

C O R R E S P O N D E N C E

RELATIVE TO THE

N E W   Z E A L A N D   L O A N .

O F

£500,000.

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*Presented to the Honourable the House of Representatives by command of His Excellency,  
4th May, 1858, and ordered to be printed.*

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Government House,  
Auckland, New Zealand, 24th September, 1856.

Sir,—

I have the honor to forward three Acts of the General Assembly (named in the margin) and a series of Resolutions adopted by both Houses of the Assembly, with a statement of their views in reference to them, submitted by my responsible Advisers, which is so full and explanatory that I need trouble you with but little on the subject.

2. The financial arrangement now proposed is on the whole as fair a compromise as could have been devised. The inhabitants of the Middle Islands objected to pay for the purchase of lands in the Northern Island, and the people of Auckland vehemently impugned the justice of making them bear any part of the debt due to the New Zealand Company which was established in opposition to their views and interests, and from which they had received no benefit.

3. The causes of both these objections will be removed by the proposed arrangement.

Funds will be provided for the purchase of Native lands, and for the payment of the Company's debt without interfering with the ordinary revenue. Outstanding liabilities will be paid off and the charge for the entire service will be so distributed as not to bear severely or unfairly on any part of the Colony.

3. The security offered is correctly described in the "Statement," and may be estimated with safety at £150,000 per annum. I have therefore no hesitation in earnestly recommending this request to your favourable consideration.

I have &c.,

(Signed) T. GORE BROWNE.

The Right Honourable  
Henry Labouchere, M. P.  
&c. &c., &c.

Auckland, 5th September, 1856.

Your Excellency's Responsible Advisers respectfully submit the following statement of their views on the subjects of the following measures passed by the General Assembly, viz., *The Debentures Act*,—*The Loan Act*,—*The Waste Lands Act*,—and the *Financial Resolutions* adopted by the House of Representatives on the 2nd July ultimo and by the Legislative Council on the 26th July ultimo.

We respectfully request that the same may be transmitted for consideration by the Home Government.

The Financial measures in question embody a scheme for transferring the Waste Lands and Land Fund to the Provinces, and for settling and adjusting the Public Burthens of the Colony. It is based on a proposed Loan of £500,000 to be obtained in England upon the guarantee of the Imperial Government; and we are desirous of placing before Her Majesty's Government, the grounds on which we ask for a guarantee for such a Loan; as well as the reasons which may satisfy Parliament as to the propriety of those changes in the Constitution Act which it is proposed to make in connexion therewith.

The Constitution Act enables the General Assembly to make Laws for regulating the disposal of the Waste Lands, and (subject to certain specific charges) to appropriate the Land Revenue. After such charges and appropriations it distributes the surplus amongst the Provinces in the proportions in which the gross Revenue has arisen within them respectively. The charges so fixed by the Constitution Act, are the New Zealand Company's Debt,—and the purchase of Native Lands. Besides these, the Land Fund, in common with the ordinary Revenue, is charged with the Civil List and the Annual Appropriations.

It is now proposed to transfer to the Provincial Governments the management of the Waste Lands, including the disposal of the Land Revenue, discharged of its present liabilities. This will be partly effected by the Waste Lands Act, but the aid of Parliament is required to completely effectuate such transfer.

In connexion with it, it is proposed to raise by Loan a sum of money to redeem the Company's charge, and to provide for the purchase of Native Lands. And, as a necessary part of the same arrangement, to borrow enough money to pay off all outstanding liabilities of the Colony.

For these purposes, a Loan of £500,000 is required:—£200,000 to redeem the Company's charge on the Land fund.

£180,000 to provide a Capital Fund for Native Land Purchases.

£120,000 to pay off outstanding liabilities.

As regards the first object, viz., the redemption of the Company's charge (as the Home Government have offered to guarantee a Loan for the purpose), we have only to remark that although as between the Company and the Colony, the charge will have been so redeemed by payments from the Land Fund as to require less than £200,000 to satisfy the Company, yet the full sum of £200,000 is required to enable the Colony to repay the Province of Auckland the amount contributed by it towards the payments already made to the Company.

As regards the Loan of £180,000 to provide for Native Land Purchases, reasons of equal or greater force exists for asking the Imperial Guarantee.

The Constitution Act has imposed two burthens on the Land Revenue, the pressure and injuriousness of which it is scarcely possible to exaggerate. The Company's charges exhausts one fourth of the Land Revenue; the charge for Native Land purchases swallows up the whole residue. Estimating the entire Land Fund at £80,000 a-year (a large calculation), the charges of collection and management,

including surveys, at £20,000 and the Company's fourths at £20,000, there would remain £40,000, which is less than the amount required annually for Native Land purchases; leaving nothing available for Immigration and Public Works. That sum has been appropriated for the service of the current year; more is in fact required. It has averaged that amount for the last three years. It is likely so to continue for an indefinite period. Upward of Twenty Millions of acres in the Northern Island remain unpurchased, whilst, according to the progress of settlement and improvement, the price demanded by the Natives for the cession of their rights progressively increases, till it threatens to reach the full price of the Land to be obtained on a resale. Nor has any practicable mode been suggested of solving the difficulties connected with the extinction of Native Title independently of direct purchase by the Crown. The concession of individual titles to the Natives themselves is impossible, from the confused and uncertain state of Native Tenures. If possible,—it would be impolitic, except to a very limited extent. Direct purchase from the Natives by private individuals is, at present, forbidden by Law. Whether some modification of that Law may be practicable, is a question which at present engages our serious attention: but under any circumstances it will be impossible to forego, as a principle means of obtaining Native Lands, the present plan of purchase by Government, for which funds must be forthcoming when required. This burthen now presses on the Colony in an aggravated degree, from the omission by Government in past years to cope with the growing difficulty. Until within the last three years the efforts to obtain Native Land in the Northern Island have been partial and feeble. The importance of the object on political as well as economical grounds seems to have been altogether underrated, and the cost put out of sight as a necessary item of Finance.

The effect has been every way mischievous. The settlements of the Northern Island have been cramped for space; whilst the Government has failed to take the first step towards bringing the Natives under British Law; for, so long as they retain their territorial rights, they refuse to recognize British supremacy.

At the same time that there is this urgent pressure for funds for immediate purchase of Native Lands, the Government can, at present, only look to the Land Fund as a source of supply; a source in itself fluctuating and precarious; to meet a demand which is growing like the price of the Sybil's books. The mischief is not simply that in so applying the Land Fund it is diverted from its proper objects, that Immigration and Public Works are suspended, and the progress of the Colony checked, but in itself the Fund in question is altogether unsuited to the object. We require a large and certain Capital, ready at hand at all times whenever occasions present themselves, for closing with eligible offers, whatever may be their magnitude; whereas the Land Fund is necessarily limited and uncertain.

The evil does not rest here, it is a source of political discord, which tends to break up the Colony and disorganize the Government. It is a constant cause of quarrel between the Provinces. Whilst, as regards the Company's debt, the Province of Auckland protests against her liability to contribute to a debt in which she alleges she has no concern, the Middle Island rebels against the abstraction of its Land Fund to provide Funds for Native Land Purchases in the North. In the Middle Island the Native Title is nearly extinguished. The reverse is the case in the Northern Island. To take the Land Fund of one Province to buy Native Lands for the benefit of another Province is protested against by the Middle Island as a wrong and an injustice which could not have been contemplated by the framers of the Constitution Act. Out of these differences arise struggles of political parties, rendering it scarcely possible to amalgamate the solid interests of the Colony, and concentrate its energies upon objects of common good.

These differences between the North and the South create an additional necessity for making provision for both charges together by one plan. The Northern Island, (Auckland in particular) demands exemption from the Company's debt. It requires the South to take that burthen on itself. The Middle Island retorts by a claim to be exempt from buying Native Lands in the North. With such a claim and counterclaim, the Land Fund must be exonerated from both charges simultaneously. Neither portion of the Colony will submit to a partial settlement.

The sum proposed as a Capital Fund for Native Land purchases is £180,000; which of itself will be inadequate; but as new purchases are made, a portion of the proceeds on resale will supply a renewal of the Fund. It is proposed to apportion the £180,000 towards the purchase of Lands in the respective Provinces in the Northern Islands thus:—

£90,000 to Auckland,

£54,000 to Wellington.

£36,000 to New Plymouth.

Of the sum allotted to New Plymouth £20,000 is to be without interest, in consideration of the crippled condition of that Province, whose progress has been retarded by the presence of a comparatively large and most turbulent body of Natives, many of whom have re-established themselves in Taranaki in consequence of having parted with their lands in the Provinces of Wellington and Nelson, and whose determined opposition to Land sales has confined European settlement in that Province within the narrowest limits. And in reference to the allocation to the Province of Auckland of so large a proportion as one of the Loan, we enclose herewith a return of the sums expended since January 1853 in the purchase of Native Lands within the several Provinces, and showing the area over which the Native Title has been, and yet remains to be extinguished. This Return, with the other accompanying Returns, will, we doubt not, be deemed to justify the proposed apportionment of the sum of £180,000. As regards future funds, the Provinces being thus started with an adequate Capital will be able to supply their own funds for after purchases. It should be noted that no intention exists of taking out of the hands of the Governor the negotiations of Native purchases.

In apportioning the repayment of the money to be so borrowed, the obviously fair rule is to charge each Province with the amount expended for its benefit. The Provinces of the Middle Island, relieved from contributing to Land Purchases, will have to take upon themselves a charge equal to the sum to be borrowed for the New Zealand Company, viz., £200,000; and as there is no sufficient difference of circumstances between the three Provinces of the Middle Island to justify a difference of apportionment, they will be charged in equal proportion viz., £66,666 13s. 4d., each.

In addition to the sums required for redeeming the Company's debt and for Native Land purchases, £120,000 is required to clear off old liabilities created before the establishment of Responsible Government. The nature and amount of these are stated in a general way in the Resolutions. For this sum also it is requisite to ask the guarantee of the Imperial Government. These liabilities are of an urgent nature, and provision must be made for them; but the Colony cannot effect a distinct Loan to meet them. The security for the principal Loan must be a first charge, after which it would be difficult if not impossible to borrow an additional sum. Independently of these considerations, the same reasons which justify our asking the Imperial Government for its guarantee of a Loan to meet the Company's debt and Native Land Purchases apply to the subsisting debt, a debt which has been created in consequence of the ordinary Revenues of the Colony having been applied towards the liquidation of the New Zealand Company's debt and the purchase of Native Lands.

It will obviously be impossible to effect the above mentioned several objects except by one entire Loan, and the Imperial guarantee is an indispensable condition for raising the money at a rate of interest which the Colony may be enabled to bear.

Assuming the Loan to be obtained upon the guarantee of the Imperial Government, it is calculated that 6 per cent. per annum will provide the Interest and a Sinking Fund.

This is at the same rate as the Jamaica Loan of 1854, and is intended to extinguish the Debt in 30 years. The security for such Loan cannot but be deemed amply sufficient. Although it is intended as a subordinate arrangement to transfer the practical administration of the Waste Lands and Land Revenue to the Provinces, it is meant to include the Lands and Land Revenue in the security to the Public Creditor. The Land Revenue necessarily fluctuates in amount; its average may be fairly taken at £50,000 a year net; and it should be noted that one of the main objects of the Loan is to make fresh purchases, so improving the security.

The Customs Revenue under the late Tariff was estimated at £98,000 a year, an amount considerably less than it has averaged for the last three years. The falling off has arisen from the depreciation of the Australian markets which are now recovering. But the Tariff has been changed by an Act of the Assembly in the last Session, and the Estimate under the New Tariff is £114,000 a year, leaving after charges of collection £100,000 a year net. The aggregate security of Ordinary and Land Revenue may be safely taken at £150,000 a year net, with almost the certainty of large and rapid increase.

In order to carry into effect the foregoing arrangements, the General Assembly has passed the before-mentioned Acts, viz.:—

1st. An Act for transferring to the Provinces the administration of the Waste Lands.

2nd. An Act enabling a temporary Loan to be raised of £100,000 for immediate requirements, to be paid off out of the permanent Loan.

3rd. An Act enabling a permanent Loan to be raised of £500,000;

And the respective Houses of the Legislature have adopted the Financial Resolutions.

The aid of Parliament is required to effectuate the arrangement, and to make the requisite changes in the Constitution Act. The provisions of the Constitution Act generally affecting the Revenue will require alteration, and in particular those Clauses which relate to the Company's Debt and Native Land Purchases.

The special objects to be provided for by Parliament will be as follows:—

1st. To secure the proposed Loan upon the Ordinary and Land Revenue; and to authorise an Imperial Guarantee.

2nd. Subject to such Security, but to no other Charge except the costs of collection and management, to transfer the administration of the Waste Lands and Land Revenue to the Provincial Governments.

3rd. To charge the Provinces respectively with the payment to the General Government of the respective amounts fixed by the Financial Resolutions, taking care to provide all requisite securities to the General Government.

4th. To provide for the proper application of the sum of £180,000 agreeably to the Financial Resolutions, and for the future purchases of Native Lands through the Governor and General Government, but out of Provincial Funds.

It has been thought most advisable to leave the precise mode of effecting these objects to the Home Government and Parliament, it being impossible in the Colony to foresee all the questions which may arise, and all the contingencies for which provision must be made. But the Acts and Resolutions of the Legislature will afford sufficient groundwork for such Parliamentary action.

Should further information be required, Mr. Sewell, who is a member of the Executive Government, will be in England prepared to give all requisite explanation; and we submit to your Excellency that he should receive proper authority to act on behalf of the Colonial Government.

Having stated these our views to your Excellency upon the above measures, for the consideration of Her Majesty's Home Government, we feel ourselves bound at the same time to notice objections which have been urged to the entire plan, and which objections are embodied in a protest signed by

seven members of the House of Representatives ; which protest we send herewith to your Excellency, with a request that your Excellency will be pleased to comply with the wishes of the parties by forwarding the same to the Imperial Government.

The gentlemen whose signatures are subscribed to such protest are entitled to consideration and weight. Two of them are Superintendents of Provinces—Wellington and Otago. Of the seven, four represent constituencies of the Province of Wellington, and three of the Province of Otago. The Province of Wellington returns eight members, one half of whom have therefore joined in the protest. The three members of Otago comprise all the Representatives of that Province.

The House of Representatives consists of thirty seven members, and it may be stated in a general way that the Financial policy now under consideration has been affirmed by large majorities of that House, and almost unanimously by the Legislative Council. The protesting party are in fact the Opposition against which the present Government has contended during the Session ; and the Protest really bears that party character. As regards the opposition of the Otago members especially it cannot be unjust to attribute that Character to it. The tenor of the Protest is a complaint on behalf of the Northern Island against what is alleged to be unfair relief to the Middle Island. But, Otago, as a Province, cannot complain on that score. We may perhaps with equal justice apply a similar remark to the opposition of the Wellington members, looking to the fact that even a more liberal offer of relief to the Middle Island proceeded, as we shall presently have occasion to remark, from Mr. Fox, their leader. But without enquiring to motives it will be fair to measure the value of the objections raised by their own intrinsic weight.

Six grounds of objection are stated, which shall be noticed *seriatim*.

It is objected, *first*, that the proposed measure contravenes the Constitution Act ; we answer that undoubtedly it does so ; its very object is to alter the provisions of the Act, and to redress a grievance which subsists under it. But it is no argument to urge that a grievance ought not to be remedied because it exists by Law. The Constitution Act was framed in England, without that knowledge of its practical effects which experience has supplied. The nature and magnitude of the charge for Native Land Purchases was altogether out of sight. Had the actual result been foreseen, it is not to be imagined that Parliament would have framed the Act as it stands.

*Secondly*, that while the debt charged upon the Middle Island amounts only to £200,000 the arrangement relieves that Island from a contribution towards the extinction of Native Title, which would ultimately amount to not less than a million and a half sterling.

This objection to the equitableness of the arrangements assumes that the claim to contribution from the Land Fund of the Middle Island towards extinguishing the Native Title in the Northern Island, without limit as to time or amount, is a fair and equitable claim. But this on the part of the Middle Island is denied, and the claim in fact is one which no political party can advance with a hope of success in the General Assembly. Its manifest injustice and impolicy are such that the first House of Representatives in its second Session, by a very large majority, including the present Superintendent of Wellington himself, affirmed by Resolution that the Charge of Extinguishing Native Title within each Province ought to be borne by such Province. And during the late Session not only was this claim surrendered by the protesting members themselves, but they went further, and supported a proposition less favorable to the Northern Island than that which is now made. In the House of Representatives Mr. Fox on behalf of those members distinctly and advisedly offered to accept the £180,000 charged on the General Revenue as a *final provision* for the extinction of Native Title ; to accept in fact the whole of the proposed arrangements, with this sole modification, that the proposed charges, instead of being apportioned among the Provinces, should be consolidated, and that the Land Fund should contribute towards the charges of Government and the Interest of the Consolidated Debt, at a fixed rate of two shillings and sixpence per acre, and should be exonerated from all other charges. This offer was declined by the Ministry, as too favorable to the Middle Island. For the fixed contribution as proposed by Mr. Fox would on the most sanguine estimate have fallen short of the interest on the sum of £200,000 now intended to be charged on the Three Provinces of the Middle Island. Thus the protesting members impugn as unduly favorable to the Middle Island an arrangement less beneficial to that division of the Colony than one which they themselves supported ; and ground their opposition on a claim, which, as now advanced, has been over and over again abandoned by the Representatives of the Northern Provinces.

*Thirdly*, That its tendency will be to disunite the Colony ; this objection may be not unreasonably viewed with suspicion as coming from a political party, whose avowed view is to break up the Colony into six independent state. In truth it is based on a patent fallacy. The relative contributions of the Provinces varying according to the amount of their gross Revenues, there would be a constant temptation to the Provinces to evade payment of their proper quota ; and as respects the contribution from the Land Fund, there is no doubt that evasion might be successfully attempted. Moreover it would, according to the view now put forward by the objectors, be necessary from time to time to raise additional loans, for the extinction of Native Title, thereby increasing the weight of the common burthen for purposes in which a portion only of the Colony is interested. Considering how obvious it is that such an arrangement would tend not to union but to discord, we are constrained to say that of all the pretences put forward in support of the views of the objectors, this appears the boldest.

*Fourthly*, The objection that the measure is defective, as leaving the Colony at large liable for default by individual Provinces, is merely an objection to the Colony becoming guarantee under any circumstances for the Provinces, an objection the principle of which it would be impossible to admit. Practically the risk of the Colony is imaginary.

*Fifthly*, That it relieves the Land Fund from liability to the charge of the General Government, throwing the whole on the Customs. The proportion which has hitherto been maintained between the Ordinary and Territorial Revenues of the two Islands shews that this objection is of a trifling character, and that the incidence of the charges of Government would be very slightly varied in favor of the Northern Island by retaining the liability of the Land Fund. But independently of this consideration, we defend the exemption of the Territorial Revenue.

(1.) Because it is not a legitimate Fund from which to defray the ordinary charges of Government, inasmuch as it ought, according to an established principle of Colonial Policy, to be dedicated to Public Works, Immigration, and other local purposes, giving value to the Waste Lands, from the sale of which it is derived.

(2.) Because the Customs Duties (constituting nearly the whole of the Ordinary Revenue of the Colony,) are on the contrary a most proper fund to be so charged, inasmuch as the amount of those duties does with great exactitude represent the Governmental needs by the population from whose consumption the duties arise. This is well exemplified in New Zealand. The large Customs of the Northern Island in considerable part arise from Native Trade, and on the other hand a large proportion of the expense of Government is incurred on account of the Native Population in that Island. The Customs Revenue very fairly represents the relative wealth and population as well as the cost of Government in the several portions of the Colony, and therefore reasonably should bear the cost of the Government of the Country; and should the Land Fund of the Middle Island increase, as some persons expect will be the case, the Customs cannot fail to progress in a corresponding ratio.

*Lastly*, The question whether Auckland ought or ought not to bear other burthens besides those with which she is to be specially charged, is foreign to the present question. In point of fact a large majority of the House of Representatives has affirmed the fairness of the present arrangements. It will be time enough to impose any further liability on the Province of Auckland when the occasion requires it.

From what has been said in answer to the specific objections raised against the proposed measure it will have appeared that the political parties of the Colony agree on several important points in reference to these Financial arrangements. On all hands it is admitted that the present form of the Company's debt is an intolerable burthen and must be got rid of by special loan.

In like manner it is admitted that the cost of purchasing Native Lands is far too great to be thrown upon the Current Revenue, and must be provided for by special loan.

Nor is there any difference of opinion as to the propriety of charging the outstanding liabilities against the Colony at large.

But whilst all parties agree in the principle of loans for the above objects, various proposals have been made for apportioning the repayment of such loans in a different form; and it is fair to lay those proposals distinctly before Her Majesty's Government.

It has been proposed to fix the whole loan as a part of the general charge of Government on the aggregate Revenue of the Colony, Ordinary and Territorial, charging the Land Fund in proportion to the Ordinary Revenue at the rate of two shillings and sixpence per acre to one third of the Ordinary Revenue. To such an arrangement one strong objection immediately presents itself, viz.: That as the price of Land varies in the different Provinces, a calculation based on an equal acreage payment would involve the most unjust inequality of contribution by the different Provinces. In Canterbury, the price of Land is £2 per acre, in Wellington, 10s. The effect of the higher price is to reduce the quantity of Land sold, and the Land Revenue; so whilst Wellington would contribute on the larger Land Revenue at the rate of one-fourth, Canterbury would contribute on the smaller Land Revenue at the rate of one-sixth, and so in proportion.

But the main objection to this proposal was its want of finality. It left the Land Fund open to indefinite liability on account of Native Land Purchases. When the present Loan should be exhausted, to what fund would recourse be had for new Purchases? Simply to borrow money to supply present needs without securing permanent relief would in the long run but increase the evils temporarily alleviated.

To meet this latter objection, Mr. Fox in the course of debate in the House of Representatives, proposed, as has been already stated, to modify the original proposal by limiting the contribution from the Land Fund for all purposes and for all time, to 2s. 6d. per acre, and by accepting the sum of £180,000 as a final provision for the extinction of Native Title; a proposal which had at least the merit of finality, and could not but have been acceptable to the Middle Island. But the objection to unequal contribution by Provinces selling Land at different rates was fatal to it, causing it to be rejected by the great majority of the members for the Provinces of the Northern Island. Both to the original proposal and to its modification the objection that an undue burthen would be thrown on Ordinary Revenue to the Relief of the Land Fund applies in a greater degree than to the Government proposal. The result of the debate places the fact beyond question that the plan proposed by the Government is the most equitable and least liable to objection which has been suggested; and so far as the public opinion of the Colony can be ascertained, it has received the general approval.

It remains for us only to pray that your Excellency will impress upon the Home Government the urgent importance of giving effect to the proposed arrangement; and the disastrous consequence which must ensue to the Colony from its failure.

(Signed,)

C. W. RICHMOND.

## MEMORANDUM.

13th October, 1856.

The Colonial Treasurer, Mr. Sewell, being about to visit England, *via* Australia, on his private affairs, will resign the Office of Colonial Treasurer; but, as it is the wish of your Excellency's Responsible advisers that Mr. Sewell should continue a member of the New Zealand Government, they recommend to your Excellency that he should be appointed a member of the Executive Council, and that he shall have leave of absence granted for eighteen months.

Your Excellency's Advisers propose that Mr. Sewell should act; on behalf of themselves and of the New Zealand Government respectively, in Australia and England in the following matters; and they recommend to your Excellency to furnish him with the necessary credentials for the purpose.

*In Australia—*

1. As representative of the New Zealand Government at the proposed meeting at Melbourne of the Representatives of the several Australian Colonies and New Zealand, to accept tenders for the Branch Steam Postal Service.

2. To negotiate with the Union Bank of Australia, or any other Bank in Australia, for raising the Loan of £100,000, or any part thereof, under the "New Zealand Debenture Act, 1856"; and to conclude, (if he shall think fit,) any arrangements for that purpose: it being an essential stipulation that no Debentures be sold under par.

*In England—*

3. To communicate with Her Majesty's Imperial Government on the subject of the Financial Resolutions, and the other Resolutions, in reference to matters requiring steps to be taken in England, passed by the Houses of the Legislature in the last Session of the General Assembly, with a view to immediate action being taken thereon, and to represent the views of His Excellency's Responsible Advisers on these Resolutions.

4. To conclude a final settlement of the claims of the New Zealand Company, upon the basis of the Financial Resolutions, with authority to adjust all questions of account, especially in reference to Scott's Debentures, and to waive or compromise all claim and counterclaims:—such settlement to be binding on the New Zealand Government.

5. To enquire and report as to the steps necessary for taking advantage of assistance offered by the Imperial Government towards the erection and maintaining of Light Houses; and, if it shall appear desirable, to make arrangements,—1st for a Light House on Stephen's Island in Cook's Straits; and 2ndly, for Light Houses on Pencarrow Head and Manukau Head: such arrangements to be subject to the approval and confirmation of the New Zealand Government and Legislature.

6. To enquire and report as to the most desirable arrangements as regards a Colonial Agency; and, if he shall deem it desirable, to make an arrangement, subject to the approval and confirmation of the New Zealand Government.

7. To direct the purchase and shipment, for the service of the Colony, of arms and ammunition; agreeably to the Resolutions of the Executive Council, of the 29th day of September, 1856.

8. To direct the purchase of Iron fencing for the Government Domain; at a cost not exceeding £500.

9. To enquire, and take such preliminary steps as may be desirable, with a view to acting without delay on instructions to be forwarded, having for their object the making of arrangements with the Imperial Government for a Trigonometrical Survey of the North Island of New Zealand, under the direction of the Royal Engineers.

10. To procure, to be sent to the Colony without delay, a Postage Plate for Stamps of the value of sixpence.

11. To authorise the Agent General to pay any sum that may be necessary to the New Zealand Company; and to make such other payments for the foregoing objects as may be required.

12. Generally to represent to the Imperial Government the views and opinions of His Excellency's Responsible Advisers in reference to questions of policy affecting the Colony.

13. In Australia and England to enquire and report as to the best means of carrying out the views of the Government and Legislature in reference to Steam Communication; and in case of urgent expediency, to make an arrangement, subject to the approval and confirmation of the New Zealand Government.

14. Mr. Sewell's authority to continue till he shall decline to act; or until it shall be revoked by a Despatch, received in England, from the New Zealand Government to the Secretary of State for the Colonies.

15. Mr. Sewell having offered to act gratuitously on behalf of the Colony in the above mentioned matters, your Excellency's Responsible Advisers request your Excellency to authorise the Agent General to pay to Mr. Sewell any sum he may apply for, not exceeding £200, to reimburse him such actual expenses as he may be put to on the special service of the Colony.

(Signed,)

FREDERICK WHITAKER,

Attorney General.



Colonial Secretary's Office,  
Auckland, October 17th, 1857.

SIR—

I have the honor to acknowledge the receipt of your letter of the 4th June, reporting your proceedings since your arrival in England, and to advert to the subjects referred to therein, and to some others which concern the public interests of the Colony.

2. It is most satisfactory to learn that you can with confidence express your belief that the objections at first entertained by the Imperial Government to the guarantee for half a million have been overcome. From the information conveyed from Mr. Labouchere on this subject in February last, and from other information which this Government has received, it is unquestionable that it is owing to the ability and perseverance displayed by you that this change of opinion is attributable, and that the Colony will therefore owe to your exertions the very great benefits which must result from the removal, by means of the guarantee, of most of the obstacles which have hitherto retarded the progress of New Zealand.

3. It is a source of great gratification to me to have to assure you that the Government fully appreciates the value of your services in carrying out the wishes of the Legislature, which cannot but be sensible of the obligations which you have thus conferred upon the Colony.

4. Assuming that the sanction of Parliament will be given to the whole sum of £500,000 proposed to be borrowed, it requires to be considered what amount should from time to time be raised, so as to ensure that no unnecessary delay may occur in obtaining such sums as are immediately required; while at the same time the Colony is not burdened with interest on any amount for which there may be no present occasion.

5. From your knowledge of the intentions of the Legislature in this respect, you are aware that it is desired to discharge as soon as possible the debt to the New Zealand Company, on the basis of the proposed compromise. It will be necessary therefore to raise at once what is required for the above purpose, and for repaying to the Province of Auckland the sum of £45,036 8s. 2d., carried to the credit of the New Zealand Company's fourths out of the proceeds of the sale of Crown Lands in that Province.

6. As the Debentures issued by Governors Fitzroy and Grey, bear interest at 8 per cent.; it is most desirable to render this liability less burdensome to the Colony by taking up these Debentures out of monies to be raised under the Parliamentary Guarantee. They amount to £27,253 11s. 10d.; to which may be added Scott's Debentures, amounting to £3,675 16s. 0d., unless you are, in accordance with your previous instructions, able to effect that they may be reckoned as a debit to the New Zealand Company.

7. It will also be necessary to make immediate provision for purchasing Land from the Natives. On this subject I am happy to be able to inform you that there is every prospect that purchases on an extended scale may be anticipated.

At no previous time have the land purchasing operations been more successful; already since July 1856, the purchase of several valuable Blocks in the Provinces of Auckland and Wellington, amounting in round numbers to about 400,000 acres, has been, or is just about to be, completed; and from the energy and efficiency of the present Land purchase staff, a very large addition to the lands open for settlement may at an early date be expected, both in those Provinces and in that of New Plymouth, where the Natives have recently shown a disposition to part with lands which they had previously refused to alienate; a sum of from £40,000 to £50,000 ought therefore to be made available for this object.

8. As the Government has only raised £67,700 under the authority of the Debenture Act, a further sum of about £5,500 will be required to meet past liabilities authorized by the Legislature to be defrayed from that source. This sum can be raised here under the Debenture Act; but as it is intended to replace the amount raised under that Act by sums to be borrowed in England under the Loan Act, a saving of interest would be gained by obtaining the monies required to meet all past liabilities directly in England, instead of raising in this country any further sums under the Debenture Act; it is therefore advisable to procure the above sum of £5,500 at once.

9. For the above services, and to provide for Balances due to Provinces previous to July 1856, £100,000 (in addition to the amount required to extinguish the New Zealand Company's debt, and to repay the Province of Auckland) should therefore be taken up in London on the most favorable terms; this is all for which there is any necessity at present; and this Government will, so soon as it is informed that the sanction of Parliament has been given to the Loan, arrange for the transmission to New Zealand of such amounts as are required here.

10. I enclose for your information a statement shewing the respective amounts of Debentures issued under the Debentures Act; and the periods when they will have to be paid off. You will perceive that the whole amount issued to the public is £67,700. Debentures to the amount of £25,000 are also held in deposit by the Union Bank, pursuant to arrangements made for winding up the Bank of Issue, whereby the stock of that Bank was converted into Debentures, and the Cash applied in aid of the General Revenue, the Union Bank undertaking, on the security of the Debentures, to exchange outstanding Notes of the Bank of Issue. The advances made by the Union Bank on this account have been repaid out of monies raised by the sale of other Debentures, so that the Debentures deposited in the Union Bank are virtually redeemed, and may be cancelled at any time, except about £4,500, being the amount of Bank of Issue Notes still outstanding, of which possibly some may be lost; and will therefore never be presented.

11. The subject of a Steam Postal Service has engaged much of the attention of the Government, and every possible attempt has been made, but hitherto without success, to establish an efficient Inter-Provincial Service, and also to connect New Zealand with the Australian Service by way of Suez. Mainly from the absence of suitable steam-vessels in these seas, no tenders have however been received which the Government would feel justified in accepting; the subsidies demanded being much in excess both of the amount appropriated by the Legislature, and of what the Colony could afford for such a service. You are however aware that an agent of the Royal Mail Company has visited this Colony and Australia for the purpose of negotiating for a Steam Service between Southampton and Sydney, *via* Panama and New Zealand. As that route would be infinitely more advantageous to New Zealand than the one by Suez, the proposal was warmly taken up in the Colony, the Chambers of Commerce at Auckland and Wellington and several Members of the Legislature having strongly urged that New Zealand should contribute its utmost to the scheme. The Government therefore accredited Mr. Dillon Bell to the Government of New South Wales to confer upon the necessary conditions, and the negotiations on this subject were most ably conducted by that gentleman, and the conditions determined upon which the line was to be established, subject to ratification by the Royal Mail Company, and the Legislatures of New South Wales and New Zealand. I transmit copies of the correspondence on the subject, and have to request that you will give every assistance in your power in furtherance of this object.

12. The proposal of Capt. Gibbs could not, without the sanction of the Legislature, be accepted; partly because the amount asked exceeded that at the disposal of the Government; and partly that, pending the result of the uncertainty as to the arrangements which might be made, either by the Imperial or Australian Governments for extending the Suez line to New Zealand, no contract could be entered into for another Steam Service to Australia which might have the effect of burdening this Colony to an extent much beyond its resources. In so far however as Capt. Gibbs' proposal related to an Inter-Provincial Service, it would be advantageous to the Colony. No contract for that Service has yet been entered into; but Capt. Millton, late of the "Zingari," having recently communicated with the Government on this subject, an offer has been made to him to maintain for two years an Inter-Provincial Steam Service. No reply has been yet received from him; and even if he should accept the terms offered, it is worthy of consideration by the Company represented by Capt. Gibbs, whether they might not make preparations so as to enable them to commence an Inter-Provincial Service at the end of two years, receiving a subsidy of about £9,000 per annum for two boats, or £5000 for one vessel. Should it become evident that no advantageous contract can be made with Capt. Millton, or others; or should the Panama line be established, full communications will be made to Capt. Gibbs with reference to the maintenance of the necessary Inter-Provincial Service.

13. It may be observed, in connexion with this subject, that the discovery of extensive and profitable Gold-fields in the Province of Nelson, where some thousands of people are now employed, and the consequent intercourse between all parts of the Colony which has thereby been created, has much enhanced the profits which steamers would realize from the passenger traffic; and already the two small steam-vessels belonging to Nelson and Wellington are most profitably employed in the Passenger trade to the Gold Fields.

14. Most of the Provinces having requested that the English Mails should be placed in separate boxes for each Province; instead of, as at present, in boxes for Auckland and Wellington only; communications to this effect, of which I enclose a copy, have been sent to the Secretary of State for the Colonies and the Postmaster General, and you should urge upon them the transmission of the Mails in the manner requested.

15. You are aware that the Government, pursuant to a Resolution of the House of Representatives has offered rewards for the discovery of a mode of rendering the New Zealand Flax a profitable article of export; copies are enclosed of the terms on which these rewards are offered, and of a Letter addressed by me to the Secretary of the Society of Arts in London, accompanying specimens of Flax forwarded lately by the "Kenilworth." As the publication of these rewards has already attracted attention in England, it is desirable, should you have the means of doing so, that you should give any information which may be desired, so as to fulfil the wishes of the Legislature in this respect.

16. I have to request that the plate for 6d. postage stamps, which you were instructed to procure may be forwarded as soon possible, if not already sent, as they are much required.

17. I trust that no opportunity of carrying out your instructions in reference to the erection of Lighthouses in this Colony will be omitted by you, as it is essential to the public interests that the means of erecting Lighthouses should keep pace with the rapidly increasing Commerce of the Colony.

18. I have to express the warmest thanks of the Government for the aid which the Colony has derived from your exertions in its behalf, and for the kindness with which you have undertaken the execution of the various services which it has imposed upon you; of the successful accomplishment of which I trust that we may soon be informed.

I have &c.,

(Signed) E. W. STAFFORD.

The Honorable H. Sewell,  
&c., &c., &c.

[MEMORANDUM.]

November 7th, 1857.

His Excellency is advised to request that the sum of £300,000 may be raised at once, for discharging the claims of the New Zealand Company, and in furtherance of the other purposes of the New

Zealand Loan Act, as detailed in the accompanying copy \* of a letter from the Colonial Secretary to Mr. Sewell.

(Signed) E. W. STAFFORD.

\* See Letter of October, 17th, 1857.

[*"Request" forwarded to the Secretary of State.*]

Government House,

Auckland, New Zealand, 9th November, 1857.

In conformity with the provisions of the "New Zealand Loan Act, 1856," I the Governor of New Zealand, do hereby request the Lords Commissioners of Her Majesty's Treasury, or any three of them, to borrow and raise in Great Britain, by Bonds, Debentures, or otherwise, under the said Act, the sum of Three Hundred Thousand Pounds, for the full discharge of the New Zealand Company's debt, and for certain other purposes specified in the Schedule to the said Act.

(Signed) T. GORE BROWNE.

Governor.

[MEMORANDUM.]

March, 18th, 1858.

It is recommended that the three month's notice stipulated for by Mr. Saunders's letter of 6th November 1857 be now given in duplicate to the Manager of the Union Bank at Auckland, requiring the sum of £30,000, (Thirty Thousand Pounds,) to be placed at credit here of the New Zealand Government at the expiration of three months from the date of notice.

This sum to be applied in liquidation of the old Debenture Debt of the Colony.

The Lords Commissioners of the Treasury to be apprised, through the Secretary of State; and a copy of the Notice forwarded to them, in order that they may be prepared to cause Bonds to be issued to the Union Bank, under the New Zealand Loan Act, 1856, to the required amount.

(Signed) C. W. RICHMOND.

Approved,

(Signed) T. GORE BROWNE.

Treasury,

Auckland, March 19th, 1858.

SIR,—

Pursuant to the terms of the agreement between the New Zealand Government and the Union Bank of Australia, now ratified by the Lords Commissioners of Her Majesty's Treasury, for the negotiation of the Zealand Loan of Five Hundred Thousand Pounds, I now give you notice that at three months from this date the New Zealand Government will require the sum of Thirty Thousand Pounds to be placed at its credit with the Auckland branch of the Union Bank.

I have &c.,

(Signed) C. W. RICHMOND.

The Manager of the Union Bank  
of Australia, Auckland.

Union Bank of Australia,

Auckland, 1st April, 1858.

SIR,—

I have the honor to acquaint you, for the information of His Excellency's Government that the sum of Forty Thousand Pounds sterling, under special arrangement made by Mr. Sewell with the Union Bank of Australia, in London, has this day been placed to the credit of the Treasury account at this Office; being a portion of the loan of £500,000 negotiated by the Union Bank of Australia under the guarantee of the Imperial Government.

I request you will have the goodness to acknowledge the receipt of this payment in duplicate.

I have &c.,

(Signed) A. KENNEDY,  
Manager.

The Honourable  
The Colonial Treasurer.

Treasury,

Auckland, 5th April 1858.

SIR,—

Referring to your letter of the 1st inst., I have now the honor to forward to you herewith receipts in duplicate for the sum of Forty Thousand Pounds sterling;—being a portion of the Loan of £500,000 negotiated by the Union Bank of Australia under the guarantee of the Imperial Government.

I have &c.,

(Signed) C. W. RICHMOND.

A. Kennedy Esq., Manager of Union Bank  
of Australia, Auckland.

Union Bank of Anstralia,  
Auckland, 5th April, 1858.

SIR,—

Referring to my letter dated 1st, of April, advising you that in accordance with the terms of an arrangement made by Mr. Sewell with the Union Bank of Australia in London, I had on that day placed the sum of £40,000 to the credit of the Treasury Account. At the same time I beg to state for the information of His Excellency's Government, that, while in the first instance it is the duty of the Bank to fulfil the conditions of their contract in all its integrity, it is no less the desire of the Directors in London, to study the convenience and meet the wishes of His Excellency's Government in all its transactions; and, should His Excellency's Government be inconvenienced by placing the sum referred to at its disposal, when not required, I am prepared to withdraw the payment of that account for the present, if you request me to do so.

I have &c.,  
(Signed) A. KENNEDY.  
Manager.

The Honourable  
The Colonial Treasurer.

Treasury,  
Auckland, 5th April, 1858.

SIR,—

In reply to your communication of to day's date, informing me that you are prepared, on behalf, of the Union Bank of Australia to withdraw the payment of the amount of Forty Thousand Pounds sterling placed to the credit of the Treasury account on the 1st inst., should His Excellency's Government be inconvenienced by having the sum in question placed at its disposal at the present time, I have to convey to you the thanks of the Government for the offer you make, and at the same time to inform you that it is considered unadvisable on the part of the Government to disturb the transaction.

I have &c.,  
(Signed) C. W. RICHMOND.

Manager of the Union Bank  
of Australia, Auckland.

Downing Street,  
February, 28th, 1857.

SIR,—

I have to acknowledge the receipt of your despatches. No. 97, of 24th September, and No. 98, of 2nd October last.

The subjects contained in those despatches, as well as in the other important communications received by the same mail, the numbers and dates of which are stated in the margin, shall not fail to receive the careful and early consideration of Her Majesty's Government.

Upon most of the questions submitted for their decision, it has not, however, been possible for Her Majesty's Government to arrive at a positive conclusion during the short time which has elapsed since the receipt of your despatches; and as to several of them, I shall be desirous to have the benefit of the full information which must be possessed by Mr. Sewell, whose intended early arrival in this country you had notified to me in another despatch.

But I desire to take the earliest opportunity to inform you that I have no expectation that Her Majesty's Government will entertain and recommend to Parliament the proposal to guarantee a Loan of £500,000 to the Colonial Government.

It was only under very special circumstances, as pointed out in his despatches of 4th July, 1855, that my predecessor, Lord John Russell, felt himself warranted in suggesting an arrangement for the settlement of the New Zealand Company's Debt by means of a Loan not exceeding £200,000, to be guaranteed by the Imperial Treasury on the condition then specified.

No grounds whatever have been stated, which would justify an extension of the guarantee proposed by Lord John Russell, to the further Loans which the New Zealand Legislature desire to contract; and no arrangements, based upon the guarantee for £500,000 thus proposed, can, therefore, be carried into effect.

It would seem, from the 15th of the Resolutions passed on the 2nd of July last, that it is the proposal of the House of Representatives that the arrangement, detailed in those Resolutions should take effect on and from the 1st of July, 1856. At the same time it is proposed by the 16th Resolution that this arrangement should be effectuated by an Act of Parliament, for which application is made. I am, therefore, unable distinctly to understand the operation of these Resolutions taken together, which probably Mr. Sewell will be able to explain. But I cannot suppose that it was intended, by a simple Resolution of the House of Representatives, to set aside the express provisions of enactments of the Imperial Parliament, and I assume that no acts will have been done in pursuance of that Resolution until it should be ascertained that they were conformable to Law.

I have, &c.,  
(Signed,) H. LABOUCHERE.

Governor Gore Browne, C.B.,  
&c., &c., &c.

No. 88, Aug. 26  
94, Sept. 21  
95, Sept. 22  
96, Sept. 24  
110, Oct. 21  
90, Sept. 5  
107, Oct. 17

[MEMORANDUM FROM MR. SEWELL TO SECRETARY OF STATE.]

8th May, 1857.

I desire to state the grounds on which the Colony of New Zealand earnestly solicits the Imperial Government to extend its offer of guaranteeing a Loan from £200,000 to £500,000. The object of the Loan of £200,000 was to enable the Colony to relieve its Land Fund from the New Zealand Company's Debt, but it is found practically impossible to effect that relief, without simultaneously disencumbering the Land Fund from the charge for the purchase of Native Lands. I will endeavour to explain how this necessity arises.

The New Zealand Constitution Act imposes these two burthens on the Land Fund. It applies one-fourth of the Land Fund to the gradual extinction of the Company's Debt. It makes the remainder liable for the purchase of Native Lands, and empowers the Governor to take for that purpose, without vote of the General Assembly, *all* which remains of the Land Fund, after satisfying the costs of collection and management, and the Company's Fourths.

The burthen of these two charges in their present form is absolutely insupportable. The Fund to which the Colonists look for supplying those absolute needs—Immigration and Public Works—is wholly exhausted. But in addition, there is a special grievance and injustice in the way in which those charges affect the different Provinces separately. Hence arise differences between the Provinces, which threaten to impede the working of the Constitution.

As to the Company's Debt, the Province of Auckland (which was not one of the Company's settlements, and charges the Company with having been its constant enemy,) absolutely refuses to bear any share of the burthen, and demands from the rest of the Colony *entire relief*, a demand which the rest of the Colony admits, provided Auckland, on her part, will take on herself the portion of public burthens which properly belongs to her. Meantime Auckland will not agree to a Loan, the effect of which will be merely to transfer the burthen of the Company's Debt from the Land Fund to the general Revenue, towards which she contributes the largest share. On the other hand the Provinces of the Middle Island, (Nelson, Canterbury, and Otago,) resist with equal determination the diversion of their Land Fund from its legitimate objects, for the purchase of Native Lands in the Northern Island, in which they have not the remotest interest.

The Constitution Act gives to each Province a separate and distinct interest in its own Lands and Land Funds, so that whatever lands are acquired by purchase from the Natives, at the cost of the Colony at large, are resold for the benefit of the Province to which they belong. The Land Fund of one Province is thus taken to buy Land for the benefit of another Province; and the Middle Island (in which the Native Title has been all but completely extinguished) sees all its available revenue abstracted, for the benefit of Auckland, Wellington, and New Plymouth. Sir George Grey himself attempted to correct this manifest wrong by a regulation, the object of which was to make each Province pay for its own Native Lands; but it was at variance with the Constitution Act, and became inoperative. The Constitution Act fixes the charges on the Land Fund in their present form, and there can be no relief, except by a mutual arrangement, to be effectuated by Parliament, under which the Northern Provinces will consent to forego their hold on the Middle Island Land Fund, a Capital Fund being provided to enable them to continue their land purchases: the Southern Provinces on their part taking the Company's Debt on themselves. Unless this be done, the Colony is in a dilemma. The North will agree to nothing, unless the South will take on itself the Company's Debt. The South is equally impracticable, unless the purchase of Native Lands is thrown on the Provinces to which they belong.

Independently of these considerations, it is of the utmost importance on grounds of general policy to press forward the acquisition of Native Lands without delay. Putting aside the question of extending the Colonial Territory, for the purpose of meeting the growing demands of incoming settlers, it seems to have been overlooked in the colonization of New Zealand, that to govern a people who retain to themselves the paramount seigniorship of the soil is simply impossible. Theoretically there is a plain and inseparable connection between territorial and political Sovereignty; practically this is proved by daily experience in New Zealand. The Government there cannot exercise the simplest function, touching Native Lands, except at the risk of provoking hostilities. It cannot make a road nor establish a ferry except by treaty; and indeed it may be taken as an axiom, for the truth of which I may vouch, having specially directed my enquires to the subject, that as far as the Natives have not ceded the seigniorship of their Lands, so far they do not acknowledge British supremacy; and the converse is true. This idea is firmly fixed in the Native mind; so much so, that a wide-spread combination has been formed to prevent the further alienation of land to the Europeans; the prevailing sentiment being that with the surrender of their land they part with their nationality.

Here lies one great difficulty, involving risk to the peace of the Colony. The first step to a peaceful solution of it must be to obtain by purchase the voluntary cession by the Natives of their seigniorship of the soil.

Nor must it be supposed that this would be attended with harm to the Native race; still less, that the object of the Colonial Government in obtaining the cession of their Title is to get rid of them. On the contrary, the permanent welfare of the Natives is no less involved in the measure, than the political interests of the Settlers. The policy of the Colonial Government is in fact to make Colonists of the Natives on their own land. The Legislature with this view, in its last Session passed an Act, (the Native Reserves to Act,) for the first time enabling the Native Reserves be granted to the Natives by individual Titles, the first step towards raising them from their present wretched condition of tribal barbarism, in which so long as they remain, no permanent measures of amelioration can be applied.

I cannot but think that this is an object for which the Imperial Government may be reasonably asked to extend that aid to the Colonial Government without which the Colonial Government will be powerless.

The Imperial Government has adopted a barbarous race, and made, or rather professed to make them British subjects. What is now wanted is to take the first indispensable step towards realizing that object. The Imperial Government is peculiarly concerned in the question, because it jealously retains in its own hands, powers of management and control over the Aborigines, which it will not entrust to the Colonists.

What is wanted is a Capital Fund of adequate amount for the purchase of Native Lands ; but the burthen is too great for the Colonists themselves. The sum required is very large, and quite disproportioned to the resources of the Colony. The Land Fund is in itself insufficient. What is wanted is a large Capital, immediately at command, and certain in amount—not fluctuating and precarious. Burthened as the Colony is by the Company's Debt, and by debt already incurred (by the mere acts of Governors, without the knowledge or assent of the Colonists themselves) it cannot without assistance, bear the additional load. And I must call attention to the causes which have brought it into these straits. The magnitude of the question has taken the Colony itself by surprise. Till within the last three or four years it has been kept out of sight, as one of no practical importance. Except the Middle Island, which the New Zealand Company purchased towards the end of their career, little or nothing was done for years towards this most important object. Sir George Grey made scarcely any purchases, but just on the eve of his departure he initiated the system at present in operation. Between the close of 1853 and July 1856, between £120,000 and £130,000 has been spent, including the contracts in course of completion. The sum estimated for the current year is £40,000. Now the gross land fund may be taken at an average of £80,000. The costs of collection and management, including Surveys, at £20,000. The Company's Fourth, at £20,000. The residue therefore is exhausted by Native Land Purchases ; but even more than this amount might be most advantageously applied. The case is that of the Sybil's Books. At an earlier period of the Colony the cost would have been comparatively trifling. It has grown to its present dimensions by delay, and by the enhanced value which land has acquired in the estimation of the Natives ; it will continue to grow, unless at once provided for till it will exceed the means of the Colony, and there will be no alternative left but to adopt the dangerous expedient of abandoning the Queen's preemption right.

In this critical and embarrassing state of things, the Colonists assume the administration of public affairs by the introduction of Responsible Government. They now ask the Imperial Government to help them to clear away these preliminary difficulties by guaranteeing a Loan which will get rid of the New Zealand Company ; raise a Capital Fund for the purchase of Native Lands, and at the same time enable the Provinces to adjust their differences between themselves, and to enter on the work of Responsible Government with common interests.

Without the Imperial guarantee the rate of interest at which they would be compelled to borrow, (even if they could borrow at all,) would press too heavily on their finances. With that guarantee they could obtain the money say at 4 per cent. ; £2 per cent would be required for a Sinking Fund ; £30,000 a year would be required to pay the Interest and Sinking Fund on a Loan of £500,000. There would be no risk in guaranteeing a Loan to that amount. The Loan would be secured on the whole Revenue of the Colony, general and territorial.

The general Revenue may be estimated at net £100,000. The territorial Revenue at net £60,000, after costs of collection and management. It may be of course expected rapidly to increase.

I have not touched upon the mode in which it is proposed by sub-arrangement\* to distribute the burthen of Public debt between the Provinces. I suppose that this would in a general way be left to the Colonists themselves through their Representative Legislature.

The plan (agreed to by a large majority of the House of Representatives, adopted unanimously by the Legislative Council, and recommended individually by the Governor,) is to charge the Provinces of the Middle Island with the Company's Debt ; and to charge each of the Provinces of the Northern Island with so much as may be laid out in them respectively, first laying out £20,000 in New Plymouth, in which scarcely any lands have as yet been acquired from the Natives.

I may state with confidence that the whole arrangement has been received by the Colony at large with approbation, and that its effectuation will be regarded with general satisfaction.

(Signed,)

HENRY SEWELL.

Trafalgar Hotel,  
Spring Gardens,  
May 8th, 1857.

New College, Oxford, May 11th 1857.

SIR,—

I have the honor to inform you of my arrival in England by the Royal Charter on the 12th April, too late to write by the Australian Mail. Indeed I could not, till now, communicate anything worth writing about. Immediately after my arrival, I saw Mr. Labouchere, and found that an almost position negative had been given by the Government to the proposal for a Guarantee of a Loan of £500,000. I put myself into communication with Mr. Adderly, Mr. Godley, and Lord Lyttelton, whom I have seen several times, I have also seen Sir John Pakington, and have had several interviews with the

\*This under-arrangement would not affect the general security for the Loan. It would be merely between the Provinces themselves.

Colonial Office, and I think my fuller explanations have induced the Colonial Office to modify their views, and that they are disposed to regard our application more favourably. I have put in writing the grounds on which our Claims are based. It is now before the Colonial Office for consideration. I will not fail to apprise you of the progress of the negotiation. Upon the whole, though I cannot as yet write with confidence of success, I am not without hope. But I find that it will involve a great deal of very constant and assiduous attention, in fact occupy the greater part of my time. But the object is of so much importance to the Colony that I shall devote my best exertions to it, relying on the General Assembly, and the Government making me such remuneration as may appear adequate to the service.

With respect to the Steam Service, I have had an interview with Capt. Gibbs, who has written to the Colonial Government on the subject of a Steam Service of the Colony, Inter-Provincial as well as Inter-Colonial. The preliminary difficulty which arises in Capt. Gibbs' scheme is the amount of bonus required; £20,000, I have told him that he must not expect anything like that amount from the New Zealand Government. I will however do what I can to establish a Steam service in connection with the main line from Melbourne and from what Capt. Gibbs said I think it not unlikely that this projected Company may take the matter up, but I cannot say anything definitely as to their intentions.

I have given instructions for Tenders for Iron fencing, and I have put myself into communication with Col. Hay on the subject of Minie Rifles.

As yet, my attention has been so entirely engrossed by the subject of the Loan, that I have postponed other matters such as the Survey and Lighthouses, and the New Zealand Company.

I have &c.,

(Signed) HENRY SEWELL.

P.S.—I am disappointed at not having received any letters from the Colony.

The Honorable The Colonial Secretary,  
New Zealand.

New College,  
Oxford, June 4th, 1857.

SIR,—

I have the honor to report my proceedings since I left Melbourne. I informed you that I had taken my passage by the Royal Charter, which sailed from Melbourne on the 15th January. It is fortunate that I did not come by the Oneida, which, as you will have seen, broke down on her passage home; the passengers being detained 5 weeks. The Royal Charter made a longer passage than was reckoned on, being 85 days instead of 70. We reached England on the 12th April. I found on my arrival that Parliament had been dissolved, and the Elections of a new House of Commons were just on the point of terminating. Parliament reassembled about a fortnight after my arrival. The dissolution of Parliament would have prevented any good result from my arrival at an earlier period. No practical good could have been done by my reaching England before the result of the Elections had settled the question of the Ministry.

I immediately placed myself in communication with the Colonial Office, as well as with Lord Lyttelton and Mr. Adderly, and some other gentlemen who take an interest in New Zealand. I found that the proposal for a Guarantee of Half a Million was regarded very unfavourably. Mr. Labouchere told me he had written to the Colony declining to entertain it. That letter you, no doubt, have received. My own more immediate friends took an equally unfavorable view of the proposal. Lord Lyttelton and Mr. Adderley held out no encouragement. The result however of my communications has been to change their opinions. After several interviews with the Colonial Office I was requested to place my views on paper, which I did accordingly. I transmit a copy of the paper submitted by me to the Government. I think I may state with confidence that the objections have been removed; and although as yet, no final decision from the Government has been officially communicated to me, I may assure you that there is every reasonable prospect of the Guarantee being given. Matters have in fact proceeded so far, that, at Mr. Merivale's request, I have suggested the outline of Acts of Parliament for effecting our objects;—and I have had (within the last few days) a personal interview with him to settle the heads of such bills.

The exact state of the case at present is this. The Colonial Office have submitted our proposal to the Treasury, with a recommendation for its being assented to. The Treasury have not yet formally signified their assent; but I am led to understand by all parties that it will be given. I hope to be able in my next to state the fact officially.

One point only seems likely to raise a question: The Government here have, it seems, taken alarm at the extent to which the Provinces are raising Loans; and I foresee that some conditions will be insisted on for preventing financial risk from an improvident extension of such Loans. So long as such a check does not interfere with essential objects, I cannot but regard it as reasonable and salutary. I find in fact the credit of the Colony slightly affected by the system of Provincial borrowing, and the rate of Interest looked for is greatly enhanced beyond what it would have been, had Loans been contracted through the General Government and upon an uniform plan.

Of course till the matter is finally settled, I can take no steps as to raising the money. The money market is very heavy, and I am told that it will be difficult to raise the money, even with the Government Guarantee, at par with £4 per cent. interest. Several monied people have talked to me about it; but they all use this language. I need scarcely add that I will do my best to get the most favorable terms I can.

I proceed to notice other subjects though, as a general remark, I must state, that pending the decision of the Government as to the Guarantee, I have thought it wise to abstain from pressing other subjects on their attention.

I found at my first interview with the Colonial Office, a strong objection to the Land Orders and Strip Act. Mr. Tollemache and Mr. Bowler have memorialized the Government to disallow the Act ; and, at first, I have reason to believe that such was their intention. I stated the case to the Colonial Office, and at their request, I put my views in writing. I transmit a copy of the paper. Since then I have heard nothing from them on the subject, except that it was noticed in one of my interviews with Mr. Merivale ; and from what passed I believe that nothing will be done to interrupt the settlement come to by the Colonial Legislature.

On the subject of the Steam Postal Service, on my arrival here I received a communication from Capt., Gibbs, who, it seems, has formed a Company for establishing a line of Steamers between Australia and New Zealand ; but the Company requires a bonus of £20,000 a-year. Capt. Gibbs has written to the Governor : I have ventured to tell him that the answer to be anticipated is that the Government are not authorized to offer such a bonus ; nor can the Colony afford to pay it. But he awaits the reply from New Zealand. I also am in daily expectation of hearing from you on the subject. Meantime I have seen Mr. Rowland Hill, of the Post Office, but without any practical result, though I pointed out the present defective state of our postal arrangements. There will not in fact be any good done by putting forward schemes, until we can induce the British Government to assist by bonus in the establishment of a Steam Service. I will do what I can to press this forward, but, for the reasons I have given, I do not think it wise to urge it at the present moment. So soon as the guarantee is settled, I will give my earnest attention to this, which is the next subject of importance.

I learn from the War Department that the Home Government will be ready to help in effecting a Trigonometrical Survey of the Colony, by allowing a Survey Staff to be employed at the expense of the Colony. I have not yet got an estimate of the probable cost. I hope to forward it in my next.

I have arranged for the purchase of 1300 Iron Hurdles at 5s. 5d., ungalvanized. I am told by Engineers that the benefit of Galvanising is doubtful and the cost (as tendered for) not less 3s. per Hurdle. The Hurdles will be shipped forthwith.

There will not be funds I fear sufficient for the purchase of Minie Rifles. They cost from £3 to £5 a piece. The Agent General is away for a short time. So soon as he returns I will ascertain what available Balance he will have in hand.

I have ordered a Set of Parliamentary Papers ; and will transmit them forthwith.

I have taken no steps as yet as regards Lighthouses for the general reasons I have mentioned.

I have &c.,

(Signed) HENRY SEWELL.

P. S.—I should mention that I have received no letters, either public or private.

The Honorable the Colonial Secretary,  
Auckland, New Zealand.

London, August 8, 1857.

SIR,—

You have doubtless received my former letters in which I stated my confidence in the success of our application for the Imperial guarantee for our Loan. I have forbore writing until I could state with certainty the result. Even now I am not in a position to state that the proposed measure has been passed through Parliament. The Bill is as yet going through the regular stages ; but I feel myself able to assure you that there is no doubt of its passing. The Parliamentary debates will shew its exact position. My object in writing at the present time is to meet the chance of the General Assembly being in Session ; and in order that you may regulate your own proceedings accordingly. The probability is that the third reading of the Bill in the House of Commons will take place to-day. It will go to the Lords immediately, and being a Government Money Bill, will go through its stages as matter of form ; so that in about a fortnight it will have become law.

Simultaneously, the other Bill for enabling the General Assembly to make changes in the Constitution Act and for repealing the charges on the Land Fund, is progressing through the regular stages. The effect of this Bill will be to give the General Assembly constituent powers to the full extent asked for by the resolutions of the Legislature in the last Session.

So soon as the Guarantee Bill is passed, I shall take steps to have the Debt to the New Zealand Company paid off. But at present it appears to me desirable not to borrow more money until there has been an opportunity of conferring with the Colony. Having, (as we may now safely consider,) the money at command, the question will be how best to deal with it. Obviously it is undesirable to raise money, (which will be lying idle,) till it is required. You will have to consider at what terms and in what portions the money should be raised, so as to be made available for Colonial finance. On this I will write more fully so soon as the Guarantee Bill is passed, and I have made the arrangements with the Treasury consequent thereon.

There is great straitness in the English Money Market, and it is very doubtful whether we can get the money at par, but we will do our best.

I am in communication with the Colonial Office on the subject of Scott's Debentures, and have hopes of relieving the Colony from that burthen.

I am also in communication with the Treasury, and with Captain Gibbs' on the subject of a Steam Postal Service ; and hope to be able in a very short time to submit to the Treasury a practicable scheme for carrying into effect Captain Gibbs' proposal. I observe an advertisement in the Melbourne papers for tenders for a Steam Postal Service to New Zealand for *one year*. My view will be to



establish, if possible, a more permanent service, say for five years:—Of course nothing will be concluded without communication with the New Zealand Government and the other Australian Colonies.

I hope to be able by next mail to submit some definite plan for Trigonometrical Survey.  
The Hurdles are shipped, and I have ordered 200 Minie Rifles.

I have, &c.,

(Signed) HENRY SEWELL.

The Honorable,  
The Colonial Secretary,  
Auckland, New Zealand.

Downing-street,  
14th August, 1857.

SIR,

I am anxious to avoid delay in communicating to you the enclosed Bill "to guarantee a loan for the service of New Zealand," by the present mail, although it has not as yet passed through the final stages.

My reason for doing so is that the Local Act for raising "a Loan of £500,000," which is recited and adopted by the Guarantee Bill, provides that the sums required shall be raised for the service of the Colony "at the request of the Governor."

By the subsisting arrangement with the New Zealand Company, (the discharge of whose lien on the Colonial Lands is one object of the proposed Loan,) they are to be paid on or before the 1st April, 1858.

It may be advisable therefore to avoid all possible questions as to a sufficient "request" having been received from the Governor before that time; and that you should accordingly write immediately on the receipt of this, to "request" in the form of the Local Act that a sum of £200,000 should be raised for the purpose of discharging the New Zealand Company's claims, the balance of such £200,000, above the sum required for that purpose, to be applied in furtherance of the other purposes of the Loan Act.

The exact sum due has not, as yet, been ascertained.

I transmit, for information, copy of a Bill to amend, in some respects, the Constitutional Act, which is likewise in course of passing, that you may see in what manner its provisions will bear on the New Zealand Company's arrangement.

By the next mail you shall be more fully apprized of the nature of the proceedings which have been taken; and the duties which will in consequence devolve on yourself.

I have, &c.,

(Signed) H. LABOUCHERE.

Governor Gore Browne, C. B.,  
&c., &c., &c.

Downing Street,  
15th September, 1857.

SIR,—

In pursuance of the announcement contained in my despatch of the 14th ultimo, I transmit you copies of the "Act to guarantee a Loan for the service of New Zealand," the "Act for discharging claims of the New Zealand Company, on the proceeds of the Sales of Waste Lands in New Zealand;" and the "Act to amend the Act for granting a Representative Constitution of the Colony of New Zealand," which have now received respectively the Royal assent.

The subject of these three Acts are so closely connected, that I shall comprise my observations on them in one despatch.

In acceding to the wishes and representations of the General Assembly of New Zealand, by giving the Imperial guarantee to a Loan for the full amount (if needed) of Five hundred thousand pounds, instead of confining that guarantee to the portion required for discharging the claim of the New Zealand Company, Parliament has been actuated by the feeling that the position of the colony as regards the lands in the hands of native tribes, and as affected by past transactions in which her Majesty's Government had a share, are so exceptional and peculiar as to warrant a departure from the principle which has been usually adhered to, of declining to afford such a guarantee for loans contracted by colonies for their own domestic purposes.

Parliament has also been satisfied, after the examination of the subject by a Committee, and the evidence given by Mr. Sewell, before that Committee, of the sufficiency of the security which the colony had to offer for the discharge of the principal and interest of the loan to be contracted: nor was any doubt entertained by them of the readiness of the Colony to redeem its engagements at the earliest practicable period; which the rapid increase of population and wealth may justly lead us to anticipate as not remote.

After the first object of the loan is effected, namely, the discharge of the Company's claim, (in order to effect which it is necessary, as before explained, that I should receive your formal request for raising the money in time to make the payment before the 6th April next) it will be for yourself with the advice of your Council to propose at what times and in what proportions further sum shall be raised, and to transmit to me your formal request for raising such sums; on receiving which the Lords Commissioners of the Treasury will be enabled to proceed in conformity with the Act.

The provisions of this Act of Parliament for the purpose of securing payment of principal and interest, have been adopted from those enacted on former occasions of the same kind.

But although the security offered by the local Act, and adopted by Parliament, extending over the entire available revenue of the Colony, is on the face of it amply sufficient, it is obvious that it might in reality be very considerably impaired, if the several Provincial Governments were to continue to contract large liabilities of their own. Although it is not in their power to pledge for any such loans the revenues to which this Act applies, yet it is possible to conceive circumstances under which the general effect of these engagements might be materially to impair the solvency of the Colony.

On the subject of these Provincial loans Her Majesty's Government is but ill informed, having only before it the several Ordinances of the Provincial legislatures, from which it is not easy to collect accurate information. But it would appear that their amount must already be considerable : and I am anxious to receive a distinct statement of that amount.

I have therefore to instruct you, in exercise of the powers vested in you by the Constitutional Act, to require that all Bills of Provincial legislatures for the purpose of raising monies by loan, shall be reserved for your assent ; not to give such assent in any case unless either the amount is inconsiderable and the purpose temporary, or the exigency appears to you so great as to render departure from this rule essential for the public convenience ; and if ever loans to any serious amount should appear to be required by a Province, to require that the legislature should present to you resolutions to that effect, in order that you may confer with Her Majesty's Government previously to the introduction of any Bill for the purpose.

The second Act, being that passed to enable the Directors of the New Zealand Company to receive payment for the shareholders, does not appear to require any explanation.

The Act amending the Constitutional Act has been passed in pursuance of the resolutions of the Assembly seeking for a relaxation of that Act in certain particulars, and but slightly departs from the tenor of these resolutions. The additional freedom of dealing with the Constitutional Act thus acquired will as it seems suffice for the various purposes, financial and administrative, which were in contemplation by the legislature and by your Government.

It has been judged best absolutely to repeal the sections of the Constitutional Act (67, 68, and 69) which gave certain limited powers of amendment, lest if continued in operation they should appear to clash with the more general authority now granted.

It has been thought also necessary that the power given to amend the provisions of Section 19 of the Constitutional Act (which restricts the jurisdiction of the Provincial Councils) should be rendered exercisable only by Acts reserved for Her Majesty's pleasure. The reason for this limitation is not that it is wished to interfere with the views which the General Legislature may entertain on the subject, so far as these may concern New Zealand alone. But it is obvious that laws altering the powers of those Councils might have directly or indirectly the effect of altering the security which is now given for the repayment of the loan, and that they ought not therefore to be passed without Her Majesty's Government having an opportunity of examining them prior to their coming into operation.

I shall probably have shortly to communicate again with you as to the arrangements which may be made with the concurrence of the Lords Commissioners of the Treasury respecting the loan, but I thought it necessary not to allow the opportunity of the present mail to pass without conveying to you general instructions on the entire subject.

I have, &c.,  
H. LABOUCHÈRE.

Governor Gore Browne, C. B.,  
&c., &c., &c.

Radley, Abingdon, Berks,  
December 10th, 1857.

SIR,—

I transmit further copies of such parts of my correspondence as in my judgment are material to make you acquainted with the course of my proceedings in this country.

I also transmit a statement of sums received and paid by the Treasury on account of the New Zealand Company ; a statement of the route proposed by the new Steam Company, and of my view of the facts relative to Scott's Debentures submitted to the Colonial Office.

I will endeavour to complete my correspondence, and transmit it at the earliest opportunity .

As regards the Loan, I have nothing further to add, except that the official proposal made by the Union Bank of Australia, and which was communicated in my last, is still with the Treasury. I have written to Mr. Secretary Labouchere, requesting him to urge the Lords Commissioners of the Treasury to give their formal sanction to the proposal without delay. Mr. Labouchere has applied accordingly to the Lords Commissioner of the Treasury, but I have not heard of their reply. It will no doubt come in due course. Meantime you may, I think, safely consider the matter as settled.

Let me remind you that the *Governor's Request* (according to the terms of the Loan Act,) must be received in this country before the money can be raised. I earnestly trust that nothing will occur to prevent the arrival of this Document before the 1st April, 1858.

As regards the Steam Packet postal service. I observe by the Colonial Papers that the attempts to make arrangements in Australia for the establishment of a service have failed. My last letter will have acquainted you with the abandonment of the Panama line, at all events for the present. I am therefore now urging forward the completion of the arrangements which I was engaged in making

with a London Company. I have an appointment to meet the promoter of this undertaking on the 17th instant. I am sanguine as to completing these arrangements, provided I receive the sanction of the Colonial Government. As regards the details of the route, I have abstained from offering suggestions of my own. Whatever plan is adopted will doubtless be modified by experience. The great object is to get an adequate staff of vessels engaged in the service, and the aid of a sufficient bonus from the Imperial Government.

I have taken no further steps as regards Lighthouses or Trigonometrical Survey. As to the former, I could not advance the object without express sanction from the Legislature of the Colony. Indeed I am embarrassed by the position taken up by the Wellington Provincial Government in the matter. It seems to me impossible to reconcile the double action of the General and Provincial Governments with respect to Lighthouses. If the Wellington Government persist in establishing and maintaining their own Lighthouses on the Coast, such as at Pencarrow Head, any Lighthouses elsewhere must be constructed with special regard to the kind of Lights used at the Provincial Lighthouses. I cannot but believe and hope that the Provincial Government of Wellington will be brought to concur in the manifest propriety of placing the Light at Pencarrow Head under the control of the General Government.

I have heard nothing farther on the subject of Military Defence. You may assume that there is no intention at present of withdrawing troops.

I have, &c.,  
(Signed) HENRY SEWELL.

### CORRESPONDENCE, LETTERS &c.,

FROM THE UNION BANK OF AUSTRALIA TO MR. SEWELL.

17th August, 1857.

At an interview between Mr. Sewell and Mr. Cummins, the Chairman of the Union Bank, Mr. Cummins stated that he was disposed to recommend to his Board to take the 2nd guaranteed loan at par. Bond being dated four months previous to the payment being made. The Union Bank to make remittances to the Colony at par without charge. The periods for payments to be arranged.

38, Old Broad-street,  
18th August, 1857.

MY DEAR SIR,—

I think you will wish to know that there is no discordance between the views I expressed to you yesterday and those of the Directors generally on the subject of our conversation. I see nothing therefore to prevent our meeting your views fairly.

Truly yours,  
J. CUMMINS.

H. Sewell, Esq.

38 Old Broad-street, London,  
August 20th, 1857.

DEAR SIR,—

The suggestion made as to the basis upon which I believed that our Board would take the £500,000 New Zealand Loan (guaranteed 4 per cent, 30 years,) at par, and remit the portion to be paid in New Zealand without charge, did not directly embrace the point you have very properly raised. I justified the requirement that the Bonds should bear date and carry interest for four months before the date of issue and payment, by the necessity we should be under to change the position of our investments, so as to prepare funds, to make us independent of the money market here and to make such arrangements with our branches in Australia and New Zealand as may guard the bank against probably an adverse state of Exchanges in remitting so large a sum as would be required to be sent out. This being conceded I think the Bank ought to waive any benefit either in time or commission on the transmission of the Government funds which are to be provided out of the loan.

I assure you our Directors are disposed to enter into this matter with the utmost liberality, to meet your views, and I have pleasure in stating that Mr. George Glyn, senior, who is Banker and Trustee to this Bank and whom therefore I have consulted in perfect confidence, consider the terms named by me to be extremely moderate and such as ought to satisfy the Treasury.

I am, &c.,  
JAMES CUMMINS.

H. Sewell, Esq.

Weldscraft, Betchworth, Surry,  
21st August, 1857.

DEAR SIR,—

I am glad to inform you that at our weekly Board to day, authority was given by the Committee of which I am Chairman to contract for the £500,000 Loan on the basis suggested and stated in the paper of yesterday.

Very truly yours,

JAMES C. CUMMINS.

H. Sewell, Esq.

38, Old Broad-street,  
14th September, 1857.

DEAR SIR,—

I regret that in consequence of my not coming to the City on Saturday, your note of the 11th only reached my hand this morning.

I doubt exceedingly whether a public bidding would have procured an offer as favourable as the terms I have named.

It is not unusual to antedate the interest on Loans for public securities. In our case more time seemed to be warranted than is usual in consequence of the distance at which funds are to be provided for the use of the New Zealand Government.

Presuming however that we could meet your views by adopting a period of notice for the payments to be made at our Branches to New Zealand in lieu of the antedated interest, our Directors would not object to such a modification.

Be so good as to place your initials outside any letter you address to me, so that in case of my absence the Director who acts for me may attend to it and so prevent delay in the reply.

Very truly yours,

JAMES CUMMINS.

Henry Sewell, Esq.

38 Old Broad-street,  
13th October, 1857.

DEAR SIR,—

The serious fall which has taken place in the price of Consols and other securities will require to be taken into consideration when any modification is proposed in the terms indicated by me and approved of by our Board as the basis of a treaty for the New Zealand Loan.

It is very desirable that we should know as speedily as possible, the probabilities attending this matter, as if our services should be required, our arrangements will require prompt action on our part.

I am, dear Sir,

Your obedient servant,

JAMES C. CUMMINS.

Henry Sewell, Esq.

38 Old Broad-street,  
16th October, 1857.

MY DEAR SIR,—

I have communicated what has been done by my Co-Directors, and, high as the terms are against us, they are satisfied, leaving the burthen on my shoulders. May I request that you will name a time when it would be convenient to you to meet me on Monday, if possible, that the terms of our official letter may be agreed upon in conformity with Mr. Wilson's views.

Yours truly, &c.,

JAMES CUMMINS.

H. Sewell, Esq.

38, Old Broad-street,  
19th October, 1857.

MY DEAR SIR,—

I beg to hand you for consideration a sketch of the letter which I propose with your consent to address to you for transmission to the Treasury.

The words within the inserted commas are Mr. Wilson's, the words (at par) I have withdrawn as no doubt he intended.

I shall be in the way all to-morrow, as you may wish to see me on the subject, but before ½-past 11 or after 2 would suit me best.

I am, &c.,

JAMES C. CUMMINS.

Henry Sewell, Esq.

## DRAFT LETTER ENCLOSED.

Union Bank, Old Broad-street.

SIR,—

I have communicated to the Board of Directors of the Bank, the terms of the arrangement, made by me with Mr. Wilson and yourself at the Treasury, on Friday,—namely, that the £500,000 New Zealand Loan, 4 per cent., bonds for 30 years, guaranteed by the Home Government “is to be taken (at par) by the Union Bank of Australia, the bonds being dated three months before the time the money is paid by the Bank whether in England or in the Colony, according to the wants and desires of the Colony,”—the latter being understood to refer to the periods and wants indicated by you in our interview.

I have the honor to state that the Bank is prepared to carry out this arrangement and to study the interests and wishes of the New Zealand Government as their Bankers and to fulfil your instructions as their Representative in this matter.

I have the honor to be,

Sir,

Your obedient servant,

JAMES CUMMINS.

38, Old Broad-street,  
21st October, 1857.

DEAR SIR,—

I see that your views are not quite in accordance with mine. I have no doubt Mr. Wilson is quite aware of the true business position of the arrangements which I think I have expressed.

I seldom visit the City on Saturday, but if Friday or Monday will suit, I shall await your call, or should you desire it, I will come up on Saturday, in which case pray name your own hour.

I am, dear Sir,

JAS. C. CUMMINS.

Henry Sewell, Esq.

38 Old Broad Street,  
23rd October, 1857.

DEAR SIR,—

Your note of the 21st only reached my hands to-day, it appears however to be intended as a reply to mine of the same date.

I think no real difference can exist between us touching the Loan. I have your memorandum as to the *probable* periods when money will be required in New Zealand, and the amounts to be provided there by the Bank.

If you will favour me with an interview, I will lay before you your own memoranda and mine, which I have no doubt will satisfy you on this point.

I am very anxious that we should agree on the terms of the official letter to prevent any possible discordance arising. I shall be happy to keep any appointment you make, wishing only to reserve between 11.30 a. m. and 2 p. m. on Tuesdays.

Very truly yours,

JAMES CUMMINS.

H. Sewell, Esq.

38, Old Broad Street, London,  
28th October, 1857.

HENRY SEWELL, Esq.,

Dear Sir,—Your letter of the 24th reached my hands in due course. I waited to consult some of our Board upon the subject, which I hope you will accept as my apology for not replying sooner.

I am much obliged for the distinct statement you have given of the probable proportions of the Loan which are to be paid in London, in Sydney, and in New Zealand, and of the periods when the several payments may be required. I quite understand this information to have been given for my guidance; I never regarded it as being more; and I had hoped that I had clearly conveyed to you the assurance that the Bank would be ready to adopt such modifications as would not seriously disturb those probabilities. On this basis we agreed to take the Loan at par, the Bonds to be dated and bear interest three months prior to each payment, whether in England or the Colonies.

I would suggest that in the official letter to be addressed by me to you, I should engage on behalf of the Bank, to provide funds in London for payment of the amount due to the New Zealand Company, and that we should receive Bonds dated three months prior to our paying that amount; that after three months notice by the Government to our Manager at Auckland we should provide for the due payment at any one of our Branches in New Zealand or Sydney, as may be indicated by the notice, the funds required for the payment of the New Zealand Debentures issued under the old and last Debenture Acts, and the balance of the Loan, when required that such notice be furnished in duplicate; and that on its production by us at the Treasury here, we should be entitled to receive Bonds dated three months prior to the day on which the Bank has to pay the money.

We shall of course be prepared to receive your notice on behalf of the Government for the full payment required in the Colony.

I am, dear Sir,

Yours very faithfully,

JAMES C. CUMMINS.

Henry Sewell, Esq.

London, October 30, 1857.

DEAR SIR,—

I shall be glad to attend your appointment at any time you wish for further conference. Meanwhile, I may say that there will be no indisposition on the part of our Board, to meet the convenience of the New Zealand Government, by providing for payments in London on receiving notice of their wishes from our Manager at Auckland, a further sum beyond the payment to be made to the New Zealand Company, provided we can understand that about £30,000, or thereabout, will suffice for the purpose.

I am, dear Sir,

Faithfully yours,

JAMES C. CUMMINS.

H. Sewell, Esq.

Radley, Abingdon Berks,  
November 12, 1857.

SIR,—

I have the honor to transmit an official proposal from the Union Bank of Australia with reference to the New Zealand Guaranteed Loan.

You will observe that the proposal is made on the basis of recent correspondence which has taken place between me and Mr. Cummins, the Chairman of Committees of the Union Bank. A portion of that correspondence has been already transmitted to you. The continuation is herewith.

The proposal of the Union Bank appears to me to be in accordance with the terms agreed on. So far as the Colonial Government of New Zealand is concerned, I beg to express my assent; and I submit it to the favourable consideration of the Lords Commissioners of the Treasury, trusting that it will be accepted.

I have the honor to be, &c., &c.,

HENRY SEWELL.

J. Wilson, Esq.,

Secretary to the Treasury,  
London.

London, 6th November, 1857.

DEAR SIR,—

You will receive with this the official letter of the Bank *verbatim*, the same which we agreed upon. The present aspect of the money market is really alarming. I hope we may soon see indications of improvement.

There will be no indisposition on the part of our Board to transact the Banking business of the New Zealand Government in London.

I am, dear Sir,

Very truly yours,

JAS. C. CUMMINS.

Henry Sewell, Esq.

Union Bank of Australia, 38, Broad-street,  
London, 6th November, 1858.

SIR,—

Acting upon the basis indicated in the recent correspondence which has taken place between yourself and Mr. Cummins, the Chairman of Committees of the Bank, by which it appears that the New Zealand Government will require to apply the funds arising out of the proceeds of the £500,000 Loan raised under the Guarantee of the Imperial Government by the issue of Bonds bearing interest at the rate of four per cent. per annum, for a period of 30 years from the dates thereof, in the following way, viz :—

- 1.—£170,000 or thereabouts in London, for payment to the New Zealand Company.
- 2.—£30,000 or thereabouts required at Auckland, say on the 1st April next.
- 3.—£90,000 or thereabouts to pay the New Zealand Debentures issued under the last Debenture Act, and believed to be payable in Sydney.
- 4.—£25,000 or thereabouts to pay off old New Zealand Debentures.
- 5.—£185,000 (the Balance) as may be required for the purchase of Native Lands to be paid in New Zealand.

And with the further understanding, that the New Zealand Government shall be at liberty to demand the payment in New Zealand, and to increase those in London, by an amount not exceeding £30,000.

The Board of Directors have authorised the agreement made by Mr. Cummins, on behalf of the Bank, to take the said Bonds *at par*, and will be prepared accordingly to pay for the Bonds to be issued for the proportion of the Loan required in London on the 1st of April next, when the same are to be handed to the Bank, and further to make the payment required by the New Zealand Government at Sydney, and those which will be required to the extent of the balance of the Loan at any Branch of the Bank in New Zealand; the place and period for every such payment to be fixed accordingly by the New Zealand Government or its authorised Agent, who shall give three months notice in writing of the same to the Manager of the Bank at Auckland. Such notice to be issued in duplicate. And on the production of either part thereof at the Treasury in London, the Bank is to receive the Bonds to be issued in respect of the payment so ordered.

All the Bonds are to bear date and carry interest for a period of three months prior to the times fixed respectively for the payments whether in England, Sydney, or New Zealand.

This Bank is to make no charge in respect of the payments, whether at home or abroad.

I have the honor to be, Sir,

Your most obedient Servant,

By order of the Board,

EDWARD SAUNDERS,  
Secretary.

RECEIPTS INTO THE COMMISSARIAT CHEST IN NEW ZEALAND, ON  
ACCOUNT OF THE SHARE IN THE PROCEEDS OF LAND SALES  
DUE TO THE NEW ZEALAND COMPANY.

Date of Receipt into the Commissariat Chest.	Province.	Period.		£	s.	d.
		to				
1853, 13th July ...	Nelson .....	5th July, 1850	30th June, 1853	1196	15	8
25th July ...	Wellington ...	4th March, 1853	" " "	466	5	0
23rd Nov. ...	Nelson .....	July, "	October, "	843	15	9
1854, 22nd May ...	Auckland .....	5th July, 1850	31st March, 1854	18,418	18	11
6th May .....	Nelson .....	1st Nov., 1853	31st March, "	1496	9	10
13th June ...	" .....	1st April, 1854	31st May, "	1047	6	6
19th July ...	" .....	1st June, "	30th June, "	1309	5	3
9th August...	" .....	1st July, "	31st July, "	1558	2	10
21st Sept. ...	Auckland .....	1st April, "	31st July, "	4727	13	9
21st " ...	" .....	1st August, "	31st August, "	325	16	10
12th October	" .....	1st Sept. "	30th Sept., "	762	11	2
17th Nov. ...	" .....	1st October, "	31st October, "	1402	6	2
29th Sept. ...	Nelson .....	1st August, "	31st August, "	282	6	0
20th Nov. ...	" .....	1st Sept., "	31st October, "	185	18	1
8th Decem....	Otago .....	4th July, 1850	31st May, "	1289	19	5
8th " ...	New Plymouth	20th August, 1853	31st Dec., 1853	504	4	11
8th " ...	Canterbury ....	1st July, "	30th June, 1854	595	10	0
12th " ...	Auckland .....	1st Nov., 1854	30th Nov., "	570	4	3
1855, 26th January	Auckland .....	1st Decem., 1854	31st Dec., 1854	297	14	1
5th February	Nelson .....	1st Nov., "	31st Dec., "	703	0	8
5th " ...	" .....	1st Jan., 1855	31st Jan., 1855	508	5	6
7th " ...	Auckland .....	1st Jan., "	31st Jan., "	723	13	10
16th March	Wellington ...	1st July, 1853	30th Sept., 1854	7777	12	6
16th " ...	Canterbury ...	1st July, 1854	30th Dec., "	8057	11	0
16th " ...	Otago .....	1st June, "	31st Dec., "	465	2	7
16th " ...	Auckland .....	1st February, 1855	28th Feb., 1855	700	17	11
9th May.....	" .....	1st March, "	31st March, "	644	12	7
10th April ...	" .....	1st April, "	30th April, "	670	3	11
8th June ...	" .....	1st May, "	31st May, "	876	12	1
10th April ...	Nelson .....	1st Feb., "	31st March, "	335	10	0
11th May ...	" .....	1st April, "	30th April, "	220	7	2
16th " ...	Wellington ....	1st October, 1854	31st Dec., 1854	748	2	6
16th " ...	Ahuriri.....	Not stated.	30th Nov., "	446	8	1
5th July.....	Auckland .....	1st June, 1855	30th June, 1855	550	12	3
13th August	" .....	1st July, "	31st July, "	711	6	9
13th " ...	Wellington ....	5th July, 1850	4th March, 1853	20	17	6
9th " ...	" .....	1st Jan., 1855	30th June, 1855	1298	18	9
10th " ...	Nelson .....	1st May, "	30th June, "	602	6	2
11th Sept. ...	Auckland .....	1st August, "	30th August, "	495	10	1
17th August	Nelson .....	1st July, "	31st July, "	72	7	6
4th October	Auckland .....	1st Sept., "	30th Sept., "	164	12	4
25th Sept. ...	Nelson .....	1st August, "	31st August, "	70	7	2
22nd October	Wellington ....	1st July, "	30th Sept., "	345	16	10
1856, 21st October	.....	.....	Particulars not stated.	22,434	2	2
				£86,916	2	3



PAYMENTS TO THE NEW ZEALAND COMPANY. ON ACCOUNT OF THEIR  
SHARE IN THE PROCEEDS OF LAND SALES.

Date of Receipt by the New Zealand Company.	Province.	Amounts paid.			
		£	s.	d.	£ s. d.
1854, 23rd September .	Nelson .....	1196	15	8	
23rd " .	Wellington .....	466	5	0	
23rd " .	Auckland .....	.....			1663 0 8
24th November .	" .....	.....			7792 7 2
21st December ...	Wellington .....	.....			10,627 11 9
22nd " .	Nelson .....	843	15	9	19 17 6
22nd " .	" .....	1476	9	10	
22nd " .	" .....	1558	2	10	
					3878 8 5
1855, 4th January .....	Nelson .....	1047	6	6	
4th " .....	" .....	1309	5	3	
					2356 11 9
21st February ...	Auckland .....	4727	13	9	
21st " .....	" .....	325	16	10	
					5053 10 7
20th March .....	" .....	.....			762 11 2
12th April .....	" .....	1402	6	2	
12th " .....	Nelson .....	282	6	0	
					1684 12 2
8th May .....	Otago .....	1299	19	5	
8th " .....	New Plymouth .....	504	4	11	
8th " .....	Canterbury .....	595	10	0	
8th " .....	Nelson .....	185	18	1	
8th " .....	Auckland .....	570	4	3	
					3155 16 8
22nd June .....	" .....	.....			297 14 1
21st August .....	Nelson .....	703	0	8	
21st " .....	" .....	508	5	6	
21st " .....	Auckland .....	723	13	10	
21st " .....	Wellington .....	7777	12	6	
21st " .....	Canterbury .....	8057	11	0	
21st " .....	Otago .....	465	2	7	
21st " .....	Auckland .....	700	17	11	
					18,936 4 0
16th November .	" .....	644	12	7	
16th " .	" .....	670	3	11	
16th " .	" .....	876	12	1	
16th " .	" .....	335	10	0	
					2526 18 7
15th December .	Auckland .....	220	7	2	
15th " .	Wellington .....	748	2	6	
15th " .	Ahuriri .....	446	8	1	
					1414 17 9
1856,	Auckland .....	.....			550 12 3
1856, 2nd January ....	" .....	711	6	9	
10th " .....	" .....	1298	18	9	
10th " .....	" .....	602	6	2	
					2612 11 8
4th February ....	" .....	495	10	1	
4th " .....	" .....	72	7	6	
					567 17 7
13th " .....	" .....	.....			164 12 4
18th March .....	Nelson .....	.....			70 7 2
5th May .....	Wellington .....	.....			345 16 10
3rd November ...	Particulars not given.	.....			5500 0 0
1857, 7th March .....	Ditto ditto	.....			16,934 2 2
					£86,936 2 3

## STATEMENT RELATIVE TO THE CASE OF SCOTT'S DEBENTURES.

On the 17th February, 1851, Sir George Grey, then Governor of New Zealand, issued, in favor of one David Scott, Debentures to the amount of £3675 16s., purporting to be charged on the Land Fund of the Province of New Munster in that Colony, at £8 per cent. interest; that interest has since been paid out of the general Revenue of the Colony.

On the 13th December, 1851, Sir George Grey also paid £400 for the purchase of a Crown Grant, of land in the town of Wellington, issued to one ——— Young.

The colony of New Zealand seeks to be relieved from these charges, and to be reimbursed all sums and interest paid in respect thereof.

The case will be understood best by reference, first to the case submitted to the Law Officers of the Crown, by the Land and Emigration Commissioners on the 19th March, 1850 (see Parliamentary Papers, New Zealand, 1st July, 1852, p. 591.) This case states briefly the outline of the original facts. Fuller and more complete details will be found in Mr. Fox's letter to the Secretary of the New Zealand Company of the 29th September, 1850 (ibid. p. 450); and in a memorandum of the Colonial Secretary, enclosed in a despatch from Sir George Grey to Earl Grey, 31st January, 1849 (ibid. p. 568.)

It would be needless here to recapitulate the facts, appearing upon the foregoing Documents, which I shall consider as incorporated in this statement. I will add such supplementary facts as appear to me necessary to complete the case. I think this will be best done by a narrative of what has occurred since the issue to Scott of his Crown Grant.

David Scott having in 1845 obtained his Crown Grant, the importance of his claim, hitherto undervalued, began to be recognised. It became clear that, if the Company purchasers were disposed, heavy claims would be made on the Company for compensation; and great losses and much inconvenience would be suffered by individual settlers. The nature of the case and the numbers affected by it, made it in some degree, a matter of public concern; and the local Government endeavoured, without success, to negotiate with Scott for the settlement of his claim. In 1846, Scott commenced proceedings in ejectment against the persons in possession, who derived Title under the New Zealand Company; whereupon the Company issued a *scire facias* to try the validity of Scott's Grant. The other parties (Fox and Macdonald) were in a like case with Scott. In June, 1847, the *scire facias* in Scott's case was tried; but the Jury would not agree in a verdict. In March, 1848, Scott proceeded with his ejectment, and obtained judgment; and, after an ineffectual attempt by the Company to set aside the proceedings, Scott issued execution and obtained possession. The Company determined to appeal to the Privy Council, but (there being technical difficulties in Scott's case arising from the state of the pleadings) Macdonald's case was proceeded with. A *scire facias* was issued to try the validity of Macdonald's Grant, which was argued upon demurrer in January 1849, and judgment given for the Defendant. Meantime, and pending these proceedings, negotiations were opened with Scott, through the local Government, for buying up his claim.

March 27, 1848, Lieutenant Governor Eyre, (through his Private Secretary,) addresses Scott, proposing "to recommend to the Governor-in-Chief that the sum of £1200 should be paid to him by the Crown, upon his surrendering his Grant." But he warns him, "not to draw inferences as to the grounds on which the Crown was induced to interfere," and adds, "that the Crown is not to be pledged to the offer, till the Governor-in-Chief has been communicated with." The Lieutenant Governor, he says, is willing to take upon himself the responsibility of advising that the Crown should, by taking an unusual step, endeavour at once to settle the dispute between him, (Scott) and the Company; \* and trust to being enabled thereafter to adjust the question in a satisfactory and amicable manner with that body in England."

April 3, 1848, Scott declines the offer, demanding £7000, and intimating his intention to appeal to the Home Government.

April 5, 1848, Lieutenant Governor Eyre's Private Secretary writes to Scott, regretting that his efforts at compromise had not been successful; but pointing out that, "as the case in dispute is at present between him and the Company, he cannot conceive any proposals which may appear to make the Crown a party concerned, or may imply that he, (Scott) had in any way a claim against it."

Same date, Lieutenant Governor Eyre forwards to Col. Wakefield, copies of the correspondence with Scott, expressing "regret that he had been unsuccessful in settling the question, but that, after what has already taken place, he does not see that the Crown can do anything further at present."

April 7, 1848, Colonel Wakefield acknowledges the receipt of Lieutenant Governor Eyre's communication, "thanks him for his exertions, regrets that it is too late to feel sanguine that any arrangement can take place, but does not despair of reversing the decision of the Supreme Court on Appeal."

April 8, 1848, †Colonel Wakefield transmits the correspondence to the Secretary of the New Zealand Company; states his intention to prosecute further proceedings; that although the Lieut. Governor repudiated "all liability of the Government to Scott, it cannot escape the obligations morally incurred by the wrong acts of its own servants, and the expenses must eventually be made to fall on the Crown." He concludes by stating, that he shall endeavour to thwart these experiments upon the Company's purse by all legal means in his power."

August 23, 1848, the Secretary of the Company transmits the correspondence to Earl Grey, without comment.

\* This appears to me to show that the Lieutenant-Governor did not mean to pay £1200 on account of the Government, but as an advance to be repaid by the Company.

† It is impossible not to observe that though Colonel Wakefield uses this language to the Company, his language to the Governor bears an opposite construction, and implies that he considered the Company the party liable.

Case for opinion of Law Officers, 19th March, 1850, Parl. Papers, July, 1852, p. 591. Mr. Fox's letter to the N.Z. Co., 29th Sept., 1850.—Ibid, p. 450. Memorandum of Colonial Secretary, 30th Jan., 1849 — Ibid, p. 568.

See Parl. Papers, July, 1852, p. 233.

Ibid.

Ibid, p. 237.

Ibid, p. 233.

Ibid, p. 237.

Ibid, p. 226.

January 1849, Grace, one of the ejected Settlers, memorialises the Secretary of State, (Earl Grey) setting forth his grievances, estimating his losses, and appealing to the justice and humanity of the Home Government." Ibid, p. 569.

January 31, 1849, Sir George Grey transmits Grace's memorial to Earl Grey, with a letter pointing out, "that there can be little doubt that the New Zealand Company or the Government will be called on to pay compensation to the amount probably of £7000 or £8000. He adds, that the farther question will arise, from what source the amount to be paid is to be derived; as there is so strong a feeling upon the subject of the issue of the Grants complained of that he thinks it will be difficult to induce the Colonial Legislature to vote the necessary amount from the Revenue of the Colony." \* Whilst as the Crown has, in the Province of New Munster, given the whole contract of the Land Revenue to the New Zealand Company, any compensation which it may be proposed to give to the claimants, could only be taken from the Land Fund with the New Zealand Company's consent. Ibid, p. 569.

August 14, 1849, Mr. Merivale transmits to the New Zealand Company Sir George Grey's Despatch and accompanying Documents, and informs them "that Lord Grey will call for a Report on the subject from the Land and Emigration Commissioners;" which he does accordingly. Ibid, p. 567.

August 20, 1849, the Land and Emigration Commissioners make their Report. They recapitulate the facts. They lay considerable stress on Governor Hobson's promise to the New Zealand Company in 1841; and on the supposed fact, that the Company had "taken all the steps in their power, by legal proceedings, to set aside the disputed Grants." Ibid, p. 583.

They recommend "that the validity of the Grants should be brought to Trial before the highest Tribunal; that the matter should be referred to the Law Officers of the Crown. If the opinion of the Law Officers should be in favour of Appeal, and if the result should be to set aside the Grants, the question of compensation to Scott and the others would be easily decided; and the source from which such compensation should come, evident. But, if the Law Officers should dissuade further legal proceedings, or, if such proceedings should affirm the validity of the Grants, the question from what source the compensation for the present occupants of the land is to be drawn, is open to great difficulty. Governor Grey states, that so strong a feeling exists in the Colony on the subject of these Grants, that it will be found difficult to induce the local Legislature to vote the necessary amount for the purpose from the Colonial Revenue. The burthen of paying the compensation will probably therefore fall on the Government, or the New Zealand Company. As far as the Company is concerned, we do not see that there is any ground on which they could be required to pay more than the trifling compensation which would have been due from them, under the arrangement guaranteed † by Governor Hobson. It appears to us that as the local Ordinance gave to the Governor ample power to deal with any claims to land within the town of Wellington, and as the Company had obtained from the Governor a formal and public assurance that such claims should be extinguished in their favour on their compensating the claimants, they were justified in assuming that their settlers were secured in their property. The Grants to Mr. Scott and others were not issued in the interest of the Company or with their consent, but to their manifest disadvantage; and, as soon as intelligence of them was received in the country, a protest was addressed by the Company to the Secretary of State. They appear also to have already taken all the steps in their power, by legal proceedings, to set aside these Grants. We conceive that under these circumstances, the Company might fairly deny their liability to any claim upon them for compensation. It only remains to consider in what way the Government should provide for this charge. The disposal of land in the Southern Province having been ceded to the New Zealand Company, the Government could not, without the consent of the Company, derive the compensation from the Land Fund in that Province; and as Governor Grey does not advert to the Land Fund in the Northern Province, we presume that there are not the means at present of meeting this charge from that source. At the same time, it appears to us that the Land Fund ought, if possible, to bear all the charges of this nature which are connected exclusively with the disposal of land. And we would accordingly suggest that, if any compensation be eventually awarded to the Settlers in question, it should be paid in ‡ Land Scrip, available at the Government sales in the Colony." This opinion is subsequently altered.—See their letter of the 14th Nov. 1849.

28th September, 1849.—The Secretary of the Company acknowledges the receipt of the Report the Land and Emigration Commissioners. "They (the Company) earnestly hope that Lord Grey will think it right, in compliance with the recommendations of the Commissioners, to lay the case before the Law Officers of the Crown, and, if so advised by them, institute proceedings, with a view to causing the whole of the Grants to be set aside." Ibid, p. 436.

11th October, 1849.—Lord Grey directs a Case to be prepared accordingly. Ibid, p. 589.

14th November, 1849.—The Land and Emigration Commissioners submit to Mr. Ellard for Lord Grey's consideration, the draft case prepared by them. They point out that "their former opinion, as to the nonliability of the Company to make compensation, was grounded on a misapprehension of the case;" their argument, "that the New Zealand Company could not be called on for compensation, having proceeded on the assumption that Governor Hobson's arrangement of 1841 had continued in force;" but the result of an examination of correspondence between the Company and the Colonial Office appears to render less conclusive the argument, as to the quarter from which compensation should proceed. They consider Governor Hobson's arrangement of 1841 as having been superseded by Lord Stanley's arrangement of 1843. They propose to take the opinion of the Law Officers "not only on the question whether the judgment" of the Supreme Court can be properly affected against; but Ibid, s. p.

\* He should also have observed, that as the New Zealand Company, October 1847, fixed on the entire Land Fund of the Colony, a charge of £268,000, after surveys and emigration, there was no power to charge the Land Fund of any part of the Colony with the proposed compensation.

† This I think questionable.

‡ But Land Scrip is in fact an anticipation of Revenue, which could not, I presume, be effected without Parliamentary sanction.

whether, if not, the compensation to the ejected settlers ought to be provided by the Crown or the Company. Also they submit, that the Draft Case, and their report should be communicated to the Company."

Ibid, s. p. 11th December, 1849.—Mr. Hawes transmits to the Company the Draft Case and Report of the Land and Emigration Commissioners.

Ibid, p. 445. 18th December, 1849.—The Secretary of the Company acknowledges the receipt, and promises to return the Draft Case without delay.

At this point, the Case takes a new turn.

Ibid, p. 449. On the 25th January, 1850.—The Secretary of the Company transmits to Earl Grey, copies of letters, with enclosures, received from Mr. Fox, the Company's Agent in the Colony.

Mr. Fox writes on the 29th September, 1849, from Wellington, with a full narrative of all the facts relative to Scott's claims, and the proceedings in *Scott v. Grace*. He proceeds to point out the injurious consequences which would have been likely to ensue from Scott's proceedings against the Settlers, in occupation of the Land in dispute; and states that "under these circumstances he entered into negotiation with Mr. Scott, for the purchase of his grant, as the only means of protecting the numerous occupiers from ruin and distress; and the Company from almost endless and most costly litigation, accompanied probably by damages greatly enhanced by the sufferings which the parties would have undergone had he declined to interfere." He then enumerates sums which he has agreed to pay, for settling all the Claims as follows, viz.,—

	£.	s.	d.
To Scott .....	4850	0	0
Do. for Rents .....	412	0	0
Macdonald .....	1800	0	0
Young .....	1000	0	0
Costs .....	36	15	0
Dr. ....	1049	9	0
	<hr/>	<hr/>	<hr/>
	£9148	4	0

Mr. Fox justifies this measure, by consideration of the endless litigation, the chance of damages against the Company, and the personal suffering and dissatisfaction, both public and private, which would otherwise have resulted." He adds various grounds on which he relies, for the Government being made liable to make the amount good.

Mr. Fox, at the same time, draws on the Company for £2076 11s. 7d. on account of the payments agreed to be made.

Ibid, p. 449. 25th January, 1850.—The Secretary of the Company transmits the above correspondence to Earl Grey—states that "the Commissioner, Mr. Cox, has hesitated as to consenting to an acceptance of the bill drawn by Mr. Fox, on the ground that the expenditure for which it is drawn has not before been estimated for or sanctioned, and that the funds, which are or will be at the disposal, of the Company, between that time and the 5th July, 1850, are not, and he fears may not be, in a position to bear the extra expenditure, without entailing a liability to the amount in question upon the Government in the event of the Company suspending its operations, on the 5th July, 1850. On the other hand, the Directors are apprehensive, that an acceptance on their part without previous submission of the matter to Lord Grey may wear the appearance of abandoning the claim upon the Government; and expressing an opinion, which they do not hold, that the obligation of providing compensation rests upon the Company. Under the circumstances, the Directors trust that Lord Grey will give his sanction:

1st. To the bill in question being now accepted by the Directors, without prejudice to any claim upon Her Majesty's Government.

2nd. To the entire amount involved in the arrangement being supplied from the funds placed at the disposal of the Company, under the Act 10 & 11 Vict., C. 12, in the event of the opinion of the Law Officers being adverse to the Company; and,

3rd. To such amount being provided by Her Majesty's Government, irrespectively of funds placed at the Company's disposal under the Act above mentioned, in the event of the Law Officers being of opinion that the Government ought to supply the means of compensation."

Ibid, p. 597. 31st January, 1850.—Mr. Hawes replies to the Secretary of the Company informing him that "Lord Grey feels it extremely difficult to give any satisfactory reply, under the double uncertainty whether the Company proposes to continue its operations, and whether such compensation as may be due to the parties thus circumstanced at Wellington will ultimately fall on the Company or on Her Majesty's Government; but, that no unnecessary impediment may be thrown in the way, if the Directors determine on accepting the bill, they may rely on the following understanding:

That such acceptance be without prejudice to the question, whether the liability fall ultimately on the Government or the Company. Should it fall on the Government, it is not likely that any further question shall arise on the subject of payment, although Lord Grey cannot without further information pledge himself to approve of Mr. Fox's conduct, who, regarding this as he states as a liability of the Government, nevertheless took on himself to substitute an arrangement of his own for the discharge of it, in lieu of that which was in progress.

Should it fall on the Company, then, in the event of the Company continuing its operations, this transaction must form the subject of arrangement.

Should it discontinue its operations, then assuring the Company's liability the money may be supplied from funds at the Company's disposal, if sufficient, after discharging prior liabilities.

But Lord Grey cannot consent to having that sum charged on the Crown Lands themselves, of which the Company has now the controul, so as to be liable to be defrayed out of such monies as Her Majesty's Government may receive from the sale of them, after the Company's dominion over them has ceased.

He will however have no objection, if the Directors wish it to allow the £2000 to be deducted from sums which the Government will have to pay the Company, in the event of the discontinuance of its operations for the surrender of its own estate under See 20 of the Act."

1st February, 1850.—The Secretary to the Company in a letter to Earl Grey, acknowledges "the considerateness by which Mr. Hawes's reply was dictated" and transmits a copy (of same date) of a letter written to Mr. Fox, in which he points out to that gentleman the irregularity of his proceedings, that measures were in progress for obtaining the opinion of the Law Officers of the Crown, and bringing the case by appeal before the Provincial Council "that there was an obvious contradiction in stepping in, believing as he did the Government to be liable without the consent of the Government, a proceeding which involved risk of weakening the Company's claims on the Government." That they have accepted the bill for £2,076 11s. 7d.; but withhold their decision, as to whether they will or will not confirm the arrangement till the question of liability has been determined. "Meantime they instruct him to draw no more bills."

During the interlocutory correspondence, the Draft Case remained in the hands of the Company.

6th February 1850.—The Company returns the Draft Case, with a letter from their Secretary to Earl Grey, with some remarks, the object of which appears to be to show, that Governor Hobson's arrangement continued in force; That Lord Stanley's arrangement was in fact a renewal or confirmation of it, and that, under it, the Company were entitled to have an absolute Grant of the disputed land, discharged of Scott's Title, "who would better have had no claim whatever to compensation, or a claim to such land only as might have been recommended by the Commissioners of claims under the Local Ordinance of June 1841."

19th March, 1850.—The Case, as prepared by the Land and Emigrant Commissioners, is submitted to the Law Officers of the Crown.

Now I have to notice an omission, which I submit, is very material, in the statement laid before the Law Officers of the Crown. The facts disclosed in the recent correspondence, particularly in Mr. Fox's letter should have been made part of the case. The absolute and unconditional purchase by the Company through their Agent, of Scott's Grant, altered the whole status of the question. The Company seem to have loaded, as far as possible, the responsibility imposed on them by this Act of Mr. Fox, by an indirect attempt to obtain Lord Grey's sanction and adoption of it, and by withholding their express confirmation of it, and instructing Mr. Fox to draw no more bills. But the fact, that their Agent had bought up Scott's claim, precluding all possibility of appeal, could not be altered by the Company refusing to sanction this act of their Agent, even had they refused to sanction it, which they did not. They left it to its operation. Scott ceased to have an interest in the question; and his remedy for the unpaid balance of purchase money would obviously have been against the Company.

By this act of their Agent, they assumed two most important responsibilities;—one that of precluding appeal, the other that of measuring the quantum to be paid; fixing that as Sir George Grey points out) at its most extravagant rate, of which Sir George Grey expresses his absolute disapproval. This arrangement was come to, in the Colony, without consultation with the Colonial Government, upon whom it was afterwards sought to cast the burthen.

16th April, 1850.—The Law Officers report to Earl Grey their opinion on the case submitted to them.

"They cannot with propriety, advise an Appeal from the judgment of the Court in New Zealand, without seeing the judgment and a Copy of the proceedings upon which the judgment was founded.

"But assuming the judgment to be sustained, Messrs. Grace, and others, are entitled to compensation; and such compensation ought under the circumstances to be paid by the Government."

This opinion of the Law Officers points directly to the question of appeal; and shows how material to the right consideration of the case, was the fact of Scott's Grant having been bought up by Mr. Fox, on behalf of the Company, whereby an appeal was precluded. If on examination, there had appeared grounds of appeal, that course would have been advised. But were there such grounds? That question has been decided by the Privy Council in the case of the Queen v Clarke (Moore's Rep. ) The charge made against the Government is, that they issued a Crown Grant to Scott improperly, in contravention of the Local Land Claim's Ordinance. The Privy Council decided, in the case of the Queen v Clarke, that such a Grant was invalid. The decision in that case has in principle reversed the decision of the Supreme Court in Scott v Grace; and, but for the act of Mr. Fox intercepting the course of Law, the same rule would have been applied to Scott's case.

The case then stands simply thus;—that, (pending the question of appeal, and whilst the principle of the judgment of the Colonial Court was yet *sub-judice*) the Company, through their Agent, interposed, without the sanction of the Colonial Government, bought up Scott's Grant at an extravagant rate and precluded an appeal, which if prosecuted, would according to the decision of the Queen v Clarke, have been successful.

I cannot under these circumstances think that the Colonial Government is chargeable with this loss.

To proceed.—31st July, 1850.—Earl Grey directed the Governor of New Zealand, "to report the steps he might take for closing the claim of Grace, and others similarly circumstanced, and further to report, whether the cost of settling the claims appeared properly to form a charge against the Local Government or against the New Zealand Company."

Had they seen it in connexion with the decision of the Privy Council in the case of Queen v. Clarke, they would doubtless have given an opinion in accordance with that judgment.—H. S.

Sir George Grey does not appear (so far as I am aware) to have taken any steps till the month of January 1851,—when, being pressed by all parties to bring matters to a settlement, the Company having refused to pay any more money, and Scott no doubt becoming importunate, an arrangement was come to between Mr. Fox, (still acting as the Company's agent,) and Sir George Grey, the particulars of which are detailed in Sir George Grey's letter to Earl Grey of the 3rd January, 1852. After recapitulating the leading facts, and enumerating the sums agreed to be paid by Mr. Fox to the different parties, Sir George Grey proceeds,—“The Government were then required to make good an arrangement, which Mr. Fox, without being in any way authorised to do so, had concluded on their behalf. Under these circumstances when I found it was necessary, upon account of the pressing nature of Grace's Claim, to make some immediate arrangement respecting it, I only made a qualified arrangement, which is detailed in the accompanying enclosures, from which it will be seen, that it is to be arranged in England, what proportion of the amount is to be paid by the Local Government, and what proportion is to be paid by the New Zealand Company; and I thought this the more necessary, because the total sum which Mr. Fox had agreed to pay, so far exceeded the estimate of the Local Government, that it appeared quite unreasonable; and because it came out in the proceedings before the Supreme Court, that Grace was not in reality the person interested, as he had assigned all his interest in the land to Mr. Fox himself, in Trust after the account of a Mortgage, so that Mr. Fox himself was hardly a proper person to have concluded an arrangement in such a case, and it would appear wrong that the public should under such circumstances suffer loss.”

I have no reason to suppose that Mr. Fox had any personal interest in the matter.

The arrangement come to is in these Terms.

Jan., 1851.  
Agreement between Sir G. Grey and Mr. Fox.

“Memorandum.—It is agreed between the Provincial Government of New Munster and the New Zealand Company, that the sum of £3,543, being the amount conditionally agreed to be paid by Mr. Fox, as the principal agent of the Company, to Mr. D. Scott as the purchase money and arrears of rent of the Land granted to him under a certain deed of Grant dated the 19th day of July, 1845, and signed Robert Fitzroy, shall, in the event of the Law Officers of the Crown in England deciding that the Provincial Government is to bear these expenses, be considered and deemed to be a charge upon the Land Fund of the Province, bearing interest at the rate of 8 per cent per annum, the interest being payable, half yearly, out of the said Fund, and in the event of the Law Officers of the Crown deciding that the said expenses are to be borne by the New Zealand Company, that the said sum of £3,543 is to be deducted from the sum of £268,307 15s. payable to the New Zealand Company, under Clause 20 of the Act of Parliament 10 & 11 Vict., C 112.

“It is further agreed that, in case of the decision of the Law Officers in England, or other ultimate Tribunal should be favourable to the New Zealand Company, the right of the Company to indemnification for the sums already paid on account for the mesne profits, law expenses, rents, &c., shall not in anyway be prejudiced by the foregoing arrangement.”

“Dated &c., January, 1851.

“Signed and approved, WILLIAM FOX,  
“Principal Agent, New Zealand Company.”

The amount was probably increased by costs and interest.

In pursuance of this arrangement on the 17th February 1851, Sir George Grey issued Debentures, charged on the Landfund of the Province of New Munster for £3675 16s., bearing interest at 8 per cent.

Interest on the Debentures has been paid by the Colonial Government up to April 8th last, amounting to £1763 6s. 3d.

On the 13th December, 1851.—There was paid by the Colonial Government for the purchase of Young's Grant, in pursuance of the same arrangement, the sum of £400.

The Colony asks to be relieved and reimbursed in respect of these payments and liabilities; but is ready to submit the question to be decided by the Law Officers of the Crown. Agreeably to the spirit and intention of Sir George Grey's arrangement with Mr. Fox, I will state the grounds on which I conceive the Colony is entitled to such relief and reimbursement.

First I am not aware of any authority by which Sir George Grey could create a legal charge on the Land fund of the Province of New Munster, by way of payment to Scott.

At the time when these Debentures were issued there was not—(indeed at no time was there) any Land fund of the Province of New Munster, separate from the Land fund of the Colony.

The effect of the Debentures had they been in force, would have been to contravene the provisions of the New Zealand Settlements Act, 1851, The Canterbury Association Act 1850, The Royal Charter of Otago, The Imperial Act of 16 & 17 Vict., C. 112, and The Royal Instructions of 1846. I shall not stop to examine minutely the effect of those Acts and Instruments. It will I think be sufficiently obvious, that the power to create permanent debt on the Land fund would have been inconsistent with existing Laws, fixing specific burthens on it, and directing particular modes of appropriating it. I therefore venture to treat the Debentures issued by Sir George Grey as illusory securities, the sole value of which rests on the good faith of the Colony towards innocent parties, who received and hold them no doubt, in ignorance of their intrinsic worthlessness.

Upon the general objections to assigns it would be needless to enlarge.

Letter from the L. & E. C. to Mr. Merivale, P. P. 1852, p. 584.

In point of reason and principle, I can admit no ground for fixing a charge of this nature on the Land fund. With great respect for the opinion of the Land and Emigration Commissioners (who recommended the issue of Land Scrip by way of compensation), I dissent from that proposition. The Land fund is specially dedicated to objects of prospective improvement; and, if ever made to bear charges of a permanent kind, ought only to be liable for such as supply means of *permanent improvement*. To make good a supposed blunder of a former Government, in the issue of a Crown Grant

wrongly, is not a suitable application of accruing any future Land fund. Try the principle by applying it in extremes, and you defeat the whole object of a Land fund. In the present instance, the Commissioners seem to have overlooked the fact, that Parliament had expressly dedicated the extra Land fund of the Colony to particular objects, viz.,—To Surveys and Emigration, and the Company's Charge of £268,000.

10 & 11 Vict.,  
c. 112, 1847.

Still more unreasonable was it to attempt to fix such a charge on the Province of New Munster, including Nelson, Canterbury and Otago, which were in no way concerned in the matter. If the charge was to be made a local one, it should have been fixed on Wellington alone—otherwise Auckland and New Plymouth should not have been exempted from the common responsibility for Governor Fitzroy's alleged mistake.

The truth, no doubt, is, that the transaction was not carefully considered; the object being some how or another, to relieve the innocent settlers of Wellington from the scrape they were in; and to help Mr. Fox out of the dilemma in which he was left by the Company's refusal to pay the balance due to Scott.

But, if the Colony is to be liable in any form, it must be by saddling the burthen on the General Revenue; and, it may be easily understood, how repugnant a vote of this nature would be to the Colonial Legislature. But the Colonial Government will propose such a vote, if the Law Officers of the Crown shall, upon a full consideration of all the facts of the case, be of opinion that the loss ought to fall on the Colony; the Company on their part, agreeing to a like reference, agreeably to Mr. Fox's undertaking; and, if the decision should be adverse to the Company, agreeing to set off the amount in dispute against the money payable by the Colony to the Company.

Now it may possibly be alleged by the Company, that the opinion of the Law Officers of the Crown has been already given in their favour; I cannot accept the opinion given in 1850, as in any way conclusive against the Colony. The Colony was no party to it. The arrangement made between Sir George Grey and Mr. Fox in January, 1851, cannot be construed as binding the Colony to submit to an opinion 9 months before, and of which, doubtless, the parties were cognisant. It evidently meant that the question should be distinctly submitted to the Law Officers, whether the Provincial or the Colonial Government be liable or the Company. That is not the question submitted by Lord Grey to the Law Officers, which is whether "the Government" *i. e.* the Imperial Government be liable.

But in truth, fairly examined, the opinion must be taken as unfavourable to the Company. It proceeds on an assumption. *If the judgment of the Supreme Court in Scott v Grace be sustained*, compensation should be made by the Government. The obvious alteration being, if the judgment be *not* sustained (which it was not, having been overruled in principle by the *Queen v Clarke*) then, Scott's Grant being invalid, the Company who have bought it up must bear the loss.

Setting aside then, the opinion already given, the case should be distinctly submitted to the Law Officers of the Crown proposing distinctly the three questions. Should the loss in dispute be borne by the Colony? or by the Imperial Government? or by the Company? it should also embrace the whole facts to which I have referred.

I must also beg to add some others which I think material.

We may I think fairly assume that the Law Officers in 1850 thought the Government liable to make compensation (if Scott's Grant were sustained), because that Grant was in their view, improperly issued by Governor Fitzroy, in contravention of the Land Claims Ordinance. I do not in fact see, how as the case was stated they could come to a different conclusion. It is stated that Commissioner Spain "*acting in the capacity of Commissioner under the Local Ordinance*," (paragraph 16) recommended Grants to Scott, Young and Tod, which, from other parts of the case, it appears that he was forbidden to recommend; upon which recommendation, the Governor issued Grants, which, as the case is stated, it appears that he was forbidden to issue, and, which, it would seem, Lord Stanley had expressly engaged should not be done.

See P. P. 1852,  
p. 543.

But the fact was, that Commissioner Spain acted, not as stated in the case, under the authority of the Local Ordinance, but under an independent Commission issued direct from the Crown in England, and which gave him authority "*to investigate and determine Titles and Claims to Land with an absolutely unfettered discretion*." There were two Commissioners appointed under the Local Ordinance (Godfrey and Richmond) whose only authority was to *recommend*. The effect of Commissioner Spain's decisions was to *award and determine*. The distinction was practically maintained by Commissioner Spain in his proceedings, which always run in the terms of his Commission, I, &c., *do award and determine*.

Warrant ap-  
pointing Com.  
Spain, dated  
20th Jan. 1841

The intention of the Home Government to send out such a Commissioner with independent authority is clearly expressed in Lord John Russell's letter to Governor Hobson 21st November, 1840, (see Par. P. 11, May 1841, P. 21.)

In virtue of this superior authority, which was not limited by the terms of the Local Ordinance, Commissioner Spain *investigated and determined* the claims of the New Zealand Company, awarding them quantities largely in excess of the limits prescribed by the Local Ordinance. In fact Commissioner Spain was sent expressly from England *armed with the full powers of the Crown itself, for investigating and determining Titles and Claims to land*; whereas the Commissioners appointed under the Local Ordinance having no such authority, could only make *recommendations* to the Governor, subject to the rules prescribed by the Ordinance, which recommendations the Governor was not bound to adopt.



It follows from the argument, if sound, that Governor Fitzroy's Grant in completion of Commissioner Spain's *award and determination* was laid open to the objection stated by the Land and Emigration Commissioners.

The objections, that the Land awarded to Scott, formed part of a town site, and was within 100 feet of the seabeach, seem not to have been urged before Commissioner Spain, most likely they were not considered applicable, and probably the inconsistency suggested itself to the Company's Agents, if objecting to the Grant to Scott on these grounds, and then seeking to obtain a Grant of the same land to the Company and its purchasers, whose original Title I must say does not seem to rest on grounds one iota more meritorious than Scott's.

The rule against Grants of land suitable as town sites, was to be applied *in the discretion* of the Commissioners, not absolutely; its only object was, to prevent large spaces of land suitable for towns from being unemployed and shut up; but it does not follow, that it was meant to apply to the case of small plots of land, happening to be within the limits of townships: great injustice would have been done by so applying it. Even the Mission house would have been swept away. The rule against Grants of land within 100 feet of the sea-beach, is still more inapplicable; its object was to reserve land, *where required*, along the sea-beach for *public Roadways*, but it was not meant to exclude the possibility of erecting wharves, or water-side stores, in any part of the Colony; but if applied at all, it would equally have forbidden a Grant of the land, or indeed, of any land so situated, to the New Zealand Company or its purchasers.

Commissioner Spain therefore acting as he did, not under the authority of the Ordinance, but under direct authority from the Crown, and having in himself the full discretion of the Crown itself, would not hold himself obliged to observe rules, which were unsuitable to the circumstances, and which did not bind him.

Scott's Title, thus freed from technical objections, appears to me to stand on higher ground than the Land and Emigration Commissioners have assumed. The Crown by its instructions of the 14th August, 1839, declared that "no Titles should be recognised, which did not proceed from *or should not be allowed* by Her Majesty." Then Commissioner Spain was despatched from England with plenary authority *to investigate and determine* what Titles should be allowed. He investigated Scott's Claim and *determined* it in his favour. That *determination* has, I conceive, the effect of a *Royal allowance*, upon which the issue of the Crown Grant was matter of course.

But the Company complain of the Grant to Scott, and urge their right to indemnity, upon other ground. They say that it was issued in breach of an *express engagement* by the Crown to include the land in their Grant.

If the fact were so, their demand for indemnity might be independent of the question, or to the validity of the Grant to Scott, whether that Grant were valid or not, if the Crown had really pledged itself to grant the same land to the Company, they might have a case against the Crown for indemnity; though whether the blame, under such circumstances, rested with the Government at Home or in the Colony, is in my judgment material, in considering the question whether the loss should fall on the Imperial Government or the Colonial; what the Company say (in their 12th report) is that Lord Stanley's despatch to Governor Fitzroy was at variance with the true meaning of his, (Lord Stanley's) undertaking to the Company. They evidently lay the blame on Lord Stanley, not on the Governor. If the fact were that Lord Stanley wrongly instructed the Governor, or failed to instruct him as to the nature of the engagement with the Company, I do not think the Colony ought now to be required to make good Lord Stanley's mistake.

But, in truth, I am confident, that, fairly examined, it will be seen that the circumstances warrant no such charge against Lord Stanley. On the contrary, his instructions to Governor Fitzroy were very intelligible and consistent; and the whole course of proceeding adopted towards the Company by the Home and Colonial Governments was in perfect good faith, and in strict accordance with the engagements entered into. I do not think the Company's proceedings are marked with the same characteristics.

The Company first insist, on Governor Hobson's undertaking of 1841, whereby he engaged to include in the Grant to the Company,—“All land within the Town of Wellington validly purchased by any one from the Natives” (of course including Scott's claim), *the Company compensating all previous purchases according to a Scale to be fixed by a Local Ordinance.*” Col. Wakefield, (the Company's agent) assented to them. Governor Hobson proceeded to carry them into effect, by proposing a Local Ordinance to settle the terms of compensation; but the Company in England repudiated their liability to compensation, protested against the Ordinance, obtained its disallowance, and now insist that Governor Hobson's agreement has not been fulfilled by the Crown. The Company having rejected its essential condition, of course it fell to the ground. That is the view which the Land and Emigration Commissioners take, and it is the only just one. The Commissioners treat it as *superseded* by Lord Stanley's arrangement; it may, I think, be more properly treated as *annulled* by the Company itself.

However from that time down to May, 1843, a correspondence having a mixed character of controversy and negotiation, was carried on between the Crown and the Company, for the Settlement of their Land Claims; the Company on the one side insisting on their right to an *absolute* Grant of all the lands they claimed, without regard to any prior right of Native or European settlers; (the only adverse claim which they submit to recognise being that of the *Natives* to lands *in actual occupation*.) The Crown, on the other side, (through Lord Stanley) expressing its desire to assist the Company, by all means in its power, but declaring its intention to protect the rights of all their parties, whether *Natives or Europeans*, and referring the decision of those rights to the Commissioner of Land Claims.

Laws & Ordinances of N. Z.  
P.P. 28th Feb.  
1842, p. 5.

P. P. 1844.  
App. 503.

Ibid p. 4—5.

Ibid p. 527—  
528.

See Appendix  
to P. P. 1844,  
9.



In May, 1843, the matter was brought to a conclusion. On the 8th May, 1843, Mr. Somes writes to Land Stanley thus :—

“For the purpose of effectually settling the question of the Company’s Title and of quieting the minds of their purchasers, they suggest that His Lordship should forthwith direct His Excellency to make to the Company a *Conditional* Grant of the Lands *selected by their Agent*, the Company obtaining within the district so selected, the whole Title which the Crown may have the power to grant, and *having the option*, in the event of prior claims being set up, of *either excluding from the selected lands such portion as may appear to be subject to such prior claims*, and in that case receiving a corresponding number of acres in lieu ; or of including such portions, *subject to the prior Title*, but obtaining from the Crown in respect of them, the exclusive right of pre-emption enjoyed by the Crown ; the Governor and Council being instructed, as soon as practicable, to establish the general rule for defraying Native Titles and settling the claims of Land, and to do their best to aid the Agents of the Company in effecting the necessary arrangements with the Natives, either for the purchase of lands belonging to them but unimproved, or for making on the part of the Company equitable compensation for the original value of the land which may have been occupied by themselves or their settlers, without sufficient Title, but on which they may have effected improvements.”

Lord Stanley, through Mr. Hope, replies on the 12th May, 1843, as follows :—

“Lord Stanley directs me to state his assent to the proposals ; and to intimate further that he will be prepared to issue to the Governor of New Zealand Instructions to the effect proposed in your letter, for effectually settling the question of the Company’s Title to Land in that Colony.”

19th May, 1843, Lord Stanley transmits to the Officer administering the Government Copies of the correspondence.

It would seem also, that Lord Stanley communicated the arrangement to Governor Fitzroy ; (though no official letter to that effect is published) upon which Governor Fitzroy in a letter of the 15th June, 1843, asks for some explanation ; and Lord Stanley, in a letter of the 26th June, 1843, enters into explanations, of which the material one is as follows :—

“On the first point, I have to refer you to the correspondence with the New Zealand Company of the 19th ulto., No. 35. You will there perceive that Her Majesty’s Government have conceded to the Company, as regarded the district included in the original agreement, that, with a view to facilitate the adjustment of their Titles, the Local Government of New Zealand should be directed to make to the Company a conditional Grant of the lands selected by them, on the terms definitely stated in that correspondence ;) the principle of that concession being, to allow to the Company a *prima facie* Title to such lands, under the condition that the validity of their purchases shall not be successfully impugned by other parties.”

On the second point, I have certainly no difficulty in authorising you to assist the Company in making good these Claims, as far as they may be consistent with a regard to the interest of other parties and of the community at large, on which point also, I must refer you to the correspondence already referred to.

Upon this correspondence the Company found their allegations of wrongs done to them, and their claim to indemnity.

What the Company say is, that Lord Stanley’s explanations to Governor Fitzroy, “*materially varied the agreement* without their consent and knowledge, and to their detriment,” though in what respect is not clearly stated. It may be gathered, however, from the general tenor of the subsequent controversy, that the Company regarded Lord Stanley’s concession (as explained in his letter to Governor Fitzroy) of “*a prima facie Title under the condition that the validity of their purchases should not be successfully impugned by other parties*, as materially different from a *conditional Grant subject to prior Titles*,” promised to them by Lord Stanley’s letter of the 12th May, 1843. What the difference is, I confess myself unable to discover.

But I can perceive what the Company had in their mind when they made their proposal of the 5th May, 1843, and the construction they have all along sought to place on it. What they meant was, that they should get from the Crown an *absolute unconditional* Grant of all the land they claimed, *discharged of all prior Titles*, whether Native or European. “The adverse party” (as Mr. Harrington expresses it in his letter to Earl Grey of the 6th February, 1850) “either having no claim whatever for compensation, or a claim to such land only as might have been recommended by the Commissioners of Claims, under the provisions of the Local Ordinance of June, 1841, 4th Vict., No. 2.”

Consistently with this interpretation, it appears that Colonel Wakefield, acting no doubt under the Company’s instructions, insisted on including in the Company’s Grant, “*all the Native pahs and Cultivations* required for the settlement, as soon as the Natives could be reasonably expected to bear them,” and stated “that it was utterly beyond his power to become a party to any arrangement that did not prospectively at least *provide for the cession* of any such lands as might already, under the sanction of Government, *have been allotted to individuals* or vested in the Corporation of Wellington for public purposes.”

I make no comment on these pretensions of the Company, except to remark, that they produced most disastrous results to the Colony, led to the massacre at the Wairau, brought the Company’s settlements to the verge of ruin, and were eventually abandoned by the Company themselves.

The question at present simply is, whether or not the Government—Home and Colonial—did all which was incumbent on them, to fulfil Lord Stanley’s engagement. It is, I am sure, impossible for any one who reads the history of the transaction without prejudice, to come to any other conclusion than that they did ; that the entire blame rests with the Company, (who should have been made alone

See App. to P.  
P. 1844, p. 92.

Ibid, p. 93.

Ibid, s. p.

Company’s  
12th Report.  
P. P. 1844.  
App. p. 583.

P. P. 1852.  
1st July, p.  
461.

P.P. 8th April,  
1846, p. 19.  
Cl. Wakefield’s  
letter to Mr.  
Spain 24th  
May, 1843.  
Ibid.

Reports by  
Com. of Land  
Claims. P.P.  
8th April, 1846,  
p. 19.

responsible for the consequence, and who should have indemnified the Colony instead of the Colony indemnifying them.) And that, in this particular case of Scott's, they are altogether without ground of complaint.

What Lord Stanley engaged to do, was to give the Company "*a conditional Grant*" of the lands selected by the Company's Agents, the Company "having the option of either excluding lands *subject to prior Claims*, or of including them *subject to prior Titles*."

Now, whilst the controversy and negotiation was pending between the Company in England and the Home Government, the Government in the Colony *at the express instance of and in concert with* the Company's Agent there, was engaged in practically giving effect (as it were by anticipation) to Lord Stanley's promise. It being clear, so soon as the Company's Land Claims began to be looked into, that their purchases were very defective, and that the Company's settlers could not obtain their purchased lands by forcible means, without war with the aborigines. Colonel Wakefield, on the 22nd August, 1842, proffered to Mr. Spain, "*on the part of the New Zealand Company*," to abide by the decision of himself, (Mr. Spain) and the Protector of Aborigines, (Mr. Halswell) "*as to the amount of compensation to be made by the Company to all Natives in cases of disputed possession of or title to land*."

P. P. App.  
p. 56.

Mr. George Clarke was afterwards substituted for Mr. Halswell, with Colonel Wakefield's consent. Mr. Spain and Mr. Clarke were prosecuting their arbitration, making arrangements with the Natives for the settlement of their unsatisfied claims, and apparently on the point of adjusting the Company's Title, when the Company suddenly broke away from their engagements, refused to make compensation, or to proceed with the arbitration, leaving the Government involved in promises to the Natives which they had no means of fulfilling.

P. P. 1844.  
App. p. 291.

This was in May 1843, simultaneous in fact with Lord Stanley's promise to the Company in England.

Ibid, p. 87.

Commissioner Spain's Report of the 12th September, 1843, with his confidential letter to acting Governor Shortland, 31st May, 1843, and the inclosures, contain a full narrative of the departure from good faith, on the part of the Company, upon which it appears to me the Crown would be held absolved from all its engagements with the Company. Commissioner Spain describes the critical position in which he was thus left by the Company. "Having raised the hopes of the Natives by consulting them through their Protector on the subject, and with the prospect of immediate payment and a final adjustment of the points in dispute, the Company's Agent, on the strength of instructions alleged to have been received from the Directors, withdrew from proceeding with his own proposition, thereby suddenly disappointing the expectations of the Natives and destroying their confidence at once in the justice of the settlers and of the Government."

Commissioner Spain then proceeds to shew the connection between the transaction and the massacre at the Wairau, which took place, in June 1843, and from which in fact may be dated all the disasters of the early history of the Colony.

The dates of the lamentable history shew that the instructions under which Colonel Wakefield acted in abandoning the arbitration, were antecedent to Lord Stanley's arrangement of May 1843. And the Company may perhaps allege, that the transactions which were taking place in the Colony, founded on those antecedent instructions, can have no bearing on the promises made in England by the Crown; but I cannot hold that opinion. What was being done in the Colony by the Company in breach of its own engagements, was in fact nullifying and rendering impossible the fulfilment of Lord Stanley's promise, even at the very time he was making it; Lord Stanley was of course ignorant of the occurrences in the Colony then taking place. Had he been aware of them, it is not possible to suppose that he could have made any such promise, which, *as practically interpreted by the Company*, could only have been carried into execution by a war of extermination against the Natives. I say then, with confidence, that the conduct of the Company in the Colony wholly absolved the Crown from its engagements entered into in ignorance in England.

And yet, notwithstanding this, that engagement has been fulfilled to the letter.

Reports by  
Com. of Land  
Claims, P. P.  
8th Report,  
1846, p. 19.  
Ibid, p. 4.  
Ibid, p. 19.

In January 1844, (no doubt in accordance with instructions from the Directors,) Colonel Wakefield resumed the arbitration, which ended, as it appears from Commissioner Spain's Report of the 31st May, 1845, in an amicable settlement, upon which Commissioner Spain made his final Report; the material terms whereof, as regards the present case, appears to have been arranged at a conference held on the 29th January, 1844, at which the Governor, Colonel Wakefield, (on behalf of the Company,) Commissioner Spain, and others, were present.

Commissioner Spain's Report runs thus:—"I, William Spain, &c., do hereby determine and award that the Directors of the New Zealand Company, &c., are entitled to a grant of 71,000 acres of land, situate, &c., which said land, &c., are described in the Schedule contained in Enclosure No. 3 of the Report, which said Schedule was agreed, and determined upon on the 8th of February, 1844, between Colonel William Wakefield, the principal Agent of the New Zealand Company, *for and on behalf of that body* on the one part, and George Clarke, the younger, the Protector of aborigines, for and on their behalf on the other part, and are delineated and set forth in the accompanying plan to this Report annexed, marked Enclosure No. 12. Saving and always excepting as follows." Then follow the exceptions.

- 1.—Native Pahs and Cultivations.
- 2.—39 Native Reserves.
- 3.—Wesleyan Mission House.

4.—The piece of land described by metes and bounds, claimed by Scott, which the Commissioner awards to the said Claimant.

5.—The land claimed by Young, which is awarded in like manner to him.

6.—To Macdonald, as Assignee of Tod.

And this note is subjoined to the Report referring to the exception.

"This is the exception agreed upon at the conference at Major Richmond's on Monday, the 29th January, 1844, a copy of the minutes of which forms Enclosure No. 1, of the Report.

The Report (which contains the decision of all the Company's Land Claims throughout the Colony) was dated the 31st March, 1845. On the 29th July, 1845, a Crown Grant was issued to the Company in precise accordance with Commissioner Spain's Report, and like Grants were issued to Scott and the others of the excepted lands.

The conclusion I draw from these facts is, that the Crown strictly fulfilled both the letter and the spirit of Lord Stanley's promise, "*by doing their best to aid the Agents of the Company in effecting the necessary arrangements with the Natives*," and by making to the Company, as Lord Stanley promised, a Grant of the lands selected by their Agents, "*excluding from the selected lands, such portions as appeared to be subject to prior claims*," the terms of such exception having, (as it appears) been settled by express agreement with the Company's Agent.

I am at a loss, under these circumstances, to conceive any possible ground on which the Company are entitled to make a claim against the Crown in this matter, founded on Lord Stanley's promise and its alleged non-fulfilment.

I must add to this statement the fact, which is incidentally alluded to by Mr. Fox in his letter of the 29th September, 1849, "*as a ground having the semblance of justice on which the Government could decline to indemnify the Company*, namely: that there was a time when his (Mr. Fox's) predecessor in office could have bought up Scott's claims for a comparatively small sum of money." Such, in truth, was the fact. I believe that I am correct in stating, that they might have been bought up at £400; but Colonel Wakefield refused (no doubt in accordance with the views of the Directors in England,) to recognise them in anyway, until they had been confirmed by the Commissioner's award, when it was too late to deal for them upon light terms. And the Company having suspended payment in 1844, the question of compensation was no longer open. Meantime the Crown Grant had been issued. It is, I think, too much for the Company now to expect the Government to indemnify them for the consequences of their own neglect of opportunities.

My arguments have been hitherto directed to shew that the Company ought to bear the loss in question. I desire farther to point out that, under any circumstances, the Colony ought not to be made liable. If the Company do not make it good, it should fall on the Imperial Government. By the arrangement of 1847, the Imperial Government took upon itself (in the event of the Company's surrender) all its liabilities, the Colony being charged with £268,000. It appears to me that the liability for Scott's purchase money, (if it is to fall on the Government) must be regarded as a liability contracted "*with the consent of the Commissioner*" under the Act of 1847, and which devolved on the Crown by virtue of that Act. It could not have been intended that the Colony should make good liabilities such as these, in addition to the charge of £268,000. That was Mr. Fox's view, (see letter from the Secretary to the Company, to Earl Grey, 25th January, 1850, P. P. 1852, p. 449.)

HENRY SEWELL.

Radley, 23rd September, 1857.

Downing-street,  
16th December, 1857.

SIR,—

With reference to former correspondence, on the subject of the Loan of £500,000 for the Colony of New Zealand, I transmit to you copy of a correspondence between this Department and the Lords Commissioners of the Treasury in relation thereto.

I have, &c.,

H. LABOUCHERE.

Governor Gore Browne, C.B.,  
&c., &c., &c.

Treasury Chamber,  
19th August, 1857.

SIR,—

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith, for the information of Mr. Secretary Labouchere, copy of a letter from Mr. H. Sewell, dated 18th instant, proposing an arrangement in reference to the New Zealand Loan; and I have to request that you will move the Secretary of State to favour my Lords with his observations thereon.

I am, &c.,

(Signed) JAMES WILSON.

H. Merivale, Esq.,  
&c., &c., &c.

P. P. 1852, p. 453.

It appears to me to have not only the semblance but the substance of justice. H.S.

Radley, Abingdon, Berks,  
18th August, 1857.

DEAR SIR,—

As to the New Zealand Loan, I have to propose an arrangement, which, unless you can suggest anything better, should, in my opinion, be adopted. I have seen the Union Bank of Australia (our Bankers in New Zealand). Their Manager, whom I saw yesterday, will suggest to his Board on Friday to take the whole of our Loan at *par*, if the Treasury agree, finding the money from time to time, at such periods and in such amounts as may be fixed on. We don't want the money at once: we want £200,000 to pay the New Zealand Company, on or before the 1st April, 1858; about £120,000 about October, 1858; and the remainder at various periods, which can only be settled in the Colony by the Government there.

Now, it will be disadvantageous to borrow all the money at once, either keeping the money idle, or investing it at risk. (Indeed, there is no authority, of which I am aware, for the investment.) It will be far better to borrow only as we have need; and the Union Bank of Australia, who will be our Bankers, can deal with us altogether upon the most favourable terms. Then, again, the Union Bank will make remittances to the Colony at *par*. This will, as I calculate, be an advantage to us. The exchange is no doubt at present against the Colony, and in favour of London; but if it come to so large a sum as £300,000, that would turn the exchange the other way. It answers the purpose of the Union Bank to make the arrangement with us, because it gets the command of the exchanges.

The consideration which they ask for this is, that they should have debentures or bonds anti-dated four months; that is, giving them four months' interest or profit. It is equivalent to £1 6s. 8d. per cent. commission. I should try and get better terms; but, if I cannot, I think on the whole we shall do wisely to close with this offer. There is no speculation and no risk. We shall have money as we want it, with as little loss of interest as possible, because we shall arrange for taking up the money only as we require it. If this arrangement were made, the practical course, I suppose, will be for the Colonial Government to indicate to the Treasury their wishes. This I feel myself authorised to do, on behalf of the Government. Then the Treasury will issue the bonds (or debentures), and lodge them with the Bank of England, at such periods and for such amounts as shall be fixed on. The Union Bank will, from time to time, lodge the money in the Bank of England, taking the bond, &c., up. The money will of course be to the credit of the Commissioners of the Treasury; then the "Governor's request," under the terms of the Loan Act, will direct the Commissioners of the Treasury as to the disposal of the money; except the money payable to the New Zealand Company, the whole will have to be re-transferred to the Union Bank of Australia for remittance to the Colony.

If you think any better or more favourable arrangement for the Colony can be made, pray suggest it: if not, I shall write immediately to the Colony for the requisite directions. No money will be actually wanted until towards April, 1858; that may be as well for the money market here.

We shall have to make further arrangements as to the form of Debenture, [the period for which to run,—coupons, where payable,—remittance of interest, &c.; as to all which I shall be happy to see you when convenient.

I beg to remain, &c.,

(Signed) HENRY SEWELL.

Downing street, 28th August, 1857.

SIR,—

In reply to your letter of the 19th instant, I am directed by Mr. Secretary Labouchere to request that you will state to the L. C. of the Treasury, that so far as this department is concerned, he has no objections to offer to the arrangement proposed by Mr. Sewell in respect of the New Zealand Loan.

I am, &c.,

(Signed) T. F. ELLIOT.

J. Wilson, Esq.,  
&c., &c., &c.

Treasury Chambers,  
16th December, 1857.

SIR,—

The Lords Commissioners of Her Majesty's Treasury having had under their consideration the correspondence which has passed between Mr. Sewell and the Union Bank of Australia on the subject of raising the Loan of £500,000 for the Colony of New Zealand under the guarantee of the British Government according to the Act of last session, and having considered the conditions upon which the Union Bank is willing to undertake such Loan, as conveyed in their Letter of the 6th November to Mr. Sewell, and to which terms he is prepared on the part of the Colony to assent, I am directed by their Lordships to inform you, for the information of Mr. Secretary Labouchere, that they are pleased to sanction the same, as being, under present circumstances, very favourable to the Colony.

I am, &c.,

(Signed) JAMES WILSON.

C. Fortescue, Esq., M.P.  
&c., &c., &c.

Downing Street,  
8th February, 1858.

SIR,—

With reference to previous despatches relative to the Loan to be raised for New Zealand under the guarantee of the Imperial Treasury, I transmit for your information, copies of correspondence which have passed on the subject between Mr. Sewell, this Department, and the Board of Treasury.

I have &c.,

(Signed) H. LABOUCHERE.

Governor Gore Browne, C. B.

&c., &c., &c.

*Henry Sewell, Esq., to the Right Honourable the Secretary of State.*

Radley, December 2nd, 1857.

SIR,—

I transmit for your information copies of correspondence between myself, the Secretary to the Treasury, and the Union Bank of Australia, relative to the New Zealand Loan. The terms proposed by the Union Bank agree with those arranged at personal interviews with the Secretary of the Treasury, and nothing remains but to obtain from the Lords Commissioners of the Treasury their formal sanction of the arrangement.

I am anxious, if possible, to obtain this, in time to transmit it to the Colony by the next Mail.

May I beg the favour of urging your attention to the matter.

I have &c.,

(Signed) HENRY SEWELL.

*The Secretary of the Union Bank of Australia to Mr. Sewell.*

Union Bank of Australia,  
38, Old Broad Street, London,  
6th November, 1857.

SIR,—

Acting upon the basis indicated in the recent correspondence which has taken place between yourself and Mr. Cummins, the Chairman of Committees of this Bank, by which it appears the New Zealand Government will require to apply the funds arising out of the proceeds of the Five Hundred Thousand Pounds Loan raised under the Guarantee of the Imperial Government by the Issue of Bonds bearing interest at the rate of four per centum per annum, for a period of thirty years from the date thereof, in the following way, viz.,—

- 1st. £170,000, or thereabouts, in London, for payment to the New Zealand Company.
- 2nd. £30,000, or thereabouts, required at Auckland, say on the 1st April next.
- 3rd. £90,000, or thereabouts, to pay the New Zealand Debentures issued under the last Debenture Act, and believed to be payable to Sydney.
- 4th. £25,000, or thereabouts to pay off old New Zealand Debentures.
- £185,000, (the Balance) as may be required for the purchase of Native Lands, to be paid in New Zealand.

and with the further understanding that the New Zealand Government shall be at liberty to diminish the payments in New Zealand and to increase those in London by an amount not exceeding £30,000.

The Board of Directors have authorised the agreement made by Mr. Cummins on behalf of this Bank to take the said Bond at *par*, and will be prepared accordingly to pay for the Bonds to be issued for the proportion of the Loan required in London on 1st April next, when the same are to be handed to the Bank, and further to make the payment required by the New Zealand Guarantee at Sydney and those which will be required to the extent of the balance of the Loan at any branch of this Bank in New Zealand, the place and period for every such payment to be fixed accordingly by the New Zealand Government or its authorised agent, who shall give three month's notice in writing of the same to the Manager of the Bank at Auckland, such notice to be issued in duplicate, and on the production of either part thereof at the Treasury in London the Bank is to receive the Bonds to be issued in respect of the payment so ordered.

All the Bonds are to bear date and carry interest for a period of three months prior to the time fixed respectively for the payments whether in England, Sydney, or New Zealand.

This Bank is to make no charge in respect of the payments whether at home or abroad.

I have &c.,

By Order of the Board,  
(Signed) EDWD. SAUNDERS.

*Mr. Sewell to the Secretary to the Treasury.*

Radley, November 12th, 1857.

SIR,—

I have the honor to transmit an official proposal from the Union Bank of Australia with reference to the New Zealand Guarantee Loan.

You will observe that the proposal is made on the basis of certain correspondence which has taken place between myself and Mr. Cummins, the Chairman of Committees of the Union Bank. A portion of that correspondence has been already transmitted to you. The continuation is herewith.

The proposal of the Union Bank appears to me to be in accordance with the Terms agreed on. So far as the Colonial Government of New Zealand is concerned, I beg to express my assent, and I submit it to the favourable consideration of the Lords Commissioners of the Treasury, trusting that it will be accepted.

I have &c.,  
(Signed) HENRY SEWELL.

*C. Fortescue, Esq., to Sir C. E. Trevelyan, K.C.B.*

Downing Street,  
7th December, 1857.

SIR,—

I have received from Mr. Sewell copies of the correspondence which has passed between himself, the Board of Treasury, and the Union Bank of Australia relative to the New Zealand Loan. As the terms proposed by the Union Bank are stated by Mr. Sewell to agree with those arranged at personal interviews between himself and Mr. Wilson, I am directed by Mr. Secretary Labouchere to request that you will move the Lords Commissioners to give their formal sanction to the arrangement referred to.

I am to add, that as Mr. Sewell is anxious that their Lordship's sanction should be notified to the Governor of New Zealand by the Mail of the 11th December, Mr. Labouchere would wish to be favoured with an early reply to this application.

I am &c.,  
(Signed) C. FORTESCUE.

*Sir C. E. Trevelyan, K.C.B., to Mr. Merivale.*

Treasury Chambers,  
20th January, 1858.

SIR,—

With reference to your letter of the 7th ultimo, I am commanded by the Lords Commissioners of Her Majesty's Treasury to transmit to you copy of a letter from the Secretary to the Union Bank of Australia, of their Lordships reply thereto, of the form of agreement to be made with that Bank for the negotiation of the Loan of £500,000 to be raised for the Colony of New Zealand, and of a further letter from the Union Bank assenting to the terms of the agreement, and I am to request that you will move Mr. Secretary Labouchere to cause my Lords to be informed at his earliest convenience of the receipt of any requisition from the Governor of New Zealand, for raising any portion of the Guaranteed Loan.

I am, &c.,  
(Signed) C. E. TREVELYAN.

*The Secretary of the Union Bank of Australia to James Wilson, Esq.*

Union Bank of Australia,  
38, Old Broad street, London, 31st December, 1857.

SIR,—

I am desired by the Directors of the Union Bank of Australia to state for the information of the Lords Commissioners of Her Majesty's Treasury the arrangement made on the 16th October last, between Mr. Sewell, the agent for the Colony of New Zealand, and the Directors of this Bank, with the consent and approbation of the Treasury, for the negotiation of the Loan of £500,000 (five hundred thousand pounds) to be raised under the Guarantee of the Imperial Government in terms of the Act 20 and 21 Vic. c. 51, entitled "An Act to guarantee a Loan for the Service of New Zealand," viz., that this Bank agrees to take the Loan at *par*, and is ready to pay and advance the above sum in the following way:

£170,000, or thereabouts, in London, on 1st April next, for payment of the New Zealand Company.

£30,000, or thereabouts, required at Auckland, New Zealand, say on 1st April, next.

£90,000, or thereabouts, to pay the New Zealand Debentures, issued under the last Debenture Act, and believed to be payable in Sydney, New South Wales.

£25,000, or thereabouts, to pay off old New Zealand Debentures.

£185,000, (the Balance) as may be required for the purchase of Native Lands to be paid in New Zealand.

And with the further understanding that the New Zealand Government shall be at liberty to diminish the payments in New Zealand, and to increase those in London by an amount not exceeding £30,000 (thirty thousand pounds).

All the Bonds to bear date and carry interest for a period of three months prior to the times fixed respectively for the payments, whether in England, Sydney, or New Zealand.

The Bank to make no charge in respect of the payments whether at home or abroad.

The Board of Directors will be prepared accordingly to pay for the Bonds to be issued for the proportion of the Loan required in London on 1st April next, when the same are to be handed to the Bank, and further to make the payment required by the New Zealand Government at Sydney, and those which will be required to the extent of the balance of the Loan, at any Branch of this Bank in New Zealand, the place and period for every such payment to be fixed accordingly by the New Zealand Government, or its authorised agent, who shall give three months' notice in writing of the same to the Manager of this Bank at Auckland, such notice to be issued in duplicates, and on the production of either part thereof at the Treasury in London, this Bank is to receive the Bonds to be issued in respect of the payment so ordered.

I am further desired to request that you will move the Lords Commissioners to authorise the preparation of the requisite Bonds, as they may be required, for delivery to the Bank of the same to the amount of £200,000 (two hundred thousand pounds), being the sum agreed to be paid on 1st April next, to bear date 1st January, 1858.

The Board of Directors are desirous that £400,000 shall be issued in Bonds of £500 each, and the remaining £100,000 in Bonds of £100 each, and that the Bonds for the above amount of £200,000 be prepared in these proportions in which I have to solicit their Lordships' concurrence.

I have, &c.,

(Signed)

H. W. D. SAUNDERS,  
Secretary.

*James Wilson, Esq., to the Chairman of the Union Bank of Australia.*

Treasury Chambers,  
11th January, 1858.

SIR,—

I am commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you that the terms mentioned in Mr. Saunder's letter of 31st ultimo, for the negotiation of the Loan of £500,000 to be raised under the guarantee of the Imperial Government in terms of the Act 20 and 21 Vict. c. 51, are in accordance with those which have already been approved of by their Lordships, and that this approval has been communicated to Mr. Sewell and to the Secretary of State for the Colonial Department.

I am to state that according to the terms of the New Zealand Act, no steps can be taken for raising any portion of the Loan, until a requisition has been received from the Governor for that purpose, and that this requisition may shortly be expected, the Secretary of State having called the attention of the Governor to this point in July last.

As soon as this formal Act shall have been completed, their Lordships will request you to sign an undertaking according to the enclosed Form, and they will in the meantime give directions for the preparation of the Debentures of £200,000, the portion expected to be payable in April next, in the proportions mentioned by the Directors, viz. :—

£160,000, in bonds of £500 each  
£40,000, in bonds of £100 each

£200,000

The remaining Debentures will be prepared according to the periods at which they may be required.

I have, &c.,

(Signed) JAMES WILSON.

*Guaranteed Loan for New Zealand.*

Whitehall, Treasury Chambers,  
....., 1858.

I hereby engage, by authority and on behalf of the Union Bank of Australia, with the Lords Commissioners of Her Majesty's Treasury to take New Zealand Bonds or Debentures, bearing interest at the rate of Four Pounds per centum per annum, for the sum of Five Hundred Thousand Pounds the amount now proposed to be raised under the authority of the Act 20 and 21 Vict., c. 51, entitled "An Act to guarantee a Loan for the service of New Zealand" and of an Act of the General Assembly of New Zealand passed in the year 1856, entitled "An Act for raising a Loan of Five Hundred Thousand Pounds for the Public Service of the Colony of New Zealand."

And I hereby engage for every Hundred Pounds contained in the Debentures for the said amount of Five Hundred Thousand Pounds to be issued under the authority of the above mentioned Act, to pay at the rate of One Hundred Pounds, the same to be paid in the following proportions and places, and on the following conditions, viz. :—

£170,000, or thereabouts, in London, on the 1st April, 1858, for payment to the New Zealand Company.

£30,000, or thereabouts, required at Auckland, New Zealand, say on 1st April, 1858.

£90,000, or thereabouts, to pay the New Zealand Debentures, issued under the last Debenture Act, and believed to be payable in Sydney, New South Wales:

£25,000, or thereabouts, to pay off old New Zealand Debentures.

£185,000, (the balance) as may be required for the purchase of Native Lands to be paid in New Zealand.

And with the further understanding that the New Zealand Government shall be at liberty to diminish the payment in New Zealand and increase those in London, by an amount not exceeding £30,000, (Thirty thousand pounds).

All the Debentures to bear date, and to carry interest, for a period of three months prior to the time at which the different instalments of the Loan are actually paid.

The Bank make no charge in respect to the payments whether at home or abroad.

The terms are accepted by the undersigned Lords Commissioners of Her Majesty's Treasury.

*The Secretary of the Union Bank of Australia to Jas. Wilson, Esq.*

Union Bank of Australia,  
13th January, 1858.

SIR,—

I have the honor to acknowledge receipt of your letter of the 11th instant, addressed to the Chairman of this Bank, informing him that the terms mentioned in my letter of 31st ultimo, for the negotiation of the Loan of £500,000, to be raised under the guarantee of the Imperial Government in the terms of the Act 20 and 21 Vict., c. 51 are in accordance with those which have already been approved of by their Lordships, and handing copy of an undertaking which he will be called upon to sign when the Lords Commissioners of Her Majesty's Treasury shall have received the formal application of the Governor of New Zealand in respect of the Loan of Five hundred thousand pounds arranged for.

This letter I have laid before the Directors; and I am desired to express their thanks for the information you have been pleased to give them, and to state that the Chairman of Committees has been authorised to sign the terms of the agreement as soon as it is intimated that the formal Act on the part of the Governor of New Zealand is completed.

I have &c.,  
(Signed) H. W. SAUNDERS,  
Secretary.

*H. Merivale, Esq., to Sir C. E. Trevelyan, K.C.B.*

Downing street,  
9th February, 1858.

SIR,—

With reference to the request contained in your letter of the 20th ultimo, I am directed by Mr. Labouchere to transmit to you, for the information of the Lords Commissioners of the Treasury, the Copy of a despatch from the Governor of New Zealand forwarding a distinct request to their Lordships to borrow the sum of £300,000 under the provisions of the New Zealand Loan Act, together with copy of a letter which has been addressed on the subject to Mr. Henry Sewell by his Responsible Advisers.

I am, &c.,  
(Signed) H. MERIVALE.

*James Wilson, Esq., M.P. to Herman Merivale, Esq.*

Treasury Chambers,  
25th February, 1858.

SIR,—

With reference to your letter of the 9th instant, I am commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of Mr. Secretary Labouchere, that their Lordships being now authorised to raise a portion of the Guaranteed Loan for New Zealand, under the provisions of the Act 20 and 21 Vict., c. 51, have this day completed the agreement with the Union Bank of Australia, according to the form transmitted with the letter of this Board of 20th ultimo.

I am to state that the Interest on the Debentures for £300,000, will be payable at the Bank of England, the first half yearly payment becoming due on the first July next, and that according to the practice in similar cases, a commission of ten shillings per cent. will be payable to the Bank of England upon the payments to be made.

Their Lordships would therefore suggest to Mr. Labouchere the expediency of instructing the Governor of New Zealand to cause provision to be made for this charge in the remittances to be made from the Colony for Interest on the Guaranteed Loan, and at the same time to impress upon him the necessity of making the payments into the Treasury chest in New Zealand in sufficient time to allow of the requisite funds being placed in the hands of the Bank of England on or before the 1st of July and 1st January in each a-year, as the Colony will be liable, under the provisions of the Imperial Act, to a charge of five per cent. for any advance that may be required from the British Exchequer, in case the remittances should not be received at the proper time.

I am, &c.,  
(Signed) JAMES WILSON.



*H. Merivale, Esq., to Sir C. E. Trevelyan, K.C.B.*

Downing street,  
4th March, 1858.

SIR,—

I am directed by Lord Stanley to acknowledge the receipt of Mr. Wilson's letter of the 25th ult., requesting that the Governor of New Zealand may be instructed to remit to this country the amounts required to pay the interest on the Guaranteed Loan as they may become due on the 1st July and 1st January in each year.

In reply, I am to acquaint you, for the information of the Lords Commissioners of the Treasury, that Lord Stanley will forward the necessary instructions to Governor Gore Browne by the Mail of the 16th instant.

I am, however, to request that you will point out to the Lords Commissioners that it is of course impossible that these instructions can reach the Colony in time to enable the Governor to comply with them as regards the amount due on the 1st July next; and I am, therefore, to suggest, for their Lordships' consideration, whether it might not be advisable to ascertain, in the first instance, whether Mr. Sewell might not be prepared to make the required payment on the 1st July next, from Colonial monies in his hands, and thus save the Colony the amount of Interest which will accrue on the sum advanced by the Lords Commissioners for this service.

I am, &c.,

(Signed) H. MERIVALE.

*Sir C. E. Trevelyan, K.C.B., to Herman Merivale, Esq.*

Treasury Chambers,  
15th March, 1858.

SIR,—

With reference to your letter of the 4th instant, I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of Lord Stanley, that my Lords apprehend that there will be no difficulty in providing for the Interest payable on the 1st of July, on the Guaranteed Loan for New Zealand, from funds belonging to the Colony, already available in this Country. It will be necessary, in that case, for the advances which may be made to be hereafter adjusted by remittances from New Zealand, but in the meantime no additional charge will be occasioned to the Colony on this account, unless in the very improbable contingency of their Lordships being called upon to make advances from the consolidated fund.

I am, &c.,

(Signed) C. E. TREVELYAN.

*Lord Stanley to Governor Gore Browne, C.B.*

Downing street,  
15th March, 1858.

SIR,—

I have to acknowledge the receipt of your despatch of the 10th November last, No. 96, forwarding a distinct request to the Lords Commissioners of the Treasury to borrow the sum of Three Hundred Thousand Pounds under the provisions of the New Zealand Loan Act.

I transmit to you, for your information and guidance, copy of a correspondence with the Lords Commissioners on the subject, and I have to convey to you my strict injunction for the punctual remission of the sums due for the half yearly payments of interest on the sum of £300,000, as specified in their Lordship's letter of the 25th February.

I have, &c.,

(Signed) STANLEY.

Governor Browne, C.B.

