

The arrangement proposed by the House of Representatives cannot be effected unless it is accepted by the Province of Auckland, and cannot be accepted by that Province until it has pecuniary means at its disposal for properly carrying it into effect. These means it cannot derive from its revenue, and is precluded by an Act of the General Assembly from raising by loan.

Until the arrangement does come into effect the General Government is bound to continue to administer and to incur a heavy outlay for the purpose of fulfilling its obligations, while the neglect, which would almost be forced on it, of prosecuting the colonization of the lands in question would render futile much of the past expenditure, and entail in the future a very large expenditure in re-occupying and settling these lands.

After careful deliberation, the Government is prepared, on condition of the Provincial Government of Auckland immediately undertaking the whole cost of colonizing the confiscated lands, to propose to the General Assembly, in its next Session, a Bill to raise the sum of £250,000 on behalf of the Province of Auckland to enable it to give effect to the Resolutions of the House—the interest and sinking fund of this loan to be charged on the revenues of that Province.

The Government will also temporarily advance to the Provincial Government of Auckland for the same purpose One Hundred Thousand Pounds, in colonial bonds at par, bearing six per cent. interest, also to be paid by that Province.

In the event of the proposed Loan Bill being passed £100,000 is to be deducted by the General Government from the proceeds as a first charge, unless these bonds are returned to the General Government on or before the 31st December, 1866, all current interest which may have accrued having first been paid by the Provincial Government of Auckland.

It must be understood that the acceptance of this arrangement settles all previous questions in dispute in connexion with the agency of your predecessor, Mr. Graham, relative to these lands (inclusive of the Tuakau block) or to the maintenance and location of the Immigrants.

His Honor the Superintendent, Auckland.

I have, &c.,

E. W. STAFFORD.

No. 6.

Copy of a Letter from HIS HONOR F. WHITAKER, to the HON E. W. STAFFORD.

SIR,—

Wellington, January 18th, 1866.

I have the honor to acknowledge the receipt of your letter, of this day's date, relative to the proposed transfer of the confiscated land in the Province of Auckland, on certain conditions, to Provincial administration, for the purpose of colonization.

With reference to the Tuakau block, which has been the subject of a separate arrangement, in pursuance of which the Provincial Government had, up to the 28th December last (beyond the £15,000 advanced in debentures by the Colonial Government), expended £22,250, I have to state that my predecessor, Mr. Graham, calculated on the reimbursement of this expense by sales or mortgage of the land many months ago, and that the Province has been involved in difficulty in consequence of his not being placed in a position by the Colonial Government, as was arranged, to raise the money he required. I should have been glad to have kept this transaction separate from any other, and to have been enabled to discharge the debt incurred on account of the Emigrants by the substitution of £18,000 for the Tuakau block. I am, of course, aware that ultimately it would make no difference as to the total amount to be charged against the Province, but in the meantime it would have enabled me to free the Province from a liability which I do not see any way to meet, unless by sale or pledge of the debentures you are now offering instead of the money (£100,000) I asked for in my letter of the 10th instant.

I should have been much better satisfied with the proposed arrangement if you could have advanced the Province the amount required for carrying out the objects contemplated by the Resolutions of the House of Representatives, in money, instead of handing over debentures; but, as matters now stand, I am willing nevertheless on my part to accept the proposed transfer, and to recommend the Provincial Council to join in the acceptance.

I have, &c.,

The Honorable the Colonial Secretary, Wellington.

FREDERICK WHITAKER,

Superintendent of the Province of Auckland.

No. 7.

Copy of a Letter from the HON. E. W. STAFFORD to HIS HONOR F. WHITAKER.

SIR,—

Colonial Secretary's Office, Wellington, 19th January, 1866.

I have the honor to acknowledge the receipt of your letter of yesterday's date, accepting for yourself, and engaging to recommend the Provincial Council of Auckland to accept, the transfer of the confiscated lands on the terms stated in my letter of the 18th instant.

I have, &c.,

His Honor the Superintendent, Auckland.

E. W. STAFFORD.