

No. 5.

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

SIR,—

Colonial Secretary's Office, Wellington, January 18, 1866.

The Government has given an attentive consideration to your Honor's three letters, dated respectively the 1st and 4th ultimo, and 10th instant, relative to the proposed transfer of the confiscated lands in the Province of Auckland on certain conditions to Provincial administration for the purpose of colonization.

In your letter of the 1st ultimo, after recapitulating the circumstances which have led to your present position in connexion with the maintenance and location of the Immigrants introduced into the Province of Auckland under the "New Zealand Settlements Act, 1863," you state that one of the conditions (the grant of the Tuakau block) on which your predecessor undertook to continue to act as agent of the General Government in this matter, has not been fulfilled, and you submit a claim for £18,000 in substitution of the sum supposed to have been represented, at the time of the agreement, by the Tuakau block, and expended by the Provincial Government on the faith of that agreement.

On this point I have to observe that your argument would have great weight if the Provincial Government of Auckland continues to act as the agent of the General Government, or even as Principal in the administration referred to, while the General Government still retained the confiscated lands; but it is clear that the Resolutions of the House of Representatives authorising the transfer of the confiscated lands (of which Tuakau block is a part) to the Province of Auckland, contemplate that that Province should be forthwith charged with all the cost of introducing into and maintaining and locating within it those Immigrants. If the confiscated lands are accepted by the Province under the Resolutions of the House, that acceptance at once determines all previous questions of dispute connected with the former agency.

In the letters of the 4th ultimo and 10th instant, you refer to the large pecuniary liabilities, which are expressly attached to this contemplated transfer, and you express your opinion that, in addition to these liabilities, other expenses must certainly be incurred in order to secure the successful colonization of the confiscated lands, and the prosperity or even existence of the Military Settlements:

You point out that whatever may be the amount on account of these liabilities ultimately chargeable to the Province of Auckland, they must in the first place be met by the General Government, which cannot divest itself of the responsibility of securing the fulfilment of engagements with third parties:

You observe that the Province of Auckland, although at present clear of financial embarrassment, has no funds to meet any serious increase of expenditure, and that the General Assembly has appropriated, last Session, part of the Auckland Provincial Revenue to meet the interest and sinking fund under the "Loan Allocation Act, 1865," while a clause in the "Southland Provincial Debt Act, 1865" altogether precludes the Province from borrowing any sum of money for any purpose whatever:

You state that a very careful consideration of the whole subject has thoroughly convinced you that the Province of Auckland cannot involve itself in the liabilities contemplated by the Resolutions of the House of Representatives with the least hope of success, without large pecuniary means at its disposal; and, disclaiming any wish on the part of the Province of Auckland to avoid the payment of any sum fairly chargeable against it, and the performance of any duty which it may be reasonably asked to undertake, or to ask for any pecuniary aid which it is not intended to repay with interest, you submit that, under the circumstances, it is reasonable that the General Government should assist the Province in assuming an administration at present in the hands of the Colony, and thus relieve the Colony from serious difficulties and a large expenditure:

You propose, for this purpose, that the General Government shall undertake to introduce a Bill in the next Session of the General Assembly to raise a sum of £250,000 on behalf of the Province of Auckland, to enable it to carry out the Resolutions of the House of Representatives, and that in the meantime a temporary advance, of at least £100,000 should be made, to enable the Provincial Government to proceed with the undertaking, such advance to be repaid with interest out of the loan of £250,000.

In replying to your Honor, I have to state that the General Government fully recognises that the contemplated transfer of the confiscated lands entails large liabilities, and that the retention of the administration of these lands would involve the Colony in heavy expenses for necessary services, which could be more economically and effectively performed under Provincial than under Colonial administration.

This view of the subject appears to have actuated the late, as it certainly did the present Government, in the proposal which both Governments submitted, in identical form, to the House of Representatives for the transfer of these lands. In a Memorandum written by the late Native Minister, and attached to the Papers on this subject, the following passages occur:—

"It is understood that Auckland requires £100,000 to carry on the work of settling Waikato and Tauranga.

"Supposing that a loan of half a million was sanctioned, and the interest charged on the Province of Auckland, the General Government will not interfere with the working of the scheme, but will require an entire surveillance and audit, with the power of putting an end to the scheme, and taking it again into their own hands, if the Province should fail in its work."

These passages, although not embodied in the proposal submitted to the House, indicate the importance that was attached to intrusting the Province with the colonization of the confiscated lands, and the reasonable anticipation of a loan charged on the Province being required under the authority of the General Assembly for the purpose of enabling it effectively to fulfil that object.

The present state of the question appears to be shortly as follows:—