROSS.

No. 30.

MR. J. A. ROSS TO THE SUPERINTENDENT OF SOUTHLAND.

Invercargill,
11th April, 1865.

SIR,—

With reference to my letter of the 28th February last, addressed to the Honorable Major Richardson, and referring to our conversation of this morning in relation thereto, I beg to state in explanation that my offer is to complete the Bluff Harbor and Invercargill Railway in all respects, so as to fit it for traffic, within six months from signing the contract, and to undertake to take the contract of the unfinished part of the line (Mr. Davies') off his hands, and to settle with him all claims which he may have against the Government in respect of the contract, or any breach of it by the Government, for the sum of £30,000 (say thirty thousand pounds), payment of which I am willing to take in Provincial Government Debentures, guaranteed by the General Government, or in General Government Debentures, bearing interest at six per cent. (at par), I would also agree upon the completion of the line to take a lease of it for five years, with the option to the Government to terminate it at the end of three years upon the following terms.

I to manage the line and to receive all the returns from the traffic, and to keep the line and rolling stock in good condition and working order, and to pay the Government a sum per annum equal to bank interest on the total cost of the construction of the line (exclusive of the cost of the rolling stock.)

I have, &c.,

His Honor the Superintendent,
Southland.

J. A. Ross.

No. 31.

MR. GISBORNE TO MR. J. A. ROSS.

Colonial Secretary's Office,
13th April, 1865.

SIR,—

I am directed by Mr. Weld to acknowledge the receipt of your letter of the 28th February last, offering on certain terms to finish the Bluff Harbor and Invercargill Railway.

In reply I am to inform you that after a careful consideration of all the circumstances of the case, the Government is not prepared to accept your offer.

I have, &c.,

J. A. Ross, Esq., Campbell Town,
Bluff, Southland.

W. GISBORNE,
Under Secretary.

No. 32.

THE HON. MAJOR RICHARDSON TO THE SUPERINTENDENT, SOUTHLAND.

Dunedin, May 5th, 1865.

SIR,—

I have the honor to acknowledge the receipt of a letter from the Deputy Superintendent of the 12th ultimo, with reference to Mr. Ross's proposal for completing the Bluff Harbor and Invercargill Railway, and in reply to inform your Honor that the General Government cannot give a legally binding guarantee, but it will do so as far as it can, subject to the approval of the Assembly on certain allocations of Land and Revenue.

I regret that your Honor was unable to visit Dunedin as I suggested in a private note, so that the necessary arrangements might have been made with your Honor to give a practical value to this conditional endorsement.

I have, &c.,

His Honor the Superintendent,
Southland.

J. RICHARDSON,
Postmaster General.

No. 33.

THE HON. MAJOR RICHARDSON TO THE SUPERINTENDENT OF SOUTHLAND.

Dunedin, May 5th, 1865.

SIR,—

I have the honor to acknowledge the receipt of the Deputy Superintendent's letter of the 12th instant with reference to the seizure by the Sheriff of the rolling stock of the Bluff and Invercargill Railway, but understanding that your Honor since that date, has made other arrangements, it is unnecessary that I should make any further remarks.

I have, &c.,

J. RICHARDSON,
Postmaster-General.To His Honor the Superintendent,
Southland.

No. 34.

DEPUTY SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,

Invercargill, 12th April 1865.

SIR,—

I have the honor to inform you that Messrs. McKenzie and Cain, judgment creditors of the Province have to-day caused the rolling stock of the Bluff and Invercargill Railway to be seized by the Sheriff, under an alias writ of *fi. fa.* for the purpose of satisfying their claim against the Government.

Taking the view that the property of the Provincial Government is not liable to seizure under an execution, I have been advised to apply to a Judge of the Supreme Court in Dunedin for an order to set aside the execution, and have dispatched a special messenger for this purpose.

I have, &c.,

JOHN R. CUTBERTSON,
Deputy Superintendent.The Hon. the Colonial Secretary,
Wellington.

No. 35.

THE DEPUTY SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,

Southland, 19th April, 1865.

SIR,—

I have the honor to inform you that on the 12th instant I addressed a letter to you stating that Messrs. McKenzie and Cain, judgment creditors of this Province, had caused the rolling stock of the Bluff and Invercargill Railway to be seized by the Sheriff under an alias writ *fi. fa.* for the purpose of satisfying their claim against the Government; that, taking the view that the property of the Provincial Government was not liable to seizure under an execution, I had been advised to apply to a Judge of the Supreme Court for an order to set aside the execution and had despatched a special messenger to Dunedin for that purpose.

I have now the honor further to inform you that on the following day the Sheriff took possession of all the Government Offices, and that he still remains in possession, but that as yet no hindrance to the public business has arisen.

On the same day, in conjunction with the Provincial Treasurer and the Provincial Solicitor, I communicated with the Managers of the different Banks with the view of obtaining an advance on the security of the property and thus preventing a sale at a sacrifice, the rolling stock alone having cost about £50,000. But after persevering for the entire day I found that the Banks would not make any advance to the Provincial Government on any security which we had to offer or indeed on any terms whatever, and that all hope of help from this quarter was at an end.

On the following day Mr. McKenzie arrived in town. In the evening without my knowledge, or any request having been made to me for the payment of the claim, an advertisement (copy enclosed) was sent to the Southland News, and a poster (copy enclosed) was also prepared. I was informed of this by the proprietor of the paper. Late at night I obtained an interview with Mr. McKenzie, and at two o'clock in the morning succeeded in inducing him to withdraw the advertisement, and promise that he would abstain from selling for six weeks, undertaking at the same time, on the part of the Government to refrain from legal proceedings against him during that delay, and to use every endeavour to obtain a substantial settlement of his claim. I enclose a copy of a memorandum made on this occasion.

On the following day Mr. McKenzie gave instructions to the Sheriff to delay the sale, but he refused to do so until his fees were guaranteed by Mr. McKenzie, which was ultimately done

on Mr. McKenzie receiving a promise of reimbursement by the Government.

On Monday I laid the matter before the Executive Council, who approved of the course pursued. Copies of the statements made on that occasion by myself and the Provincial Solicitor are enclosed, and I beg to refer to them for further details.

The promise made to Mr. McKenzie can now only be fulfilled by urging upon your consideration the necessity of assisting the Provincial Government to discharge this claim, and I earnestly pray you to give your most serious and immediate attention to the matter.

The only possible solution, as the matter now stands, is the discharge of this claim, amounting to nearly £11,000, by the Colonial Government, and the release of the property from the hands of the Sheriff, after which a legal Bill of Sale of all the Provincial property to the Colonial Government might be effected, and a repitition by other creditors of this process avoided, until the final decision of the Ministry as to the affairs of this province.

In urging the adoption of this course I beg to remind you that, on the occasion of the Postmaster-General's visit to this place, he paid to Messrs. M'Kenzie and Co. the sum of £5000, without however making any terms with them to ensure their forbearance in pressing the remainder of their claim. At that time, and by means of that sum, the Provincial Government might easily have arranged with Messrs. M'Kenzie and Co. to let the balance of their claim stand over for twelve months, but had no opportunity of doing so.

Again, I beg to call your attention to the very grave consequences that will arise, not only to the credit of the Province but even of the Colony, should such action on the part of the public creditors be permitted to continue. It is easy to see that the advertisement which would have appeared on the eve of the dispatch of the English mail was precisely a document to attract the attention of the English newspapers, and would no doubt have been copied into them as a curiosity, and have formed the subject of many leading articles on New Zealand Debentures generally, and the resources of a Government, one of the Provinces of which seemed to be in such a helpless condition. You are undoubtedly aware that whatever may be the liability of the Colonial Government for the debts of the Provinces, financiers in a case like the present, would not minutely enquire into the matter.

There is every reason to believe that the value of Colonial Debentures is even now seriously affected by the well known embarrassments of this Province. On one other ground I beg to submit that we have some claim to your favorable consideration and assistance in this difficulty. Our Land Revenue has for some months past been nil in consequence of the late Ministry having without reference to the Provincial Council, changed the selling price of land from one pound to two pounds per acre, without at the same time adding the only provision which would have made the land saleable at all, viz., free selection over the entire area of the Province, of which only a small part is at present open to purchasers. We have thus been deprived for the time, and by no act of our own, of a large portion of our resources. Mr. M'Kenzie states that he is willing to take Colonial Debentures in payment at the selling price of the day, and that although prior to these legal steps being taken he had withdrawn an offer of this sort made to Major Richardson, he is still willing to accept that mode of settlement. I attach considerable importance to this, as I cannot but feel that after the assistance the Province has already had from the Colonial Government, and knowing the very heavy demands made daily upon the Colonial Treasury, it would be almost too much to expect that so large a sum of ready money would be advanced.

I will also remind you that a project for the completion of the Bluff and Invercargill Railway, with which you are already acquainted by a letter I had the honor to write to you a few days ago, and which promises to be of incalculable value to the future position of this Province, will, in the event of no settlement being made with Messrs. M'Kenzie and Co., fall entirely to the ground.

The delay agreed upon for settlement of this unpleasant affair will hardly permit further correspondence; I have, therefore, earnestly to request your prompt consideration of our position, and to express my hope that you will see it right to adopt the only course, as it appears to me, that will relieve this Province from the heavy loss impending over it, and enable the Provincial Government to place its property by a legal Bill of Sale under your protection, until a final settlement of its affairs can be arranged.

I have, &c.,

JOHN R. CUTHBERTSON,
Deputy-Superintendent.

P.S.—I have sent a copy of this to Major Richardson, at Dunedin.

J. R. C.

The Honorable the Colonial Secretary,
Auckland.

No. 36.

MEMORANDUM ON CORRESPONDENCE.

1st. Mr. Cuthbertson's remarks about the payment to Mr. M'Kenzie of £5000 by me are unjustifiable. The demand for that portion of the £15,000 was clear and its payment urgently demanded, and I believe it stayed further proceedings until the case came under the review of the

Government by my report. Had I attempted to clog it with conditions, the attempt might have been met by counter proposals which I had no power to accept.

2nd. Mr. Cuthbertson endeavours to fasten the embarrassments on the General Government because of the new Land Law passed the Houses of Assembly. The law might have remained as it was for all Ministers cared.

3rd. Mr. Cuthbertson is in favor of a free selection over the whole country, he may be right, but the Executive Government and Council had not said so, neither are they agreed upon the point, and the sanction of the squatters has not been obtained, which is only equitable.

4th. With reference to further action in the ejectment, I think that entire faith should be kept with M'Kenzie, that whatever rights he has under the Writ should be respected, but I hold that as a protection against similar action by others, an injunction should be obtained in this or in some friendly suit at once.

5th. I recommend that the Colonial Security (*quantum valeat*) be given to the £30,000 of Debentures on the hypothecation of the Railway and Stock, and an equal quantity of land to be reserved specially. That the Superintendent be invited to come here with the consent of his Executive, and accompanied by the Provincial Solicitor, to enter into the necessary engagements; the General Government being represented by myself aided by Mr. Prendergast.

6th. That Mr. Prices' conduct in engaging for the payment of his fees in the arrangement with M'Kenzie be carefully reviewed by Ministers.

7th. Should Ministers accept my proposal about the guarantee, I beg to be furnished with instructions for my guidance. I have recommended Mr. Ross to go to Wellington by this steamer.

8th. I shall await the reply to this letter before leaving Dunedin.

J. RICHARDSON.

No. 37.

MEMORANDUM FOR THE EXECUTIVE COUNCIL.

On Wednesday about four o'clock I was informed that the Sheriff had taken possession of the Government property at the Bluff. I put myself at once in communication with the Provincial Solicitor, who advised that legal steps should be immediately taken to delay or prevent a sale of the Government property, and for that purpose wrote a letter to the agents of his firm in Dunedin with instructions how to proceed. The nature of these instructions will be explained to you by the Provincial Solicitor. It was at first intended to send a special messenger with this letter, but on consideration it was found that next Friday being Good Friday the mail which left on the following morning would be equally serviceable, arriving on Friday evening, and a special mail was therefore made up at a late hour for this purpose.

By the same conveyance I despatched a letter to the Colonial Secretary detailing what had been done (copy annexed). I was also advised to interpose no forcible hindrance to the Sheriff should he proceed to take possession of the Government Buildings, and my own conviction was strongly in favor of this course, as one most politic under the circumstances. On Thursday morning the Sheriff took possession of the Government Buildings, placing Bailiffs in most of the separate buildings, but did not in any way interfere with the conduct of the business of the Government. A statement of this fact, with further instructions from the Provincial Solicitor, were forwarded during the day to Dunedin by a special messenger. In the course of the day I had an interview with the Sheriff in the presence of the Provincial Solicitor and the Provincial Treasurer, at which he declined to give any information as to his intention to sell, or as to his intention to prevent the Government officials from continuing the use of the offices; adding, however, that it was not his present intention to interfere with the ordinary course of the Government business, but that as yet he had no instructions on that point, and that on the arrival of a certain person circumstances might arise in which he might feel himself obliged to do so. Being requested to deliver him the keys of the outer doors, and being informed by him that in case of my refusal a re-entry would be effected by force, I gave instructions that they should be given up to him.

It appeared that at this interview he acted upon an alias writ of *fi. fa.* at the suit of Mc Kenzie and another, a copy of the writ was applied for, and he referred the Provincial Solicitor to his own Solicitor, Mr. South. An application was accordingly made but was refused. The Provincial Solicitor, the Provincial Treasurer, and myself were of opinion that we had then exhausted our means of action for the time, and that nothing now remained to be done until some further movement was made.

On Good Friday the offices were of course closed; Mr. McKenzie arrived during the day, and in the course of conversation stated that his own instructions to the Sheriff had been to cause the Government officials no inconvenience beyond what was requisite to insure legal possession, and that he had no intention of taking any important step without letting the Government know beforehand, that his only wish was to obtain payment of his claim.

In the evening I was informed that Mr. Rice had visited Mr. Binney, the Auctioneer, and that an advertisement had been sent to the office of the "Southland News." I immediately sent a notice of the fact to the Provincial Solicitor, at his residence out of town, it being very late

with a request that he would see me early next day, which he did. At that time I was under the impression that the paper had begun to be printed, and that the advertisement could not be recalled. But for this I would have endeavoured to have obtained immediate advice from the Provincial Solicitor. At a later period the consequences of the publication of such an advertisement seemed to me to be so serious not only for the Province but the whole Colony, occurring on the eve of the departure of the English mail, with every prospect of its being copied into the English papers, and forming a text for leading articles, on the security afforded by New Zealand Debentures generally, that I resolved to take every step I could to prevent its publication. I could not find Mr. McKenzie till midnight, when I commenced a personal negotiation with him in a room in the office of the newspaper, which continued for two hours, at the end of which time Mr. McKenzie gave instructions for the withdrawal of the advertisement, and of a large poster which had also been prepared, copies of the advertisement and of the poster I obtained, and one of the advertisements is annexed for your information, at the same time as a condition of withdrawal of the advertisement I signed the annexed agreement thereby obtaining in addition a delay of six weeks, and a promise that no obstruction would be offered in the meantime to the conduct of the public business.

In ordinary circumstances I would of course have consulted the Provincial Solicitor before signing such a document, but the position of affairs seemed to me to call for prompt action and the lateness of the hour and inclemency of the weather prevented any possibility of my seeing him until the paper had been published.

On the following day Mr. McKenzie verbally instructed the Sheriff not to sell till further orders, but the Sheriff declined to receive his instructions, unless in writing and accompanied with a written guarantee by Mr. McKenzie that all his expenses would be paid, at the same time stating that he would sell at once if his costs and expenses were not guaranteed.

Mr. McKenzie refused to sign this guarantee and requested me to accompany him to the Sheriff, and endeavour to arrange the matter. I did so without success. At a second interview for the same purpose the Sheriff declined to converse on the subject with Mr. McKenzie in my presence. This matter was ultimately settled by my signing a letter written by the Provincial Solicitor, and with his consent, to the effect that the Government would in any case be liable to Mr. McKenzie for any costs he was compelled to pay the Sheriff. Instructions were subsequently sent to Dunedin to postpone legal proceedings.

JOHN R. CUTHBERTSON,
Deputy Superintendent.

Enclosure 1 in No. 37.

MEMORANDUM.

On the afternoon of Wednesday, the 12th instant, about four o'clock, I was informed that the Sheriff's Officers, at the suit of Messrs. M'Kenzie and Co., had taken possession of the rolling stock of the Bluff and Invercargill Railway, then at the Bluff. The information having been telegraphed by the person in charge to Mr. Marchant, the Railway Engineer. On conferring with the Deputy-Superintendent and the Provincial Treasurer, it was deemed best, upon my recommendation, to take steps to obtain a Judge's Order to set aside the Writ of Execution on the ground that the Writ of Execution ought not to have issued, inasmuch as Provincial property so called, is not liable to seizure. I accordingly instructed the agents in Dunedin of my firm, to take out a Judge's Summons for this purpose, requesting them, if possible, to obtain a stay of proceedings until the summons was disposed of, in order to prevent a sale by the Sheriff. The necessary Affidavit by the Deputy-Superintendent in support of the application was also forwarded, and the packet transmitted by the overland mail which left Invercargill on Thursday morning, and which usually arrives in Dunedin on Friday night.

On Thursday morning the Deputy-Superintendent informed me that the Bailiffs had taken possession of the different offices of the Government. I then thought it advisable that a special messenger should be dispatched to Dunedin with further instructions and a more full Affidavit, and to return with a reply from our agents in Dunedin—the return mail not arriving till Wednesday morning. This was accordingly done.

The Deputy-Superintendent had an interview the same morning with the Sheriff, Mr. Price, in the presence of the Provincial Treasurer and myself, when Mr. Price declined to give any information as to his intention to sell, and stated that no obstacle would at present be thrown in the way of the public business, but he could not say what might be done when some one—he did not say whom—representing the Plaintiffs arrived in Invercargill, which, he added, would be by a steamer expected on the following day. I applied for a copy of the Writ of Execution. He referred me to his Solicitor, Mr. South, who, on application, declined to furnish a copy at my expense, or permit a copy to be taken.

Friday being Good Friday, was a holiday. Late on the evening of that day, at my residence, I received a note from the Deputy-Superintendent, informing me that an advertisement of the sale had gone into the paper, which appeared next morning, and requesting me to see him early the next morning. This I accordingly did, and found from the Deputy-Superintendent that he had arranged with Mr. M'Kenzie the withdrawal of the advertisement, and the postponement of the sale for six weeks.

In the afternoon, I learnt from the Deputy-Superintendent that the Sheriff had raised an obstacle to his arrangement, which promised to become a serious one, viz., that unless he received

a guarantee for his poundage fees and incidental expenses, he would sell on Monday to obtain those costs. Mr. M'Kenzie declined to give such a guarantee, unless the Government would hold itself liable for the amount.

This at first I advised the Deputy-Superintendent to do. He left me, and after an interview with the Sheriff, informed me that that gentleman had stated that he would sell the Government property to get his fees, unless he received a guarantee for them, and he would not take the Government guarantee. I then reluctantly acquiesced in the Deputy-Superintendent's giving an acknowledgment of the Government's liability for the amount, which was accordingly done.

THOMAS MACDONALD,
Provincial Solicitor.

Invercargill, 17th April, 1865.

Enclosure 2 in No. 37.

Superintendent's Office,
Southland, 14th April, 1865.

I hereby guarantee, as Deputy Superintendent on the part of the Provincial Government of Southland, that in consideration of Messrs. McKenzie and Cain undertaking that they will not within six weeks, or forty-two days from this date, the fourteenth of April, 1865, sell any of the property of the Provincial Government, now seized by them under writ of *fi. fa.*, no technical legal objection will be taken by the Government to their right of possession at this date, or to their right to sell at the end of the time specified to satisfy their claims, it being understood that the said Messrs. McKenzie and Cain will offer no obstruction to the ordinary conduct of the public business in the Government offices, and I also undertake that during the aforesaid period of six weeks, every exertion will be used by the Government to obtain a substantial settlement of Messrs. McKenzie's and Cain's admitted claims.

JOHN R. CUTHBERTSON,
Deputy Superintendent.

We hereby agree to the above,

JAMES M'KENZIE & Co.

Books, records, and public documents, I understand, are not in any way liable to seizure.
J.R.C.

No. 38.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Wellington, 29th April, 1865.

SIR,—

I have to acknowledge the receipt of your Honor's letter of the 19th instant, reporting that under a writ of *fi. fa.* the Sheriff has seized certain rolling stock of the Bluff and Invercargill Railway, and that he had taken possession of the Provincial Government offices.

Your Honor's letter has just been received, but I will write by this mail to the Hon. Major Richardson, who is now in the South, upon the subject of it, and I hope to be able to send a further reply to your Honor by next mail.

I have &c.,

His Honor the Superintendent,
Southland.

FRED. A. WELD.

No. 39.

THE SUPERINTENDENT, SOUTHLAND, TO THE HON. MAJOR RICHARDSON.

Superintendent's Office,
Southland, 3rd May, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter of 23rd April (received to-day) in which you complain of the view which my Deputy has expressed in a letter of 19th April, addressed to the Honorable the Colonial Secretary, of the manner in which you managed the affair of M'Kenzie's seizure of the Provincial property by the payment of the £5,000, and, in reply, have to state—

That Mr. Cuthbertson's letter was written before my return to the Province; that I only made myself acquainted with its general contents before I addressed my own letter to you on the

No. 170.

same subjects; that on reading it over at two or three o'clock in the morning, which I did in dictating the letter to him, while he wrote the copy of it forwarded to you, I first noticed the expressions you alluded to; that I called his attention to them as objectionable and wanting in fairness to you, and explained to him as well as I could from memory all the circumstances under which this course of action had been taken. It seems that he had written his ideas of the matter in consequence of having been told by Mr. M'Kenzie that when he received from you the £5,000, he would have been glad to give, in consideration of this payment, a respite of twelve months for the rest; and that he assumed that we (for in reality Mr. Cuthbertson's reflections includes me) had not acted on this knowledge, which in reality he only was in possession of. Mr. Cuthbertson expressed great regret that he had used the expressions alluded to, and proposed at first to re-write the letter to the Colonial Secretary. This, however, I thought could hardly be managed under the circumstances, as the letter was so very long, as we had no means of copying it (having adjourned to my private house); as we had been at work since early morning, and must conclude this and other correspondence for the morning's mail. He concluded, therefore (probably forgetting that the letter was not addressed direct to you) to write you a private note, explaining and apologizing for the expressions, when all our letters were ready for the post. It seems to have struck him for the first time that it would hardly be possible to give any explanation which would not, by giving greater prominence to the expressions, make matters still worse; and that, as it was now impossible to undo or explain what had been done without delaying this very pressing business for ten days, it must go as originally written. I must say that we both hoped something from the possibility of a less serious notice being taken of what we thought you would perhaps see, from the context was written under great excitement, in great pressure for time, and under a false impression. For myself, you will have seen from the allusions made to this matter in a later private letter, that we both very greatly regretted the want of consideration with which, in the haste to get the documents off in time, the letter had been ultimately despatched; and both acknowledged that, if you failed to be struck by the considerations alluded to, you would have just grounds for complaint. I beg to offer you now on my own, as well as my Deputy's behalf, the above explanation of the manner in which this came to pass, and to assure you that we both regretted that no means for remedying it struck us at the time. I feel sure that Mr. Cuthbertson will regret this unfortunate circumstance as much as I do, and that he will not fail to assure you of it himself, and offer an ample apology. I trust that I need not give you the further assurance that we both, as well as the rest of the members of the Provincial Government, fully recognise the great obligations under which you have in this, as well as in other matters, laid the Province.

I have, &c.,

JOHN P. TAYLOR,
Superintendent.The Honorable the Postmaster-General,
Dunedin.

No. 40.

G. N. Railway Contractor's Office,
Invercargill, 27th April, 1865.

SIR,—

Referring to your letter of July 7th, 1864, stating the conditions agreed to by the Provincial Government as a preliminary to the resumption of works on the Bluff Harbor and Invercargill and Oreti Railways.

I have the honor to request that the Provincial Government will in accordance with that letter pay over the £5000 retention money referred to therein, and that the amount of compensation due to me under the particulars stated in my previous letter of the same date be referred to arbiters in the usual manner.

Referring you to the condition, No. 5, of your said letter I would further suggest that the question of the damages which have been incurred by me in consequence of the failure of the Provincial Government to make the monthly payments in the usual manner or to give the specified notice of its inability to do so should be referred to the same arbiters, and that because a final settlement of all matters between the Provincial Government and myself would relieve it of its liability for the heavy current expenses to which I am subjected, an absolute reference of every claim I have against the Provincial Government shall be made to the same arbiters in order that my accounts may be finally settled and everything handed over to it.

I have, &c.,

R. M. Marchant, Esquire, C.E.,
Southland Railways.

JAS. R. DAVIES.

No. 41.

THE HON. MAJOR RICHARDSON TO SUPERINTENDENT, OF SOUTHLAND.

Dunedin, April 27th, 1865.

SIR,—

Having learned that the Sheriff of Invercargill has entered into some engagement with the Provincial Government about the payment of his fees in the case of the writ *fi. fa.* in re Mc

Kenzie and Co. I have the honor to request, should such be the case, that your Honor will favor me with the circumstances under which the Provincial Government were induced to guarantee the payment in question, as it appears to me that such payment had nothing to do with the writ. I have heard that the guarantee was given under the influence of some pressure, and in that case it would be the duty of the General Government to see that the officers of the Crown do not exceed their power.

I have, &c.,

His Honor the Superintendent,
Southland.

J. RICHARDSON,
Postmaster General.

No. 42.

THE SUPERINTENDENT, SOUTHLAND, TO THE HON. MAJOR RICHARDSON.

Superintendent's Office,
Southland, 3rd May, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter of 27th April, requesting information as to the nature of the arrangement entered into by the Provincial Government of Southland with the Sheriff for the payment of his fees in the case of the writ of *fi. fa. in re* Mc Kenzie and Co., and in reply I beg to enclose copy of a memorandum drawn up at the time by the Provincial Solicitor detailing the whole proceeding, also a copy of a letter addressed to me in part on the same subject, from which you will gather the information required.

For Enclosure
See Ante p. 18.

I have, &c.,

The Hon. the Postmaster General,
Dunedin.

JNO. P. TAYLOR,
Superintendent.

Enclosure No. 2 in No. 42.

J. M. MACDONALD, ESQ., TO THE SUPERINTENDENT, SOUTHLAND.

Invercargill, 26th April, 1865.

MY DEAR SIR,

In reference to our conversation with regard to the liability of the Provincial property to be seized by the Sheriff under *fi. fa.*, and the practicability of obtaining the decision of the Supreme Court on the point by a friendly suit, I beg to say that such a course appears to me to be practicable. If Major Richardson should desire to have that course taken, it would be done in Dunedin by Messrs. Dalgety, Rattray & Co., who are large creditors of the Province.

To save time, Mr. Prendergast (who has already been consulted) could accept service on behalf of the Superintendent, and a *cognovit* might be signed by the Superintendent to enable the plaintiffs to obtain judgment speedily, and to ensure execution: an application might then be made to set aside the execution, and the question of liability, or otherwise, by the Provincial property to be taken in execution raised and determined. I think it could be done without placing the writ of execution into the Sheriff's hands.

With regard to the other question you put to me, viz., if the Sheriff's fees were included in the arrangement, I must tell you, happened in this wise: I said that the arrangements with M'Kenzie could not be carried out on account of Mr. Price, the Sheriff, throwing obstacles in the way, unless he got a guarantee for his fees, and that M'Kenzie would not give such a guarantee unless the Government gave him a similar one.

I declined to advise the Deputy Superintendent to give such a guarantee, and he went to inform the parties to that effect. On his return, he stated that the Sheriff had threatened that if such a guarantee were not given, "he would sell on Monday to pay his expenses," it being then Saturday. I then reluctantly consented to such a guarantee, being given, not because of any doubt as to the illegality of a sale, but because it appeared to me that the consequence of such a sale having taken place, would be most serious to the credit of the colony.

I am, &c.,

His Honor the Superintendent,
Southland.

J. M. MACDONALD.

MR. PENDERGAST TO THE ATTORNEY GENERAL.

Dunedin, Otago, New Zealand,
May 29th, 1865.

M'KENZIE V. SUPERINTENDENT, SOUTHLAND.

MY DEAR SIR,—

In this case, an action against the Superintendent of Southland, the plaintiff having obtained Judgment, has issued a writ of *fi. fa.* and the Sheriff has seized Railway plant and other chattels purchased out of money appropriated by the Provincial Council for the purpose of a Railway. An arrangement was made that the Sheriff should not sell for six weeks, the delay being asked for the purpose of getting the means to pay the debt. This having failed and as it was considered by the advisers of the Superintendent of Southland. That all property purchased out of Provincial Revenues must be considered Crown property and not liable to be seized in execution; and it being by them also considered that the "Provincial Law Suits Act, 1858," Section 4, pointed out the only means of obtaining the fruits of a judgment obtained under that Act, a rule *nisi* was obtained with a stay of proceedings calling on the execution creditors to shew cause why the writ of *fi. fa.* should not be set aside. The rule was obtained on Wednesday, the 23rd, and served on the Solicitors of the Execution creditor on Friday the 25th (Thursday being a holiday). The Registrar of the Supreme Court telegraphed to the Sheriff on Wednesday that the rule *nisi* had been granted. The Sheriff was informed that it had been so granted by the Provincial Solicitor of Southland, nevertheless the Sheriff on Saturday morning sold to Messrs. McKenzie, the execution creditors, the whole of the Railway plant valued at £20,000 for £260.

The object of this letter is to ask you whether you deem it desirable to make any claim to the property on behalf of the Crown.

It was suggested during the argument of another case (*Eccles v. Superintendent of Southland*) that the property might be deemed to be in the Crown, and that a notice of such claim might be served on the Sheriff and that he might then interplead. However this may be, do you think it necessary that anything should be done on behalf of the Crown in your name, either a Bill in Equity claiming an injunction or a notice to the Sheriff or any other proceeding? I find in a late case, *Attorney General v. Wilkinson*, 29 L. J., Chancery, an injunction was granted restraining an execution creditor who had issued a *fi. fa.* and intended to have seized the property vested in guardians of the poor, Vice Chancellor Wood did not grant the injunction. On appeal, the Lords Justices granted the injunction. It is a question which requires to be decided immediately as the judgment in the Rule in *McKenzie v. Superintendent of Southland* will be given without delay.

I am &c.,

The Hon. the Attorney-General.

JAMES PRENDERGAST.

No. 44.

OPINION OF COUNSEL.

RE M'KENZIE VERSUS SUPERINTENDENT, SOUTHLAND.

I think the course to be taken in this matter is that some independent person, not immediately connected with the Provincial Government, for instance a member of the Council, should make an application to a Judge of the Supreme Court to set aside the Writ issued, and the Execution. I think that it would be as well to make this attempt. It may fail of success on the ground that the application can only be made by the party to the suit. However, I think that the application ought to be successful by whomsoever made.

Affidavits should be prepared showing all the facts.

The Suit.

The Judgment.

The issue of the Writ and delivery to the Sheriff.

The seizure, the advertisements of sale.

The arrangement entered into by the Deputy Superintendent, and threats of Sheriff to sell.

The fact that the applicant is a British subject and an inhabitant of Southland, and if it be so a member of the Council, and belief that the Sheriff will proceed to sell.

In addition to this proceeding I think that a debt due, for instance servant's wages, or a sum due for goods sold, should be put into my hands to sue the Superintendent upon. Messrs. Gillies and Turton should be instructed to act for the Superintendent as they have hitherto. The action might perhaps be commenced at Invercargill at once. The Superintendent might allow judgment to be signed at once and the writ of *fi. fa.*, issued but not put in Sheriff's hands though it might be threatened.

If this course is adopted I will instruct Mr. Harvey, my agent at Invercargill, to act in the matter for me up to the issue of the writ *fi. fa.*, the rest of the proceedings must be carried on

here. If it is possible to send such instructions as that the proceedings could be carried on here, from the first, perhaps it would be well. However, I think difficulties will arise in consequence of the Superintendent not being here.

As soon as the writ is issued the Superintendent can give his cognovit or sign a warrant to sign judgment; this must be done at Invercargill, therefore I think the proceedings had better be commenced there. As soon as judgment is signed and the writ of *fi. fa.* issued, the Deputy Superintendent will send up instructions to set aside writ of *fi. fa.*. An affidavit must be sent showing the issue of the writ *fi. fa.* and the threatened proceedings; and thereupon Messrs. Gillies and Turton can make the application to set aside the writ.

JAMES PRENDERGAST.

May 1, 1865.

I think the Superintendent would assume a desirable defensive position by adopting the course suggested.

J. RICHARDSON,
Postmaster General.

May 5th, 1865.

I have no objection to this course being adopted.

HENRY SEWELL.

May 16, 1865,

No. 45.

MR. FOUNTAIN TO MR. PRENDERGAST.

Attorney General's Office,
Wellington, 3rd June, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter of the date quoted in the margin, and in reply am directed to state that the Attorney General is obliged to you for the same, and that he has no official intimation of what has taken place, but as soon as he is in possession of the facts he will reply to your letter.

James Prendergast Esq., Solicitor,
Dunedin.

I have, &c.,
R. G. FOUNTAIN,
For the Assistant Law Officer.

No. 46.

MR. PRICE TO THE HON. MAJOR RICHARDEON.

Invercargill,
10th May, 1865.

SIR.—

I have the honor to acknowledge your letter of the 7th instant, handed to me this day by the Colonial Sub-Treasurer, calling upon me for an explanation regarding a certain matter connected with the execution of a writ of *fi. fa.*, issued out of the Supreme Court in the case of *M'Kenzie versus Superintendent of Southland*.

I would beg most respectfully to point out to you that the Sheriff being the Executive Officer of the Supreme Court, he is liable and responsible to the law only, and to their Honors the Judges who administer the law for every act of his in executing any process of the Court; and if he exceeds his powers or duties in any way whatever, not only does he render himself liable to heavy pecuniary damages, but also to attachment and imprisonment.

Under these circumstances, it appears to me to involve a grave principle of law in connection with the office whose powers, privileges, duties, and responsibilities are defined in the 8th clause of the Sheriff's Act, 1858, and which, in my case, is an unsalaried one. Whether a Sheriff shall be answerable for acts performed in the discharge of the executive duties of his office connected with the Supreme Court to others than the said Court, as the means are simple whereby his conduct can be brought under the judicial cognizance of the Court by either the plaintiff or defendant in the writ.

May I be permitted to observe that nothing will afford me greater satisfaction than to have the whole of my conduct reviewed by the Supreme Court as to the course I have pursued in executing the writ in question, which is still pending, as I am prepared to justify every step I have taken in the matter, having throughout acted strictly according to law, and in exactly the

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same manner as I have executed every other writ placed in my hands in which private individuals only were concerned.

The Honorable J. L. C. Richardson,
Postmaster-General.

I have, &c.,

M. PRICE,
Sheriff.

No. 47.

THE HON. MAJOR RICHARDSON TO HIS HONOR THE SUPERINTENDENT, SOUTHLAND.

Dunedin,
May 14th, 1865.

SIR,—

Pending a reference to the Honorable the Attorney-General, I am not disposed to take any further action in the matter referred to in the annexed correspondence with reference to the Sheriff's action in M'Kenzie's case, but as there is no dispute that you can, as defendant, bring Mr. Price's conduct under review of the Supreme Court, I would suggest for the consideration of your Honor, whether, as that gentleman is now in Dunedin, immediate action should not be taken in that direction.

I have, &c.,

His Honor the Superintendent,
Southland.

J. RICHARDSON,
Postmaster-General.

No. 48.

THE SUPERINTENDENT, SOUTHLAND, TO THE HON. MAJOR RICHARDSON.

Dunedin,
May 14th, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter of this day in which you suggest that pending reference to the Honorable the Attorney-General on the subject, I, as defendant in the case of Eccles v. the Superintendent of Southland, should bring the conduct of the Sheriff, with regard to the seizure of the Provincial property under a writ of *fi. fa. in re* M'Kenzie and Co., under review of the Supreme Court, and in answer to state, that I shall give instructions to the Provincial Solicitor in accordance with that suggestion.

I have &c.,

The Honorable the Postmaster-General,
Dunedin.

JNO. P. TAYLOR,
Superintendent.

No. 49.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

New Zealand, May 19th, 1865.

SIR,—

Under the pressing circumstances of the case, the Government authorise you to draw on the Colonial Treasury at Wellington, to the extent of Fifteen thousand for the purpose of paying off Messrs. McKenzie and Co.'s demands under their execution. This authority is to be used only in case of need, and to such an extent only as may be absolutely requisite for securing the property taken in execution.

I suggest to your Honor that you should consider this communication as strictly confidential, your solicitor will be able to advise you as to the practical course of proceeding.

The property taken in execution must be transferred to the General Government as a security for the advance.

I have no means of communicating with the Bank of New Zealand, with a view to enabling you to command the cash at the Invercargill Branch of that Bank, but you may use the authority which I transmit on the other side for the purpose of facilitating any arrangement which you may think fit to make.

I have, &c.,

HENRY SEWELL,
For the Colonial Secretary.

Wellington, May 19th, 1865.

The Superintendent of Southland is authorised to draw on the Colonial Treasury, Wellington, to the extent of fifteen thousand pounds (£15,000) at three days.

W. FITZHERBERT.

His Honor the Superintendent,
Southland.

THE FINANCIAL CONDITION OF SOUTHLAND.

25 B.—No. 3A.

No. 50.

MEMORANDUM.

Wellington,

May 22, 1865.

Learning from certain correspondence with His Honor the Superintendent of Southland, which has been forwarded to the Colonial Secretary's office, that the Sheriff of Southland had informed the Deputy-Superintendent of that Province that, unless his fees were guaranteed, as well as M'Kenzie's claim, for which he held a writ, that he would proceed next day to sell a portion of the Provincial estate to pay himself; I considered it my duty to report the statement to the Sheriff, and ask for an explanation. The Sheriff's reply has been forwarded to the Honorable the Colonial Secretary. In it I am informed that the Sheriff, being an officer of the Supreme Court, is not amenable to any other person, and that he will give all necessary information when called upon by the proper authorities.

Being unable to ascertain this point of law, I have left the question where it is, but there appears to me to be important questions connected with some of these offices which require looking into.

1st. Is a Sheriff to be allowed to threaten a sale of Provincial property unless his fees are guaranteed when the execution of a writ is temporarily suspended by mutual agreement?

2nd. Has a Sheriff any right to leave his Province without the General Government or Provincial Government authorities being made acquainted with the fact, even if permission should not first be obtained from either one or the other? And what would be the effect, if a writ being prepared for execution, the defaulter about to embark, and the Sheriff absent, as might have been the case at Southland, both Judges being at Otago?

3rd. Considering the large sums of money which may pass through the hands of a Sheriff, whether it is not desirable that gentlemen holding that office should be obliged to provide securities for the due performance of their duties?

4th. Whether some officer of the Crown should not have power to examine into the conduct of business by Sheriff's, Clerks to Courts, Registrars, &c., &c.? And whether all these officers should not be bound to find securities for the performance of their duties?

It appears to me that the public rights demand that every department of the public service should be subject to supervision and control, and provision made for the due security of public monies entrusted to their custody.

J. RICHARDSON,

Postmaster-General.

It is suggested that the Inspectors of Post Offices could do these supervising duties without any expense to the State, either for salary or travelling allowances.

J. R.

No. 51.

THE SUPERINTENDENT OF SOUTHLAND TO THE HON. THE POSTMASTER-GENERAL.

Superintendent's Office,

Southland, 29th May, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter (private) of 20th instant, in which you tell me that you have laid the whole subject of the M'Kenzie case before the Cabinet, and that I shall receive their decision officially by the outgoing mail. Your letter reached me per steamer, but the official letter I have not yet received, and suppose it to have gone down with the rest of the northern mail in the Molyneux.

I have just heard that the "Titania" is to sail in half an hour, and must apologize for the hurried report I have to make on the subject of Mr. M'Kenzie's case.

On Friday evening, at eight p.m., the Sheriff called at my private residence, and informed me as a friend, that he was going to sell the next day at the Bluff. I told him that he would be acting in the face of an order of the Court if he did so. He said there was no such order, and that he should sell. I warned him that he did so on illegal grounds, that no notice had been given, but no representation of mine had any effect; and I told him he must be prepared for the consequences of such proceedings. He gave me to understand I had my action against him personally as Sheriff, if the property was illegally sacrificed, which was not very satisfactory, but I could make no impression on him. The Provincial Solicitor received the telegrams, of which the enclosed are certified copies, and formally notified the information to the Sheriff. The same was done at the time of the sale by the Provincial Treasurer. The Sheriff's answer was—that was nothing to him—the notice did not bear the official seal of the Supreme Court, and he should not regard it. I have no reason to doubt that the telegram to the Sheriff referred to in Enclosure No. 1 was delivered to him personally, but of course the operator will not tell me. I also know that M'Kenzie did not leave Dunedin till the day after the order of the Court was given. Under these circumstances, and having no Court of Justice to apply to, I thought

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myself justified in resisting the removal of the property. I accordingly sent a telegram to Mr. Watts, the R.M., at Campbelltown, to get a number of men together to resist such removal; and if no one was in possession on behalf of the Sheriff, to take possession in my name, and keep it. He acted in accordance with these instructions, and held possession till the arrival of the Provincial Treasurer. Again the same warnings were given to both Sheriff and the people assembled, told the sale would be illegal, and the removal of the property resisted. The Sheriff sold, nevertheless, without even being in possession, or being able to shew the greater part of the property. The whole lot, worth probably upwards of £30,000, was knocked down to Mr. M'Kenzie for £400. I still hold possession, and shall keep it by force, if necessary, till the decision of the Court is known. The sale of the rest of the railway plant is to take place at the Mokomoko to day, and I have taken the same steps with regard to that. I must explain that I was, from the shortness of the notice, obliged to apply to Mr. Watts to act in this matter till the arrival of the Treasurer, as I literally knew of no other person on the spot whose discretion I could depend on. Mr. Watts, as well as I, knows of course that in ordinary circumstances *his acting thus* would be very reprehensible, but there was no help for it, as I had been informed that Mr. M'Kenzie had made his arrangements to ship off the rolling stock to Australia—I know not with what truth. I must therefore bespeak the leniency of the ministry in judging of Mr. Watts' proceedings in this matter, as without his prompt action worse would have come of it, and he ceased to act the moment my agent reached the Bluff. I will inform you of any further proceedings in this matter by the mail on the 2nd June. To-morrow we shall hear by telegraph the decision of the Judges.

I have, &c.,

JNO. P. TAYLOR,

Superintendent.

The Honorable the Postmaster-General.

Enclosure 1 in No. 51.

MESSRS. GILLIES AND TURTON TO MESSRS. M'DONALD AND RUSSELL.

Telegram,

Dunedin, May 23rd, 1865.

Rule *nisi* granted to-day to set aside *feri facias* in M'Kenzie *versus* Menzies. Proceedings ordered by the Court to be stayed. Rule returnable for Tuesday next. Give notice to Sheriff. Eccles *versus* Taylor part argued; adjourned until Thursday.

GILLIES AND TURTON.

Messrs. M'Donald and Russell,

Invercargill.

Enclosure 2 in No. 51.

MESSRS. GILLIES AND TURTON TO MESSRS. M'DONALD AND RUSSELL.

Telegram,

Dunedin, May 27th, 1865.

The rule *nisi* will warrant an attachment against the Sheriff. The Registrar telegraphed to him on Thursday stating that the Court had granted a rule *nisi*, &c., and ordered proceedings to be stayed.

GILLIES AND TURTON.

Messrs. M'Donald and Russell,
Invercargill.

No. 52.

THE ATTORNEY-GENERAL TO THE SHERIFF OF SOUTHLAND.

Attorney-General's Office,

Wellington, June 1, 1865.

SIR,—

It has been brought under my notice that in the action Messrs. M'Kenzie and Co. and the Superintendent of Southland—notwithstanding you had been distinctly informed that a rule of the Supreme Court had been obtained for staying proceedings pending the judgment of the Court, you took on yourself the responsibility of selling to the plaintiff certain property under circumstances which appear to be irregular, whereby the interests of the parties have been so prejudiced, that property to the value of £30,000 has been sacrificed for a few hundred pounds.

I have to request that you will be good enough to give me an explanation of the circumstances.

I am, &c.,

H. SEWELL.

M. Price, Esq.,
Sheriff, Southland.

No. 53.

J. NEWTON WATT, E.M., TO THE HON. THE ATTORNEY-GENERAL.

Bluff, Southland,

June 1st, 1865.

SIR,—

I have the honor to report for your information that at ten minutes after eleven o'clock on the morning of Saturday, the 27th ultimo, I received a telegram (A) from the Superintendent of Southland, informing me that Mr. Price, the Sheriff, was going to sell the Provincial Government property at the Bluff, notwithstanding the Supreme Court had ordered proceedings to be stayed, in order to forestall judgment, and requesting me to get possession and to keep it. Feeling that the service was one that was not compatible with my office of Resident Magistrate, I immediately telegraphed (B) in reply "that the Provincial Solicitor should come down" to the Bluff; but being well aware that he could not arrive from Invercargill in less than three hours; that he could not therefore be here at the commencement of the sale, and that the Provincial Government had no officer at the Bluff of such influence as to enable him to get a sufficient force to resist the Sheriff; in reply to a second telegram (C) from the Superintendent, and considering the emergency of the case, and that it was Government property that I was asked to protect, I telegraphed (D) that I would do the best I could.

I therefore proceeded to engage a party of men to take and keep possession of the Government property by force, if necessary; and being at the same time strongly impressed with the necessity of avoiding, if possible, any breach of the peace, I engaged every available man that I could get, in order to shew to the Sheriff and his subordinates that any attempt on their part to obtain possession for the purpose of sale would be futile.

Having engaged my party, I procured a key to the railway carriages, and placed a man in each carriage, with instructions to say, if any person came to dispossess him, that "he was in possession, and that he claimed it as his own property." The key of the locomotive shed being in possession of the Sheriff's Bailiff, I placed a party of men outside to prevent access to it, but shortly after I had placed the men there, the Bailiff came with the key; they allowed him to open the door, but prevented him from entering, and one of the men placed there by me then got inside, and secured the door. Shortly after this the Sheriff arrived, and accosted me with an enquiry if we were "to have a fight for it?" I replied "I supposed so." He then objected that I was a most improper person as Resident Magistrate to act in the matter, which I acknowledged, but I said as the Provincial Government had no sufficient officer on the spot, and as he (the Sheriff) had received notice from the Registrar of the Supreme Court at Dunedin to stay proceedings—that, under the emergency of the case, I had determined to act, notwithstanding the apparent impropriety. Mr. Price (the Sheriff) replied, "Shew me that under the seal of the Court, and I will stop the sale at once." I have learned since that he had received the notice from the Registrar, but the official document had not reached him.

A few minutes after this I received the letter (E), and almost immediately after, Mr. Stewart, the Provincial Treasurer, arrived; thereupon I handed over charge to him, and telegraphed (F) to the Superintendent to that effect; thereafter, I was merely a spectator of the proceedings.

The Sheriff did not get or attempt to get possession again, therefore there was no breach of the peace, but proceeded to sell from inventory. Mr. Stewart protested that the sale was illegal, and in defiance of an order of the Supreme Court. The Sheriff persisted, and all the railway plant to the value of about £20,000 was knocked down to the plaintiff for about £300.

As I feel that it is questionable whether I was justified in taking the part I did, I have thought it necessary to send this report to you, together with the copies of the correspondence on the subject. I felt that the assurance I received from the Superintendent (A) that he had orders from the General Government to resist, if necessary, by force—together with the emergency of the case sanctioned the part I took; and as I did not act as partizan, but solely in discharge of what I considered in the emergency, my duty, I trust that you will be able to approve of my conduct in the matter.

I have, &c.,

J. NEWTON WATT,

Resident Magistrate.

The Honorable the Attorney-General,
Wellington.

A.

THE SUPERINTENDENT, SOUTHLAND, TO J. N. WATT, ESQ.

10:55 a.m.

141. O.P.G.

By Electric Telegraph,

Invercargill, May 27th, 1865.

I wrote to you by Mr. Callow, this morning, to say that Price was going to sell the Government property at the Bluff, at one o'clock p.m. We have got a rule nisi against McKenzie, which is to be heard on Tuesday. The Court has ordered proceedings to be stayed; in the meantime Price is selling to forestall judgment. I have orders from the General Government, under these circumstances, to resist (if necessary) by force. Weldon is sending two troopers

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to the Bluff. I want you to take action on behalf of Government. Price has had notice from the Registrar in Dunedin, as well as from ourselves, to stay proceedings. Swear in special constables, or take any other measure you may deem necessary; but, in any case, get possession and keep it.

J. N. Watt,
Riu.

JNO. P. TAYLOR,
Superintendent.

B.

I. N. WATT, ESQ., TO THE SUPERINTENDENT, SOUTHLAND.

The Provincial Solicitor should come down.

Bluff, May 27th, 1865.

To the Superintendent.

I. N. WATT.

C.

THE SUPERINTENDENT, SOUTHLAND, TO I. N. WATT, ESQ.

17, O.P.G,

By Electric Telegraph,
Invercargill, May 27th, 1865.

Provincial Treasurer has gone down—answer immediately.

To I. N. Watt,
Riu.

JNO. P. TAYLOR,
Superintendent.

D.

I. N. WATT, ESQ., TO THE SUPERINTENDENT, SOUTHLAND.

I will do the best I can, but hardly know how to proceed.

Bluff, May 27th, 1865.

His Honor the Superintendent.

I. N. WATT.

E.

THE SUPERINTENDENT, SOUTHLAND, TO I. N. WATT, ESQ.

DEAR SIR,—

Invercargill, May 27th. 1865.

McKenzie has advertised the Provincial property for sale, to-day, at the Bluff. We have got a rule *nisi*, and he is selling in defiance, to forestall judgment, which is reserved. We shall not resist the sale, but shall resist, *vi et armis*, any attempt to remove a straw's-worth of property. I want you to act for me there, and shall telegraph by-and-by; meantime, get all the reliable folks you can to resist, if necessary. I will be answerable for all consequences. I have authority from the General Government for what I do.

Yours in haste,

I. N. Watt, Esq.

JNO. P. TAYLOR,
Superintendent.

F.

I. NEWTON WATT, ESQ., TO THE SUPERINTENDENT, INVERCARGILL.

Telegram,

Bluff, May 27th, 1865.

I have twenty-five men, or more, in possession of carriages and railway shed. Sale is going on. Stuart has protested, and I have handed over to him.

I. N. WATT.

NOTE.—Mr. Stuart is Provincial Treasurer, and chief of the Executive Council.

No. 54.

THE ATTORNEY-GENERAL TO M. PRICE, ESQ., SOUTHLAND.

Attorney-General's Office,
Wellington, June 9th, 1865.

SIR,—

It has been brought under my notice that in the action, McKenzie and Co. *versus* the Superintendent of Southland, notwithstanding you had been distinctly informed that a rule of the Supreme Court had been obtained for staying proceedings pending the judgment of the Court, you took upon yourself the responsibility of selling to the plaintiff certain property, under circumstances which appear to be irregular, whereby the interest of the parties have been so prejudiced that property of the value of £20,000 has been sacrificed for a few hundred pounds.

I have to request that you will be good enough to give me an explanation of the circumstances.

M. Price, Esq., Sheriff,
Southland.

I have, &c.,
HENRY SEWELL.

No. 55.

MR. R. G. FOUNTAIN TO THE RESIDENT MAGISTRATE, BLUFF.

Attorney-General's Office,
Wellington, 9th June, 1865.

SIR,— I have the honor to acknowledge the receipt of your letter of the date quoted in the margin, and in reply am directed to inform you that, as it appears that you have acted under instructions from His Honor the Superintendent, the principal share of any responsibility which may have been incurred would probably rest with His Honor, with whom the Government is in communication. June 1, 1865.

I have, &c.,

The Resident Magistrate,
Bluff.

R. G. FOUNTAIN,
For Assistant Law Officer.

No. 56.

THE SUPERINTENDENT, SOUTHLAND, TO THE HON. THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 1st June, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 19th May (which is marked at the Wellington Post Office as "too late," and reached me only on the 30th) authorising me in case of need to draw on the Colonial Treasurer for fifteen thousand pounds for the purpose of paying off Messrs. McKenzie and Company's demands under this Executive. You will have learned from my letter to the Honorable the Postmaster-General on the subject, that the sale of the railway plant, rolling stock, &c. had already taken place. As therefore the worst that could befall has already happened, I shall make no use of the credit thus opened, unless the decision of the Judges proves unfavorable, and McKenzie should still be willing to accept the money and release the property. I cannot, however, imagine that the sale itself can be held to be legal, as it was effected in the face of an Order of the Court to stay proceedings, a copy of which, received by telegraph, was personally served upon the Sheriff by the Provincial Solicitor, and which was moreover telegraphed to him direct by the Registrar of the Supreme Court, this being the case I thought myself justified in resisting the removal of any property so sold, and gave notice to the Sheriff that I should do so, warning at the same time all intending purchasers to the same effect. As the Sheriff was not in possession through any representative, I placed men of my own in possession with directions to resist the removal of any of the property sold, if necessary, by force, and such sufficient staff of police as to keep the peace. The Sheriff sold the most valuable part of the property, not only without being in possession, but without even being able to show the property he was selling, in some cases even without being able to state what it was he was selling. McKenzie purchased the whole (with one trifling exception), viz.:—£30,000 or £40,000 worth for a few hundred pounds. The whole transaction, even should it be proved to be technically legal, must be designated as most reprehensible. The first intimation that I had of it was at eight o'clock on Friday night, when the Sheriff came to my house to inform me, as he said, not officially "but as a friend," that he was going to sell the next day at Campbelltown (twenty miles off and three to four hours journey). On my remarking that he must be aware that a rule *nisi* had been granted in the case, he replied that that did not affect the case as there was no order to stay proceedings. I told him that according to my reading of the telegram the rule did not include that, and that his selling now would be a forestalling of judgment. My remonstrances, however, were unavail-

FURTHER PAPERS RELATIVE TO

ing. I immediately sent off a messenger, with an account of what was before us, to the Provincial Solicitor, by whose advice I took the measures related above. The first intimation the public had of the intended sale was from a few manuscript hand bills stuck up the next morning at Invercargill, so that any intending purchaser who might happen to see them would, within the space of about four hours, have to provide himself with about £12,000 in cash, not even marked cheques, for such were it seems the terms of payment, and then perform a three or four hours journey to reach Campbellton. This indecent haste rendered it all but impossible for any one but the plaintiff to buy, the more so when coupled with the stringent terms of payment, and the distance of the place of the sale from the place where the notice was given. This consideration, together with the fact that the Sheriff had a formal notice, from two sources, that a rule had been granted by the Supreme Court to stay proceedings, will induce me to keep possession of the property sold until the law shall decide that I must give it up.

The Honourable the Colonial Secretary,
Wellington.

I have, &c.,
JNO. P. TAYLOR,
Superintendent.

No. 57.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Wellington, 3rd June, 1865.

SIR,—

Referring to previous correspondence with your Honor on the subject of the sale of Provincial property, under a writ of execution, in the case of McKenzie and others, I have to express the regret of the General Government at their not receiving any telegraphic despatch from you by Dunedin or Christchurch, informing them of the result of the steps taken in the affair, and acknowledging the receipt of Mr. Sewell's confidential letter of the 19th ultimo, authorising you, under certain contingencies to draw for fifteen thousand pounds on the Colonial Treasury.

His Honor the Superintendent,
Southland.

I have, &c.,
FRED. A. WELD.

No. 58.

THE ATTORNEY-GENERAL TO THE SHERIFF, SOUTHLAND.

Attorney-General's Office,
Wellington, 3rd June, 1865.

SIR,—

I have the honor (by direction of the Attorney-General) to request you to be good enough to state, for his information, all the particulars relative to the sale under the execution against the Provincial Government, and to explain how it has occurred that property of the alleged value of £20,000 has been sold at a very nominal price to the plaintiff in the action; and that, more especially, after you had been apprised that a rule of the Supreme Court had been obtained for staying proceedings.

At present, the Attorney-General is disposed to take a very grave view of your conduct in this case, but he will await your explanation.

The Sheriff, Southland,

I have, &c.,
R. G. FOUNTAIN,
For the Assistant Law Officer.

No. 59.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Wellington, 7th April, 1865.

SIR,—

I have the honor to inform you that the Government having taken into consideration the very trying circumstances in which the discharged officers of the Provincial Government of

Southland are placed, will advance the sum £2751 2s. 8d. the sum required for the payment of the salaries due to them, should your Honor express your willingness to counsel the retention by the General Government, of one eighth of the Customs Revenue (in addition to the three eighths now retained by the General Government) until such time as this advance shall be repaid.

I have, &c.,

His Honor the Superintendent,
Southland.

FRED. A. WELD.

No. 60.

THE SUPERINTENDENT OF SOUTHLAND TO THE COLONIAL SECRETARY.

Wellington, 8th April, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 7th instant intimating that owing to the very trying circumstances in which the discharged officers of the Provincial Government of Southland are placed, the Government is willing to advance the sum of £2751 2s. 8d. on my agreeing to your retaining an additional one eighth of the Customs until such time as the advance is paid, and in reply to state.

That I accept the terms offered because I am most anxious not to subject the officers to further embarrassment, but at the same time I feel it necessary to remind you that it will by so much prevent my meeting the necessary current expenditure and interest and sinking fund liabilities of the Province; and that the Government of Southland in her peculiarly difficult position, the result I acknowledge of her own action, might at least have expected that the small sum referred to might have been added to the debt already due by it to the General Government, and the whole subject of security remitted for the consideration of the General Assembly which I hear is to meet very shortly.

I have, &c.,

JOHN P. TAYLOR.

The Honorable the Colonial Secretary,
Wellington.

No. 61.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,

Wellington, 8th April, 1865.

SIR,—

I have the honor to acknowledge the receipt of your Honor's letter, of this day's date referring to the proposal on the part of the General Government to advance £2751 2s. 8d. in payment of arrears to discharged Officers of the Provincial Government of Southland, coupled with the condition that $\frac{1}{4}$ th of the Customs shall be retained until the advance be repaid.

Under the circumstances urged by your Honor the Government will suspend the retention of the $\frac{1}{4}$ th of the Customs in repayment of the above advance until the General Assembly has had an opportunity of considering the question.

I have, &c.,

His Honor the Superintendent,
Southland.

FRED. A. WELD.

No. 62.

THE SUPERINTENDENT OF SOUTHLAND TO THE COLONIAL SECRETARY.

Wellington, 8th April, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter of this day's date in which you inform me that under the circumstances urged by me the Government will suspend the retention of the $\frac{1}{4}$ th of the Customs Revenue in repayment of the advance you agree to make of £2751 2s. 8d. in payment of arrears due to discharged Officers of the Provincial Government.

I shall feel obliged by your forwarding an order to the Sub-Treasurer by next mail for the payment to the Provincial Treasurer of the amount.

I have &c.,

The Honorable the Colonial Secretary,
Wellington.

JOHN P. TAYLOR.

FURTHER PAPERS RELATIVE TO

No. 63.

ASSISTANT TREASURER TO SUB-TREASURER, SOUTHLAND.

Treasury, Wellington,
April 19th, 1865.

SIR,—

I am instructed by the Colonial Treasurer to inform you that the Government has consented to advance to His Honor the Superintendent of Southland the sum of Two thousand seven hundred and fifty one pounds two shillings and eightpence, on account of salaries due to discharged Officers of the Provincial Government, and I therefore hand you herewith a Minister's Order for the payment and a draft for the amount.

I have, &c.,

J. WOODWARD,
Assistant Treasurer.

The Sub-Treasurer, Southland.

No. 64.

THE SUPERINTENDENT OF SOUTHLAND TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, April 21st, 1865.

SIR,—

Referring to my letter of 8th instant dated Wellington, in which I had the honor to request that owing to the pressing need of the sum which the General Government had agreed to advance to this Province for the payment of arrears due to discharged Officers the sum (£2751 2s. 8d.) might be remitted per Airedale. I have now the honor to acquaint you that the Sub-Treasurer informs me that he has as yet had no instructions to disburse the amount, and that until such instructions arrive the Officers interested in this matter cannot leave in search of other employment. Since their expectations of payment have been raised by the report of the arrangements made for their benefit and they have in many cases made their preparations for leaving, I would respectfully press upon the Government the expediency of relieving them from their present uncertain position at the earliest possible moment, if it has not been done already.

I have, &c.,

JNO. P. TAYLOR,
Superintendent.

The Honorable the Colonial Secretary,
Wellington.

No. 65.

THE UNDER SECRETARY TO THE SUPERINTENDENT OF SOUTHLAND.

Colonial Secretary's Office,
Wellington, 9th June, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter of 21st April, 1865; and, in reply, to inform your Honor that a draft for the sum of two thousand seven hundred and fifty-one pounds two shillings and eightpence was transmitted to the Sub-Treasurer at Southland for payment to the Provincial Government on the 19th April last.

For Colonial Secretary, in his absence,

WM. GISBORNE,
Under Secretary.

His Honor the Superintendent,
Southland.

No. 66.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

No. 242.

Colonial Secretary's Office,
Wellington, June 9th, 1865.

SIR,—

With reference to my letter of the 19th ultimo, marked "confidential," I have to convey to you the sanction of the Government to your availing yourself, in case of need, of the authority to draw on the Treasury for fifteen thousand pounds, transmitted to you with that letter for the purpose of saving the Property of the Provincial Government, recently taken in execution. You will be so good as to take care that the bill of sale in favour of the General Government, is duly put in force, so as to guard against a recurrence of similar proceedings.

I have, &c.,

HENRY SEWELL,
For the Colonial Secretary.

His Honor the Superintendent,
Southland.

No. 67.

THE SHERIFF, INVERCARGILL, TO THE HON. THE ATTORNEY-GENERAL.

SIR,—

Sheriff's Office, Invercargill, 14th June, 1865.

I have the honor to acknowledge your letter No. 135, of the 3rd instant, calling upon me to state for your information all the particulars relative to the sale under the execution against the Provincial Government of Southland.

In reply I have the honor to inform you that on the 8th of April last I received an "Alias Writ of *fi. fa.*" from the Plaintiff's Solicitors, with instructions to hold it until Tuesday, the 13th of April, and execute it on or before that day, but not later than the 13th, and according to written instructions I took possession of the property of the Provincial Government on the 12th April.

On the 14th of April plaintiff came to Invercargill and directed me to sell at once, which I declined to do without instructions in writing. Subsequently, on the same day, the plaintiff made arrangements with the Deputy-Superintendent, Mr. Cuthbertson, to postpone the sale for six weeks and requested me in writing to continue to hold possession of the Provincial Government property until further instructions from him. At this time the following document was signed between the parties:—

"Superintendent's Office, Southland, 14th April, 1865.

"I hereby guarantee, as Deputy-Superintendent, on the part of the Provincial Government of Southland, that in consideration of Messrs. M'Kenzie & Cain undertaking that they will not within six weeks or forty-two days from this date, the 14th of April, 1865, sell any of the property of the Provincial Government now seized by them under writ of *fi. fa.*, no technical legal objection will be taken by the Government to their right of possession at this date, or their right to sell at the end of the time specified to satisfy their claims; it being understood that the said Messrs. M'Kenzie & Cain will offer no obstruction to the ordinary conduct of the public business in the Government offices. And I also undertake that during the aforesaid period of six weeks, every exertion will be used by the Government to obtain a substantial settlement of Messrs. M'Kenzie & Cain's admitted claims.

"JOHN CUTHBERTSON,

"Deputy-Superintendent.

"We hereby agree to the above,

"(Signed) JAMES M'KENZIE & Co."

This arrangement having been entered into, I, in order to save any unnecessary expense, withdrew all my officers but three Bailiffs, leaving only in possession one at Invercargill, one at the Bluff, and one at the Moko-moko. I continued to hold nominal possession, allowing free access to all servants of the Government to the property in my possession. On the 19th of April, having received a communication from the Deputy-Superintendent asking me whether I would "oblige him by permitting the engineers to work in the shed, as their time was valuable, and that no *improper advantage* would be taken of my indulgence." I at once assented. I continued to hold possession during the six weeks and fulfilled all I had promised.

On the 26th day of May, the plaintiff, M'Kenzie, arrived at Invercargill, and wrote to me as follows:—

"SIR,—

Invercargill, 26th May, 1865.

"The Superintendent having undertaken to raise no technical or legal objection, and having failed to carry out his agreement with us dated 14th April, when we directed you to abstain from taking any further steps until after the expiration of six weeks, which has now expired, we now require you forthwith to proceed to realize for us the amount of our judgment, by advertising the sale of the property for to-morrow and make sale of the same on that day.

M. Price, Esq.,

Sheriff of Southland.

"JAMES M'KENZIE & Co."

I accordingly gave instructions to have the usual advertisements inserted in the *Southland News*, which that newspaper refused to advertise, stating that they had been served with notice from the Provincial Government not to do so. I was obliged in consequence, under instructions, to have written notices of sale prepared and posted up. Counter hand-bills were posted by the Provincial Government, a copy of which is as follows:—

"NOTICE.

"M'Kenzie v. Menzies.

"The sale of the property seized by the Sheriff under the Writ of *fi. fa.* herein, being a *pretended* and *illegal* sale, persons are warned against purchasing any of the property.

"Dated this 27th day of May, 1865.

"JOHN P. TAYLOR,

"Superintendent.

"Printed by Harnett & Co., *Southland News* Office, Dee-street, Invercargill."

FURTHER PAPERS RELATIVE TO

On the 25th of May, I received a notice from the office of Messrs. M'Donald & Russell, Solicitors, of Invercargill, not to take any further proceedings under the writ of *fi. fa.*, and also a telegram with the name of "Robt. Chapman" appended (true copies of which are herewith attached marked A and B), but I did not then receive any authentic document under the seal of the Supreme Court or one sent me officially from the Supreme Court Office, bearing any evidence of their coming from the Court, or sent to me officially by any officer thereof. Having taken Counsels' opinion regarding the authenticity of these two documents, I was advised to proceed with the sale, as they could not be regarded as having equal force as the "Writ of *fi. fa.*" under the seal of the Supreme Court, on which I had been commanded to act, and was then acting, and had issued my warrant; and that until some equally authentic document from the Supreme Court was placed in my hands, I ought to consider the writ to be in full force. The plaintiff being aware of these facts still desired me to sell. On the morning of the sale, 27th of May, on my arrival at the Bluff, where the greater portion of the Railway plant was, I found that the Provincial Government, notwithstanding their engagement with me, not to interfere with my officers—without any previous notice, and in direct breach of their undertaking not to raise any technical or legal objection to my undisturbed actual possession—had taken forcible possession of the whole of the property, guarding the shed in which the Engines were kept, and placed a man in each railway carriage, they also had a great number of men backed by mounted and foot constables, to prevent my re-seizing, obstructing and intimidating my officers in the performance of their duty, and inciting them to a breach of the peace. Mr. Watt, Resident Magistrate at the Bluff, was at the head of this body of men, and he informed me that he was prepared to use force if I attempted to re-take possession. He also stated that he claimed the property on the part of the General Government, but on demanding it he could show no authority for so doing. Every endeavour was also made by that gentleman to obstruct the sale, he having engaged a great number of children and also a bell-man to create a noise during the whole time my officer was selling, who was then served with a notice that if he sold it would be at his peril. I informed Mr. Watt, and also Mr. Stuart, the Provincial Treasurer, who was also present, that if they were armed with and could show me any authentic document under the seal of the Supreme Court directing me to stay proceedings, that I would immediately stop the sale.

The sale of the remainder of the railway property at the Moko-moko, on the 29th of May, was conducted in the same manner. The Provincial Government having a large body of men and also police, unlawful possession having been taken by them of all such property from my bailiff, and here they did more, having barricaded the jetty. Under these circumstances the property was of no real value, no one bidding except the plaintiff, who, under the conditions of sale, purchased at all risk to himself. The price realized at the Bluff was £292, and at the Moko-moko £146, being far more than its worth, considering the manner in which the property was guarded. I then declined to sell any more property of the Provincial Government, although desired to do so. The only property sold was the railway plant.

It was not until the 5th of June (seven days after the sales) that I received any tangible or authentic rule from the Supreme Court to stay proceedings, as will appear by the document attached, marked C, such rule, even then, not being for the Sheriff but for the plaintiffs, to show cause why the "Writ of *fi. fa.*" should not be set aside, &c.

I may here observe, that in carrying out the duties of my office, I have given the Provincial Government as little inconvenience as possible throughout the whole proceedings, and have dealt with them in such a manner as I should not have thought of doing with any private individual, and that so far from using the powers which the law gives me of re-taking possession of property which had been in violation of a written undertaking of the Provincial Government unlawfully rescued, leaving me liable to the plaintiff (as I still in law undoubtedly am), I did not condescend to any unseemly conduct by even a show of force, or by attempting to raise a *Posse Comitatus*, which would have produced a civil commotion, but acted with forbearance under very provoking conduct, contenting myself by simply selling, as the process I was bound to execute justified me in doing, leaving it to the operation of the law to decide hereafter as to the legality of the sale, if any such question should arise in the Court of which I am by law the responsible executive officer.

I would beg to observe with reference to that portion of your letter in which it is intimated that you are disposed to take a very grave view of my conduct in the case, that I feel satisfied such an impression can only be caused by reason of charges or representations made to you, should my surmise be correct, I trust you will furnish me with the substance of them, in order that I may be enabled to meet them, and test their veracity.

I think it also due to myself further to say, that I have never received or demanded one shilling more than the law allows me in the shape of fees, and as it has been insinuated that I had made some agreement with plaintiff about remuneration, I beg distinctly to state, that I never did so, and that I am to receive only what I am entitled to by law.

In conclusion I would beg to remark that when in December, 1864, the first "Writ of *fi. fa.*" was sent to me to execute, I did all in my power to assist the Provincial Government in the difficulties surrounding them, as will be best evinced by the following statement of the course I took, which ended by serious proceedings being taken in the Supreme Court to attach me, my only return for which has been anything but a friendly spirit evinced towards me by the Provincial Government.

In December last, after I took possession of the Provincial Government property, I received notice from Captain Elles, Colonial Sub-Treasurer, (copy annexed marked D), and a similar one from Dr. Menzies, the then Superintendent, informing me that the whole had been assigned to the General Government. I took a course which I believe I was not justified in doing, of calling upon

the plaintiffs to indemnify me for holding possession and selling, but they refused to do so—this was communicated to the Provincial Government by me, with a view to obtain an indemnity, they could give none except that of the Superintendent, which I took; on which I withdrew from possession and returned the writ "*nulla bona*," although it subsequently came to my knowledge that the General Government had not accepted the assignment.

When afterwards three rules were obtained against me by the plaintiffs; the first, to set aside my return; the second, to bring my bond of indemnity into Court; and the third, for attachment of my person; I being anxious to do all in my power to relieve the Provincial Government in their difficulties, by the advice of my counsel, set up in my answering affidavit, the following question, of which I at the time apprized the Provincial Government.

"Eleventh.—I say that I entertain doubts, whether in pursuance of the provisions of the Provincial Law Suits Act, 1858, any Provincial Government property can be sold under execution. Whereon I humbly entreat the opinion of this honorable Court."

In dismissing these rules, however, in January last, the Court expressed no opinion on this point, and although the Provincial Government well knew that this judgment was still hanging over the Province, no step whatever was taken by them to raise this important question, until after I was in possession a second time, and after they had given a written guarantee to the plaintiffs that they would raise no technical legal objections, or their right to sell.

I have, &c.,

L. PRICE,
Sheriff.

The Hon. the Attorney-General, Wellington.

COPY A.

In the Supreme Court of New Zealand, }
Otago and Southland District. }

Between James McKenzie and William Cain, trading as "James McKenzie and Co.,"

Plaintiffs,

and

James Alexander Robertson Menzies, sued as Superintendent of the Province of Southland,

Defendant.

Take notice, that this honourable Court did on Tuesday, the twenty-third day of May, instant, order that the plaintiffs shall, upon Tuesday, the thirtieth day of May instant, shew cause why the writ of *feri facias*, issued herein, should not be set aside upon the grounds following, that is to say:—

1. That a writ of execution does not lie against the Superintendent of a Province when sued in his official capacity.

2. That under a writ of *feri facias*, issued against the Superintendent of a Province, *ex officio*, no property is subject to seizure.

And the Court did further order that in the meantime all proceedings taken and had, under the said writ of *feri facias*, should be stayed, and you are accordingly required to take no further proceedings thereunder.

Dated this twenty-fifth day of May, one thousand eight hundred and sixty-five.

MCDONALD & RUSSELL,
Defendant's Solicitors.

To Matthew Price, Esq.,
Sheriff of Southland, and all others whom it may concern.

COPY OF TELEGRAM. B.

MR. CHIPMAN TO THE SHERIFF OF SOUTHLAND.

Dunedin,
May 25th, 1865.

McKenzie v. Menzies, Superintendent.—A rule *nisi* was granted on Tuesday last, returnable for Tuesday next, to set aside *feri facias* herein, and court ordered that proceedings should be in meantime stayed.

ROBT. CHAPMAN.

The Sheriff of Southland.

No. 1912.

COPY C.

In the Supreme Court of New Zealand, }
 Otago and Southland District. }

IN BANCO.

Between James McKenzie and William Cain, trading under the firm or style of
 "James McKenzie and Co.," Plaintiffs,

and
 James Alexander Robertson Menzies, sued as Superintendent of the Province of Southland, Defendant.

Tuesday, the twenty-third day of May, 1865.

Upon hearing, Mr. Prendergast, of counsel for the above-named defendant, and upon reading the two several affidavits of John Robert Cuthbertson respectively sworn herein on the twelfth and thirteenth days of April last; the two several affidavits of Gibson Kirke Turton, respectively sworn herein on the fifteenth day of April aforesaid, and the 22nd day of May instant, the affidavit of John Parkin Taylor, sworn herein on the nineteenth day of April aforesaid, and the affidavit of James McKenzie, sworn herein on the 24th day of April aforesaid, together with the exhibits annexed to the said affidavits: It is ordered that the plaintiffs, upon notice of this rule to be given to them or their solicitors, do shew cause to this honourable Court, on Tuesday the thirtieth day of May instant, why the alias writ of *feri facias*, issued herein on the seventh day of April aforesaid, and all proceedings thereunder, had, and taken, should not be set aside, with costs, upon the grounds:—

1. That a writ of execution does not lie against the Superintendent of a Province when sued in his official capacity.

2. That under a writ of *feri facias* issued against the Superintendent of a Province, *ex officio*, no property is subject to seizure; and in the meantime, and until this Court shall otherwise order, let all proceedings herein be stayed.

Upon the motion of Mr. Prendergast.

L. S.
 Seal of the Court.

By the Court,
 ROBT. CHAPMAN,
 Registrar.

COPY D.

CAPTAIN ELLES TO THE SHERIFF OF SOUTHLAND.

M'Kenzie and another v. Menzies, Superintendent.

SIR,—

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

I have the honor to inform you that the property of which you have this day taken possession by your bailiffs under a writ of *feri facias* issued out of the Supreme Court of New Zealand in this cause, was with all the other property of the Provincial Government of Southland on the twenty-second day of November last, by deed assigned and transferred to her Majesty the Queen, her successors, and assigns, and possession of the said property was on the twenty-second day of November given to me on behalf of her Majesty, and further take notice that such deed of assignment was duly registered in the Supreme Court Office, Invercargill, on the 10th day of December current. The fact of your having taken possession of this property will be forthwith communicated to the General Government who will doubtless take such steps for the protection of this property as they think fit.

I have, &c.,

A. J. ELLES,
 Colonial Sub-Treasurer.

To the Sheriff of the District of Southland.

MEMO.—The letter referred to from the Superintendent was to the same effect.

L. P.

COUNSEL'S OPINION.

M'KENZIE v. MENZIES.

I think the Sheriff has acted upon a mistaken view of his duty, in circumstances of considerable difficulty. When he found the goods seized out of his custody, his proper course was to have applied to the Court for attachments against the wrongdoers, and the Court would have protected its own officer (Cooper v. Asprey, 8, Law T., W.S., p. 355, 2B., May, 1863). The goods were in the custody of the law, and any person meddling with them would have been liable to attachment. No attachment against the Sheriff would have, issued under the circumstances, for refusing to sell. The Sheriff is not bound to sell under circumstances which render

probable the realising very inadequate prices until after he has had delivered to him a writ of *venditioni exponas*, which would indemnify him, however inadequate the prices realised. I think the Sheriff has mistaken the effect of the agreement which he sets forth in his letter of explanation. This was evidently intended as a stay of proceedings on both sides, pending endeavours—as much for the benefit of plaintiffs as of defendant—to obtain a substantial settlement of the action. Even were the Deputy Superintendent authorised to tie the hands of the Province from disputing the validity of the process, which, I doubt, no act of his could authorise; and the agreement does not in effect authorise the Sheriff to sell property of this nature upon a notice published only the preceding day. The attempt to do this is an abuse of the process of the Court. I think the Court would, on affidavits of the circumstances, set aside the sales and fix the plaintiffs in the action with the costs. The affidavits should shew that the plaintiffs are taking steps in assertion of their rights under the sales.

Wellington, July 1st, 1865.

ROBT. HART.

No. 68.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 21st June, 1865.

SIR,—

I have the honor to acknowledge the receipt of the Hon. the Attorney-General's letter of the 9th instant, authorising me to draw on the Hon. the Colonial Treasurer for fifteen thousand pounds (£15,000) at three days' sight in case of need, to secure the property of the Province.

I stated in my letter of the 1st inst. that the authority conveyed in the letter of 19th May to the same effect had arrived too late to prevent the seizure and sale of the railway plant, under the execution of Messrs. M'Kenzie and Co. Since then, no further steps have been taken on the part of these gentlemen; and as a copy of the order of the Court has been forwarded to the Sheriff in due form, I presume that none will now be taken until the decision of the Judges shall have been produced.

As I gather, however, from a letter from the Hon. Major Richardson that, in the opinion of the Hon. the Attorney-General, the notice by telegraph to stay the sale was insufficient, and that, therefore, the sale may possibly (should the case go against the Province, as the delay in pronouncing judgment seems to render possible) prove to be also not technically illegal, in which case Messrs. M'Kenzie and Co. would be entitled to enforce the delivery of the railway plant, which, under the Sheriff's sale, they themselves purchased for a few hundred pounds, besides being able to enforce the payment of the balance of their claim beyond that amount. I have thought myself justified in availing myself of the credit opened by the Hon. the Colonial Treasurer for the purpose of preventing such possible sacrifice. With this intent, I telegraphed yesterday to Messrs. Prendergast and Co. to ascertain if M'Kenzie and Co. would be still willing to accept the amount of the judgment claim against me, with such costs as they, Messrs. Prendergast and Co., might think fair, and release all the property seized, and give me a general quittance against any claim whatever on their part, and that of the Sheriff, or any other person concerned in the matter, and that, in that case, to close with them. Should their answer, which I have not yet received, be favourable, I shall draw on the Colonial Treasurer for the amount.

In the meantime the s.s. 'Southland' has arrived, and is at the mercy of these and other creditors. The captain and crew have to be paid, together with other expenses of bringing her out, insurance, &c., before we can get her handed over to us; and as I judge it is your wish that all property in danger of being seized, should be secured from such ruinous sacrifices as a sale would involve, I have thought it right to avail myself of your credit for this purpose also, and shall to-morrow draw on the Colonial Treasurer for one thousand pounds (£1,000). I shall instruct Messrs. Prendergast and Co. to advise you of the steps they have taken, or may take in this matter.

I have requested Captain Elles, the Colonial Sub-Treasurer, to attend at my office to-morrow morning, in order to receive from me the transfer to the General Government of the property specified by the Attorney-General, in accordance with instructions received from him accompanying the Deed of Transfer.

The Honorable the Colonial Secretary,
Wellington.

I have &c.,
JNO. P. TAYLOR,
Superintendent.

No. 69.

THE SUPERINTENDENT, SOUTHLAND, TO THE HON. THE COLONIAL SECRETARY.

Superintendent's Office,
Southland, 22nd June, 1865.

SIR,—

Referring to my letter of last night, I have now the honor to inform you that I have, in accordance with the instructions of the Honorable the Attorney-General, executed the Deed of As-

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assignment of certain items of property specified in the letter accompanying the Deed. Captain Elles proceeds to the Bluff this morning to take formal possession.

10.30 A.M.—There is as yet no answer to my telegram to Messrs. Prendergast and Co. about Mr. Kenzie's affair.

I have, &c.,

JNO. P. TAYLOR.

Superintendent.

The Honorable the Colonial Secretary,
Wellington.

No. 70.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT OF SOUTHLAND.

No. 266.

Colonial Secretary's Office,

Wellington, 29th June, 1865.

SIR,—

I have to acknowledge the receipt of your Honor's letter of the 21st instant and of the following day, reporting that you had drawn on the Colonial Treasurer for the sum of one thousand pounds (£1,000) for the purpose of paying certain claims in connection with the Provincial steamer "Southland." In reply, I have to express the extreme regret of the General Government that your Honor should have availed yourself of an authority to draw on the Colonial Treasury given to you for a special purpose, and drawn on it for the purpose of relieving the Provincial Government of Southland from another embarrassment.

The Government has only consented to protect your Honor's draft on the understanding that the steamer "Southland" will be included in the transfer to the General Government, and will await orders to be sent on to Wellington or elsewhere for sale, if thought necessary, in order to reimburse the Colony for this and other advances.

I have further to inform your Honor that the unexpected and unauthorized demand thus made on the Colonial Treasury on behalf of the Province of Southland will preclude the Hon. the Colonial Treasurer from being able at present to remit the sum of eight hundred pounds (£800) for the Bluff and Invercargill Telegraph.

I have, &c.,

J. C. RICHMOND.

His Honor the Superintendent,
Southland.

No. 71.

THE SUPERINTENDENT, SOUTHLAND, TO THE HON. THE COLONIAL SECRETARY.

Superintendent's Office,

Southland, 1st July, 1865.

SIR,—

In reference to my letter to you of the 22nd ultimo, I have the honor to inform you that the tug steamer "Southland" was included in the deed of assignment of certain Provincial Government property to the General Government.

This steamer is now handed over to the Sub-Treasurer (Captain Elles), and that gentleman has appointed the engineer on board to act as his attorney.

I have, &c.,

JNO. P. TAYLOR,

Superintendent.

The Honorable the Colonial Secretary,
Wellington.

No. 72.

THE SUPERINTENDENT, SOUTHLAND, TO THE HON. THE COLONIAL SECRETARY.

General Government Electric Telegraph, N.Z.—Telegraph No. 22, to be transmitted to Wellington *via* Dunedin, was presented for transmission at Invercargill, at 9 o'clock.

Station, Dunedin,

July 5th, 1865.

Will the General Government consent to our selling the p.s. "Southland" to the Canterbury Government for a sum covering her cost and expenses? Send telegram from Lyttelton by first steamer. We cannot advantageously lease her without running too great a risk.

J. P. TAYLOR,

Superintendent.

The Honorable the Colonial Secretary.

No. 73.

THE HON. MAJOR RICHARDSON TO THE SUPERINTENDENT, SOUTHLAND.

Dunedin, 8th July, 1865.

SIR,—

The General Government will have no objection to the sale proposed in Telegram No. 22, of 5th July, 1865, provided the amount received will be carried to the account of the General Government to cover advances received.

I have, &c.,

J. RICHARDSON,

Postmaster General.

His Honor the Superintendent,
Southland.

No. 74.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendents Office,

Southland, 15th July, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter, as per margin, enclosing copy of an opinion by the acting Assistant Law Officer in the case *M'Kenzie versus Menzies*, and to express my thanks to you for the same.

No. 281.
7th July, 1865.

I have, &c.,

JNO. P. TAYLOR,

Superintendent.

The Honorable the Colonial Secretary,
Wellington.

No. 75.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

Superintendent's Office,

Southland, 8th July, 1865.

SIR,—

I have the honor to acknowledge the receipt to-day of your letter of 29th ult., in which you express the extreme regret of the General Government that I should have availed myself of an authority to draw on the Colonial Treasury given to me for a special purpose, and have drawn on it for the purpose of relieving the Provincial Government of Southland from another embarrassment, and stating that the General Government has only consented to honor my draft on the understanding that the steamer "Southland" will be included in the transfer to the General Government, and will await orders to be sent on to Wellington or elsewhere for sale, if thought necessary, in order to reimburse the Colony for those and other advances; and further, that this unauthorised demand on the Colonial Treasury will preclude the Hon. the Colonial Treasurer from being able at present to remit the sum of £800 for the Bluff and Invercargill Telegraph.

In reply, I would respectfully call your attention to the fact that the steamer "Southland" was included in the transfer sent to me for signature by the Hon. the Attorney-General—that, as I stated in my letter of 21st June, she was at the mercy of those who had claims upon her, among others of the captain and crew, who refused to give up possession till they were paid, and who could have had her sold for their claims for wages, and must have done so if not immediately paid; they (the crew) having got judgment *against the ship* in the Court of the Resident Magistrate at Campbelltown, who had allowed *twenty hours* for payment, in default of which execution would have issued—that the Provincial Government had no other means of liquidating these claims than by drawing on the General Government for such a sum as would probably be necessary to meet them—that the transfer was executed by me at the same time that the draft was drawn—that it was therefore to save the property, or at least the security of the Colonial, not of the Provincial Government—that the credit was used—and that it would have been probably illegal, certainly dishonest, to execute the transfer before proceeding for the payment of these claims.

I am of course aware that any drawing on the Colonial Treasury on this account is not warranted by the bare letter of your authority of the 19th May and 9th June, though in the letter of the latter date, you "convey to me the sanction of the General Government to my availing myself, in case of need, of the authority to draw on the Treasury for £15,000, transmitted to me in that letter *i.e.* of 19th May for the purpose of saving the property of the Provincial Government;" but I regret that you should, as your letter of 29th ultimo implies, suppose that I had acted lightly and inconsiderately in this matter, and with reference only to the convenience of the Provincial Government. I cannot but hope that, on re-considering the circumstances of the case, you will see reason to conclude that I must either have acted dishonestly by transferring the steamer to the Colonial Government without first paying the cost of bringing her out, or with reckless disregard to the interests of all concerned by allowing her to be sold, as she must have been, for a trifling sum to pay a part of those costs; and you will, I doubt not, see that the adoption of either of these alternatives would have been more reprehensible than the only other course left open to me.

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The money drawn on the Colonial Treasury on account of the "Southland" was carried to her credit in a separate account at the Bank of New Zealand, and has been used only to pay her expenses up to the present time, only £375 has been used. As she came out under canvas, however, the fitting of her machinery and paddles must now be completed, if she is to be of any use; but, since receiving your last letter, I have stopped the negotiations for her insurance, which would absorb the remainder of the £1,000, and await your instructions concerning it—re-marking only, that the policy granted in England has expired.

The total cost of the vessel, including outfit and expenses, is about £9,500, and there is still a sum of £1,962 1s. 6d. due upon her to the Home Agent. I telegraphed to you last week to enquire if the "Southland" might be sold to the Canterbury Government for a sum covering her cost and expenses; since the receipt of your last letter, I have referred the Superintendent to the General Government.

I have, &c.,

JNO. P. TAYLOR,

Superintendent.

The Hon. the Colonial Secretary,
Wellington.

P.S.—I have just learned from Messrs. Dalgetty, Rattray, and Co. of this place, that it was on behalf of a *Canterbury Company*, of which Mr. Buckley is a member, and not on account of the Provincial Government of Canterbury, that they wished to treat for the purchase of steamer "Southland."

J. P. T.

No. 76.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT OF SOUTHLAND.

Colonial Secretary's Office,

Wellington, July 24, 1865.

SIR,—

Referring to my telegraphic reply on the 19th instant to your Honor's letter of the 8th instant on the subject of the steamer Southland, I have to express the regret of the Government that, at the date of the last previous letter from your Honor, they were not informed that at the time of your draft on the Colonial Treasury for one thousand pounds (£1,000), that there was a judgment against that steamer.

In the telegram referred to, I requested your Honor to be good enough to pay the balance of this draft to the credit of the telegraph account, and to send up the steamer "Southland" under sail to Lyttelton, and offer her to the Government of the Province of Canterbury. An insurance to the amount of five thousand pounds (£5,000) upon the vessel has been effected in Wellington.

If the steamer "Southland" cannot be disposed of to the Canterbury Government, she will have to lie at Lyttelton for further instructions.

I have, &c.,

J. C. RICHMOND.

His Honor the Superintendent,
Southland.

No. 77.

THE UNDER SECRETARY TO THE COLLECTOR OF CUSTOMS, LYTTELTON.

No. 15.

Colonial Secretary's Office,

Wellington, 19th July, 1865.

SIR,—

I am directed by Mr. Richmond to request you to be good enough to transmit forthwith the enclosed telegram to his Honor the Superintendent of Southland.

I have, &c.,

W. GISBORNE,

Under Secretary.

J. W. Hamilton, Esq.,
Collector of Customs, Lyttelton.

No. 78.

COLONIAL SECRETARY, WELLINGTON, TO SUPERINTENDENT, SOUTHLAND.

COPY OF TELEGRAM.

I have read your letter of the 8th instant. Pay balance of £1,000 to telegraph account. Send up the tug Southland under sail to Lyttelton, and offer to Canterbury Government—insurance will be effected in Wellington. Letters will await you at Lyttelton on the 25th instant.

J. C. RICHMOND,

Colonial Secretary.

Superintendent Southland.