

Enclosure 9 in No. 73.

MR. PEARSON TO THE SUB-TREASURER, SOUTHLAND.

Southland Club,
Invercargill, 28th July, 1864.

SIR,—

We have the honor of acknowledging receipt of your favor of the 27th instant, in answer.

After carefully re-perusing the notes of agreement bearing dates of 7th and 8th of June last passed betwixt His Honor the Superintendent of this Province, and the General Government in Auckland, on the subject matter of this correspondence, we cannot come to any other conclusion than that your instructions from the latter, must be in direct variance with the plain tenor and meaning of the said notes, otherwise you would not have come to the decision you have.

Would you favour us with a perusal or copy of said instructions, so far as they bear upon our claim? Such a course might possibly prevent expensive litigation, with all its attendant inconveniences: as, to be candid, we *must* have something of a tangible character handed us at once, otherwise we proceed to Law. We have waited too long already for our own interests and convenience, even for a partial payment.

We beg again to impress on you the remarks contained in ours of the 26th instant, and state that we still differ from your conclusions.

We have no desire to canvas politics—local or general—but we are impressed with the idea that directly or indirectly, the General Government will have to pay all present Provincial Liabilities—that is of Southland *eventually*? In fact we have yet to learn whether or not the General Government is liable for our claim, without reference to the above notes? Under these circumstances, even taking this light as a guide, it will be for you to say whether it would not be politic, in order to prevent an action at law, for you to pay us, say, £5000 on account.

We will make a proposition, but without prejudice, viz:—

That you shall at once hand us £5,000 out of the £45,000 on account: and, that we should give time for the balance: terms of which to be agreed upon afterwards?

We beg therefore that you will reconsider the matter, as it affects us, and send us a favorable reply at your earliest convenience, as the writer purposes leaving the Province by the first opportunity.

We, have, &c.,

JAMES MCKENZIE & Co.,
By George Pearson, Junr,
Attorney for James McKenzie.

A. J. Elles, Esq., Sub-Treasurer,
Southland.

Memorandum.

We have received no answer to this, but Mr. Elles informed us verbally that he was not in a position to discuss the matter.

JAMES MCKENZIE & Co.,
Per George Pearson, Junr,

Dunedin,
August 5th, 1864.

No. 74.

THE SUPERINTENDENT, SOUTHLAND, TO THE COLONIAL SECRETARY.

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

SIR,—

I have the honor to remind you that I have not yet received any intimation of the steps you propose to take to aid the Provincial Government in affecting a settlement of its liabilities the present provisional arrangement merely defers the moment when action of a more comprehensive character must be taken. By the last mail I forwarded a statement of the amount of outstanding liabilities, and an estimate of the sums which would be required to complete the Railways, and meet some other contingent liabilities. The works on both lines of Railways, are well advanced towards completion; they could be so far completed, that the lines would be open for traffic in little more than two months, if carried on more slowly, the Contractors may have grounds for claiming damages.

It is of the utmost importance to the interests of this Province that those works should be finished shortly—while proceeding slowly, and still imperfect, some parts must necessarily deteriorate. The