

to the Waikato Settlements, making fresh proposals to the Provincial Government of Auckland, to be acted on after the termination of their employment by the General Government.

I am at all times willing to co-operate with the General Government to the best of my power and means; but on this occasion find myself unable to make reply to your proposals, which are so indefinite that I have failed in ascertaining your intentions.

You propose that the Provincial Government should co-operate with you after the termination of their employment by the General Government—that is to say, after their resignation of their agency on your behalf. I find myself obliged to ask, in what position should we stand towards the General Government should I or the Provincial Executive (as the case may be) undertake to assist you?

You state that in the event of the Provincial Government “being prepared to find these immigrants with employment upon a plan and for a period to be agreed on between the respective Governments, the General Government will be ready to place at my command securities, to an amount to be arranged between us, sufficient to cover the expenditure incurred.”

I request to be informed, firstly, whether by the word “employment” you mean employment on lands belonging to the Province. In regard to the latter, I have already explained my views. Secondly, what plan and what period you propose. Thirdly, why, in reference to the securities, the words “to an amount to be arranged between us” are introduced. It appears to me that if, as you propose, you give “securities sufficient to cover the expenditure,” there will be nothing to arrange. The “amount” you speak of will settle itself.

You observe that your proposal to give securities (of what nature you do not inform me)—the Province of Auckland to be debited with the Interest and Sinking Fund—is identical in substance with that contained in Mr. Sewell’s letter of the 4th of January last.

That proposal was as follows:—“Pending the realization of funds from the disposal of securities issued under the Acts of last Session, or from the sale of land, the Government will place in the hands of the Provincial Government sufficient 8 per cent Debentures (1864) to cover these and all other estimated liabilities to be undertaken by the Provincial Government on account of these immigrants.”

I am unable to admit the identity of the two proposals. When I undertook, as Agent for the General Government, to float their securities, it was distinctly understood that the lands were to be brought into the market at once. It was only through my assurance that such would be the case, that I was enabled to obtain the terms which the Bank of New Zealand then agreed to; and unless a positive understanding to that effect were given by you, it would no longer be possible to raise money on General Government securities on advantageous terms.

Under the former arrangement the General Government would have had to bear any loss incurred in the negotiation of their securities, which are not always above or up to par. Under the arrangement now proposed, if I rightly understand it, loss on that account would have to be borne by the Province of Auckland. New conditions are also imposed, namely, that the interest and Sinking Fund on the securities to be handed over shall become a charge against the Province, to be liquidated, I presume, as it arises.

It must be borne in mind that hitherto I have acted as your Agent. As an officer of the Province I cannot undertake, and indeed have no power, to impose liabilities upon the Province. I also took leave to refer you to section XIX. of the New Zealand Settlements Act, in which I find that “money to arise from the sale and disposal of any land under this Act shall be disposed of as the General Assembly shall direct in and towards * * * the settlements.”

Also, to section V. of the Loan Appropriation Act, in which I find that charges against the revenue of the Province under the New Zealand Settlements Act, “shall be paid in such manner as shall be hereafter determined by the General Assembly.”

I cannot undertake to forestall the decision of the Legislature in reference to any portion of this expenditure, but I again invite your attention to the means available, by judicious sales of land, for avoiding the incumbrances which you propose to lay on the Province.

You inform me that the only substantial difference between the two arrangements is “in favor of the Province of Auckland and against the Colony, namely, that the General Government will have provided in cash for the employment of the immigrants up to the 30th of May next out of Colonial funds, instead of the Province finding the money in the first instance.”

I am not aware that it was ever proposed that the Provincial Government should provide the money in the first instance for the fulfilment of the obligations incumbent on the General Government towards the immigrants. It has always been understood that these obligations were to be met by the means provided by the General Assembly, and that the question of the liabilities of the Province would be in due time settled by the Legislature.

I take this occasion to remind you that no intimation of your final decision concerning the improvement clause of the regulations for the sale of the lands is contained in your letter.

Permit me to repeat that I am unable to give a definite reply to your letter until its meaning shall have been more clearly set forth. For the present, I can only assure the General Government that I think it my duty to afford them all the support and assistance in my power, provided always that it does not clash with my duties to the Province whose affairs I have been elected to conduct.

I have, &c.,

ROBERT GRAHAM, Superintendent.

The Hon. the Colonial Secretary, Wellington.

No. 43.

The Hon. the COLONIAL SECRETARY, to the SUPERINTENDENT, Auckland.

SIR,—

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

I have the honor to acknowledge the receipt of your Honor’s letter of the 20th instant, with its voluminous enclosures.