

FURTHER PAPERS RELATIVE TO THE SETTLEMENT OF THE CONFISCATED LANDS.

No. 1.

Copy of a Letter from MR. VOGEL, M.G.A., to the HON. E. W. STAFFORD.

SIR,—

Wellington, 14th December, 1865.

I have the honor to lay before you a proposal for disposing (through the Provincial Governments) of the lands acquired from the Natives by confiscation or cession.

The prospectus enclosed will place you fully in possession of the leading features of my plan—the details are open to consideration. I would recommend that a not less quantity than one million acres be disposed of, and that the price be two pounds an acre.

The 18th clause of the "New Zealand Settlements Act" will fully authorize the plan being carried out, if the Government approve it.

"All such Town, Suburban, and Rural land shall be sold, occupied, and disposed of for such prices, in such manner, and for such purposes upon such terms, and subject to such regulations as the Governor in Council may from time to time prescribe for that purpose."

I am aware that the General Government is not in a position to undertake the colonizing operations which are essential, not only to my scheme, but to any scheme for putting to a profitable use the lands acquired from the Natives. I contemplate, therefore, the General Government ceding the lands to the Provinces, with authority to carry out the scheme. My proposal is that Auckland and Wellington, or Auckland, Wellington, and Taranaki unite to give it effect, each contributing an agreed portion of the land, and receiving a proportionate amount of the proceeds.

Perhaps I shall not be out of place in saying a few words as to the terms upon which the General Government would be justified in parting with the lands to the Provincial Governments. Supposing the lands were sold in the ordinary way, just as they are, they would realize a very small sum. Now it seems to me the General Government would be effecting an incalculably better arrangement by disposing of the lands to Provincial Governments on some such terms as these:—

1. A payment from the proceeds of 2s. 6d. an acre.
2. An undertaking to defray the cost of locally defending the lands.
3. An agreement to introduce immigrants at the rate suggested in the prospectus—in rough numbers, say eighteen thousand for every million acres.
4. The expenditure of the balance, after defraying cost of negotiating the lottery, upon public works, and in assisting the immigrants, under the 18th clause before quoted, these stipulations could be framed.

The first, second, and fourth speak for themselves. The third, I may point out—that supposing the revenue to average £3 10s. per head, the Provinces would be contracting to increase the revenue by over £60,000 per annum for every million of acres ceded to them. I can conceive no plan that would approach this in favorable results to the General Government.

The difficulties common to all plans for settling the acquired lands I contend will be less with my plan than with any other.

I allude, 1—to the selection of immigrants; 2—to settling them on the lands; 3—to defending the lands from Maori incursions.

To meet these—the most stringent conditions as to the qualifications of free passengers (not being actually owners) could be laid down.

The giving priority of choice of the allotments to first comers will induce the owners, or their representatives, to come out; and the condition of a Crown Grant, for lots up to 100 acres, could, if it be thought necessary, be made a year's residence.

The right to nominate to free passages could be limited to a certain time, and the owners not desiring passages would hasten to sell them. To do so they would have to find immigrants possessing the necessary qualifications, so that there would be thousands of persons virtually acting as immigration agents for the Government.

To meet the case of immigrants not having an interest in the prizes, small allotments could be put apart to be given to them, together with rations for a limited period, upon a system of deferred payment, similar to that pursued in several colonies with success with German immigrants; or the unoccupied immigrants could be employed on public works, with money for which the lottery would liberally provide the Provincial Governments. In respect to Maori interference, with a large population, with land to offer to Volunteers, and with ample funds, the preserving peace and order would be an easy task.

I touch now upon the advantages to the Provincial Governments. If they do not adopt my plan they will not have money to colonize the lands, and it is certain the Assembly will not sanction the borrowing large sums for the purpose. The lands would either revert to the Natives, or fall into the hands of private individuals, who at best would but sparingly people them. But with my plan the Provincial Governments would secure—

1. Large additions of population.
2. Considerable increase of revenue.
3. Vast sums of money to spend on public works and on settlement.
4. The proceeds of Town and Suburban sales.

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Let us suppose the Provincial Governments acquire 1,200,000 acres of land from the General Government, one million they could sell by lottery for two million sterling. The balance of 200,000 acres they could dispose of as follows :—

Forty thousand acres divided into small grants to immigrants on deferred payments.

Sixty thousand acres to be divided amongst 1,000 Volunteers, who would be ready in case of need to undertake defence duties.

One hundred thousand acres for Town and Suburban lands, and which might be expected to yield at the rate of £5 an acre, or a total of half a million.

The cost of the immigrants' passages would be £275,000. An amount of £150,000 might be put apart to pay the 1,000 Volunteers one pound per week per man for three years. The balance of the two millions, after defraying cost of negotiating lottery would be available for assisting the immigrants, for surveys, for public works, and for the 2s. 6d. an acre payment to the General Government.

I have the honor to offer, as a condition of trying my plan, that its negotiation be left to me, in conjunction with any one named for the purpose by the General or Provincial Governments.

In respect to the cost of negotiation, the expenses will be large. There will have to be a vast number of agencies and sub-agencies for the disposal of tickets, and an allowance of two and a-half to seven and a-half per cent. will have to be made to them. The advertising will be very costly, and the correspondence heavy. Taking these into consideration, I think that an allowance of ten per cent. to cover all charges will have to be made to the negotiators.

I have, &c.,

The Hon. the Colonial Secretary.

JULIUS VOGEL.

Prospectus Suggested.

IMMIGRATION TO NEW ZEALAND—SETTLEMENT AND COLONIZATION OF THE LANDS ACQUIRED FROM THE NATIVES.

The Provincial Governments of _____ and _____, sanctioned by the General Government of New Zealand, anxious to settle the magnificent lands acquired from the Natives, have resolved upon adopting the following means of disposing of a portion of the same—the proceeds to be devoted to the purposes of immigration and settlement :—

One million acres of the choicest of these lands will be divided into *6121 lots, ranging in size from 50 acres to 100,000 acres, as described in the schedule. These will be disposed of for the sum of £2,000,000, represented by 2,000,000 shares of one pound each. The lots will be divided amongst the shareholders by lottery in lots as described in the schedule. On each prize ticket the Province in which the land is situated will be stated.

The money realized by the sale the Governments propose to devote to settling the lands, and as a first step in that direction, a considerable portion of the proceeds will be expended in providing free passages to immigrants. One hundred and seventy-five (175) free cabin passages, and eighteen thousand eight hundred and seventy †(18,870) free steerage passages will be provided to the winners of the land, or to those they nominate. The number of free passages attached to each lot is described in the schedule.

The Government stipulate that the persons to whom free passages are granted must be of good character, able-bodied, and not entirely destitute. Agents will be appointed to rigorously investigate the qualifications of persons nominated to free passages. Winners of land not using their privilege of free passages within _____ months, will forfeit the same, but the Governments undertake to select immigrants and provide them with free passages to the same number as the passages forfeited. Single immigrants will be required to satisfy the Government agents that, on landing in New Zealand, they will have not less than *two* pounds in their possession, and families of three not less than *five* pounds. The proofs required will be drafts on some bank in New Zealand for the amounts.

To meet the necessities of immigrants, not winners of land in the lottery, or representing winners, the Governments will offer liberal employment on public works, or will supply allotments of good land of thirty acres upon deferred payments running over ten years; tools and rations for a limited period (say nine months) will also be afforded upon the same terms, provided the immigrants industriously cultivate the land they occupy. The price of the land will be two pounds (£2) per acre, bearing interest at current rates.

The winners of land in the lottery will be allowed priority of choice of the surveyed allotments, in the order of their arrival in the Province. Those arriving at the same time will have to ballot for choice. Crown Grants will not be issued for the allotments up to 100 acres until the winners, or persons duly authorised by them, have resided upon and cultivated the allotments for twelve months.

Owners of lots above 100 acres, not represented on the spot, will be allowed Crown Grants within a reasonable time, upon application to the agent.

Pending the issue of the Grants, the owners of winning tickets can obtain certificates of the quantity of land to which they are entitled.

The lots of 50 to 1,000 acres will be choice agricultural land; above that size the lots will consist of agricultural and pastoral land combined.

In every feasible way the Government will aid the prize-holders who, themselves or their representatives, settle upon and cultivate the lands. Roads, bridges, and tramways will be liberally provided; convenient towns will be constituted; seeds and implements will be furnished to them on deferred payments of _____ years, bearing the current rate of interest.

In special cases rations for a limited period will be granted upon the same terms or upon security

* See note to Schedule.

OF THE CONFISCATED LANDS.

3 A.—No. 2 b.

of the crops. The advantages of local municipal government will be afforded to the settlers as early and as fully as possible. For the use of the agriculturists several steam ploughs and other approved machines and implements will be imported, and the settlers be allowed the use of them, free of cost beyond the payment of working expenses. Facilities for obtaining stock upon reasonable terms will be afforded to those desirous of entering into pastoral pursuits. In short, the Governments having, as they will, large funds at their service, will endeavour to the utmost to raise up model settlements upon the lands which they now offer on what they conceive to be highly favourable terms to persons desirous of emigrating, or of assisting their friends to emigrate.

To the industrious the smaller lots will insure an independence, the larger lots a fortune.

The Governments undertake to provide the settlers with proper protection from the ill-disposed Maoris. No difficulties with them are anticipated. The natives are now disposed to cultivate friendly relations with the Europeans, and the Governments are sedulously anxious to encourage the growth of such relations.

SCHEDULE.

Lots.	Each in Acres.	Total Acres.	Passages each Lot.	Total Passages.
1	100,000	100,000	8 Cabin	8 Cabin
2	50,000	100,000	6 “	12 “
3	20,000	60,000	5 “	15 “
5	10,000	50,000	4 “	20 “
15	5,000	75,000	3 “	45 “
35	2,000	70,000	2 “	70 “
70	1,000	70,000	6 Steerage	420 Steerage
140	500	70,000	5 “	700 “
200	250	50,000	4 “	800 “
* 1450	100	145,000	3 “	4,350 “
* 4200	50	210,000	3 “	12,600 “
6121	Lots equal to	1,000,000	Total Passages {	170 Cabin 18,870 Steerage

* If it be thought desirable to increase the number of prizes, prizes of 25 acres could be offered, some being deducted from the 50 acre and 100 acre lots. Thus, there could be 100 one hundred acre lots, 3000 fifty-acre lots, and 4200 twenty-five-acre lots. This would make up the million acres exactly. By attaching one passage to the 25-acre lots, the reduction of the 50 and 100-acre lots, averaging three passages each, would leave a reduction in the total of 750 passages. The three last lots would stand thus:—

1000 lots, 100 acres, equal to 100,000.	3 passages each lot, equal to	3000
3000 „ 50 „ .. 150,000.	3 „	9000
4200 „ 25 „ .. 105,000.	1 „	4200
<u>8200 lots.</u>	<u>355,000 acres.</u>	<u>Passages. 16,200</u>

As compared with the two lines upon which this is a suggested alteration, there is the same number of acres, an increase of 2,550 lots, making in all 8671 lots, and a decrease of 750 immigrants, leaving in all 18,120 steerage passengers. I do not know whether this would be an improvement. The 750 passages saved would cover the extra cost of survey. Perhaps an increase of prizes would make the lottery more attractive. Supposing the alteration adopted, its incorporation into the Prospectus would be easy.

No. 2.

Copy of a Letter from the HON. E. W. STAFFORD to HIS HONOR I. E. FEATHERSTON.

SIR,—

Colonial Secretary's Office, Wellington, 22nd December, 1865.

I have the honor to enclose a copy of a letter from Mr. Vogel, transmitting a Prospectus, a

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copy of which is also enclosed, of a plan for disposing, through the intervention of the Provincial Governments, of the lands acquired from the natives by confiscation or cession.

The question of occupying and colonizing these lands is one which largely affects, not only the Colony, but the Provinces in which these lands are situated, and demands, from the importance of the many interests involved, the most careful consideration.

I shall accordingly feel much obliged by the expression of your Honor's opinion with reference to the whole subject matter of Mr. Vogel's letter and its enclosure.

His Honor the Superintendent, Wellington.

I have, &c.,

E. W. STAFFORD.

No. 3.

Copy of a Letter from HIS HONOR I. E. FEATHERSTON to the HON. E. W. STAFFORD.

SIR,—

Superintendent's Office, Wellington, 16th March, 1866.

I have the honor to return you, with many thanks, Mr. Vogel's prospectus of a plan for disposing, through the intervention of the Provincial Governments, of the lands acquired from the Natives by confiscation or cession.

I think so highly of the proposal that I should have been prepared to recommend it to the consideration of the Provincial Council, had there been any lands in this Province which could be disposed of in the way suggested by Mr. Vogel.

I have, &c.

I. E. FEATHERSTON.

The Hon. the Colonial Secretary, Wellington.

Superintendent.

No. 4.

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

SIR,—

Superintendent's Office, Auckland, 10th April, 1866.

I have the honor to acknowledge the receipt of your letter, of the 19th March last, enclosing copies of correspondence on the subject of a Prospectus of a plan for the disposal of the land acquired from the Natives by confiscation or cession.

I should have been glad to have entered into the consideration of this plan, but there are not at present any lands in the Province of Auckland available for disposal in the manner proposed.

I have, &c.,

FRED. WHITAKER,

The Hon. the Colonial Secretary, Wellington.

Superintendent.

No. 5.

Copy of a Letter from HIS HONOR H. R. RICHMOND to the HON. E. W. STAFFORD.

SIR,—

Superintendent's Office, New Plymouth, 19th April, 1866.

I have the honor to inform you that, having submitted Mr. Vogel's proposal with regard to the confiscated lands to the Provincial Council, I find that the Council agrees with me in considering that the application of the scheme to the lands of this Province is undesirable.

I will, if you wish it, write more fully on the subject at some other time, but am unable to do so by this mail, and am unwilling to defer any longer the return of the papers, which I accordingly enclose.

I have, &c.,

H. R. RICHMOND,

The Hon. the Colonial Secretary, Wellington.

Superintendent.

No. 6.

Copy of a Letter from the HON. E. W. STAFFORD to MR. VOGEL, M.G.A.

SIR,—

Colonial Secretary's Office, 2nd May, 1866.

With reference to the prospectus transmitted by you of a plan for disposing, through the intervention of the Provincial Governments, of the lands acquired from the Natives by confiscation or cession, I have the honor to inform you that I have communicated this Prospectus to the Superintendents of the Provinces of Wellington, Auckland, and Taranaki.

I enclose, for your information, copies of their respective replies; from which you will gather that the Superintendents of Auckland and Wellington are favorable to the principle of your plan, but do not consider that there are any lands in those Provinces to which it can be applied; while the Superintendent and the Provincial Council of Taranaki do not think its application to lands in that Province desirable.

I have, &c.,

E. W. STAFFORD,

J. Vogel, Esq., M.G.A., Dunedin.

No. 7.

Copy of a Letter from His Honor H. R. RICHMOND to the Hon. E. W. STAFFORD.
(No. 58.) Superintendent's Office,

SIR,— New Plymouth, 4th July, 1866.

I have the honor to inform you that having submitted the correspondence which has taken place between the Colonial and Provincial Governments relative to the management of the confiscated lands, to the consideration of the Provincial Council, the enclosed resolution has been passed by the Council.

It will be seen that the general purport of the resolution is, that the Province having at present so small a population and revenue, would not be justified in offering to take upon itself unknown liabilities, which, if they should prove too great for its resources, must inevitably fall back in one way or another upon the Colony.

This I think is the proper view to take. The Province is in the position of a trader with small capital, who may properly undertake a large commission trade, but cannot honestly enter on his own account into very extensive speculations. Nevertheless, if the Colonial Government should take a different view of the matter, and should not be disposed to deal with the lands in the manner proposed in the third paragraph of the resolution, any offer which may be made, and which in the opinion of the Colonial Government the Province would be justified in accepting, will receive the earnest consideration of myself and the Provincial Council.

I have, &c.,
H. R. RICHMOND,
Superintendent.

The Hon. the Colonial Secretary, &c., Wellington.

Enclosure in No. 7.

EXTRACT FROM MINUTES OF COUNCIL.

New Plymouth, 25th June, 1866.

Resolved—That this Council having been informed by His Honor the Superintendent that it is the intention of His Excellency's Government to submit to the General Assembly the question as to whether the confiscated lands in this Province ought to be handed over to the management of the Provincial Government, and, if so, on what conditions, resolves,—

1st. That in the opinion of this Council it is very desirable that the administration of the lands in all districts of this Province where they can be peaceably occupied should be in the hands of the Provincial Government, but that it is not desirable that the Province should take over the administration of the lands in districts in which the Natives are still in rebellion, except on a guarantee that possession of the lands will be maintained by the Colonial Forces, or on such terms that the payments to be made in respect of such lands shall be contingent on their being actually surveyed and sold.

2nd. That considering the uncertainty that exists as to the extent of open country comprised in the confiscated districts, and as to the quantity of land required for compensating friendly Natives and locating rebels, and the uncertainty as to the amount of resistance that may yet be made to the occupation of those lands, and taking also into consideration the small revenues of the Province at the present time, the Provincial Government could not, without undertaking liabilities which it might prove unable to discharge, offer to take over the confiscated lands as a whole with any large amount of debt attached to them, upon which interest would be chargeable immediately, except upon conditions which should render possible the immediate sale and occupation of a considerable portion.

3rd. That in the opinion of this Council, the best course, both for the Colonial and Provincial Governments, would be, that the Colonial Government should hand over to the Province definite portions of the land as they become available for sale and settlement, either at fixed prices, or subject to the payment to the Colonial Treasury of a definite portion of the land fund.

4th. That in arranging the terms upon which any portion of those lands is handed over to the Provincial Government, regard should be had to the claim of the Province in respect of the unexpended portion of its share of the Land Purchase Fund, and that allowance should also be made for the heavy liabilities which the Provincial Land Fund will have to bear in consequence of the existence of a large amount of unexercised Land Orders and Scrip, which are properly a liability of the Colony and not of the Province.

(True Extract.)

W. M. CROMPTON,
Speaker.

No. 8.

Copy of a Memorandum by His Honor F. WHITAKER.

MEMORANDUM as to a loan of £250,000, to be raised by the Province of Auckland for the purposes connected with the Confiscated Lands.

On the 9th of November, 1865, the Colonial Secretary enclosed a copy of the Resolutions passed by the House of Representatives on the 26th of October, 1865, declaring the terms on which the House deemed it expedient that the confiscated lands in the Province of Auckland should be transferred to Provincial administration for the purpose of colonization. The terms were :—

1. That land should be provided—
 - a. For Military Settlers.
 - b. For Natives—Friendly and surrendering.
2. That all expenses should be paid by the Province, except pay and rations of Military Settlers.
3. That after payment of the liabilities stated, the Province, out of future sales, should pay
- 2s. 6d. an acre.
4. That the Province should pay—

- a. Compensation to Natives and others for land taken.
- b. Compensation to settlers for war losses.

5. After recouping actual cash payments, proceeds of confiscated land to be expended for advantage of confiscated districts.

A.—No. 2, p. 2.

On the 1st of December the Superintendent replied—That before he could come to a decision he must clearly see his way as to where the necessary funds were to come from to meet the liabilities proposed to be undertaken, and he asked whether the General Government would lend or guarantee a loan. No reply was given, and the Superintendent then came to Wellington; and, on the 10th of January, 1866, addressed a letter to the Colonial Secretary, stating that he had again considered the subject, and had arrived at the conclusions:—

- 1. That the Province could not hope to succeed without large pecuniary means at its disposal.
- 2. That the Province could not raise money by loan, in consequence of a clause in "The Southland Provincial Debt Act, 1865."
- 3. That £250,000 would be required in all, and £100,000 at once.

He asked that a Bill should be introduced in the Assembly in the next Session to raise £250,000, and declared that it would be folly of the Province to relieve the General Government of the heavy liabilities proposed without this assistance. On the 18th of January the Colonial Secretary replied—

A.—No. 2, p. 4.

- 1. That the transfer of the lands would entail large liabilities, and the retention of the land by the General Government would involve the Colony in heavy expenses.
- 2. And that, on condition that the Provincial Government should immediately undertake all expenses, the General Government would introduce "a Bill to raise £250,000, on behalf of the Province, to enable it to give effect to the resolutions of the House, the interest and sinking fund of this loan to be a charge on the revenues of that Province," (Auckland.)
- 3. That the General Government would temporarily advance £100,000 in General Government Debentures.

I.—Object of Loan.

The administration of the Confiscated Land was accordingly transferred, and the liabilities undertaken by the Province are set forth in the paper marked A. The object of the loan is to meet them.

II.—How Loan to be Charged.

The loan will have to be charged on all the Revenues of the Province of Auckland, both Ordinary and Territorial, including the confiscated lands.

III.—Provisions for Repayment.

The provision for repayment will have to be by a sinking fund appropriating the proceeds of the sales of confiscated lands, as from time to time received, towards liquidation of the debt. Any deficiency will have to be made good from other sources of revenue.

PURPOSES FOR WHICH EXPENDITURE REQUIRED.	Amount Expended to 27th August, 1866.	Amount yet required to be Expended.	Total Expenditure for which Government liable
	£ s. d.	£ s. d.	£ s. d.
1. Employment of Waikato Immigrants ...	33,939 7 9	...	33,939 7 9
2. Instalment on Compensation for Losses in War ...	24,640 16 5	60,359 3 7	85,000 0 0
3. Surveys ...	4,515 11 5	10,484 8 7	15,000 0 0
4. Compensation under "New Zealand Settlements Act" ...	8,880 3 9	11,119 16 3	20,000 0 0
5. Public Works ...	3,169 5 5	46,830 14 7	50,000 0 0
6. Administration Expenses ...	2,000 0 0	5,000 0 0	7,000 0 0
7. Contingencies ...	575 14 5	1,424 5 7	2,000 0 0
	£77,720 19 2	135,218 8 7	212,939 7 9

1. This sum was expended by the Superintendent of Auckland, as Agent for the General Government.

2. The awards of the Commissioner amounted to £71,002 16s. 1d. In addition to this there are native claims, about £3,000, and the Tauranga, Opotiki and Poverty Bay claims to be added. The whole will probably amount to about £95,000. A deduction from this amount has to be made to the extent of about £10,000, the result of further investigation, leaving £85,000 to be provided for. The Committee on the Confiscated Lands estimate the amount at £60,000, but this it is assumed does not include the native claims, Tauranga, Opotiki and Poverty Bay.

3. See Report on Confiscated Land. The Committee estimate surveys at £15,000.

4. Compensation.—This is the estimate of the Confiscated Land Committee.

A.—No. 2, p. 3.

5. Public works to the amount of about £15,000 have been contracted for. It was stated by the Superintendent, in his letter of the 10th of January, 1866, that "in order to secure the successful colonization of the confiscated lands, and the prosperity or even existence of the Military Settlements, public works on a considerable scale must certainly be undertaken, and other expenses necessarily incurred." The amount already spent has been in Waikato only, and nothing at Turanga, Opotiki or Poverty Bay.

6. Administrative Expenses.—These are the expenses necessarily incurred in management. No separate department has been created, but existing establishments extended, in order to do the increased work. This plan was adopted as the most economical and convenient.

7. Contingencies.—Many small items arise to be paid which cannot be classed under the above.

FREDERICK WHITAKER.

No. 9.

Copy of a Letter from the Hon. E. W. STAFFORD to His Honor F. WHITAKER.

(306)

Colonial Secretary's Office,
Wellington, 20th September, 1866.

SIR,—

With reference to my letter No. 19, of the 18th January last, I have to state that the question referred therein is under the consideration of the Government, and that it will be necessary to satisfy the General Assembly that the Province of Auckland will be able to bear the proposed additional burthen of £20,000, the interest and sinking fund on the proposed loan of £250,000.

I have accordingly to request your Honor to be good enough to furnish me with detailed statements, showing out of what fund it is anticipated that this additional charge can be defrayed, after the interest on existing loans and the administrative expenses of the Province have been provided for.

It is also understood that, whilst authority to raise two hundred and fifty thousand pounds is desired, the past and contemplated expenditure on account of the Confiscated Lands in question, is only £213,000, thus leaving a balance unaccounted for amounting to £37,000, some further explanation on this point is requisite.

It is also desirable that the Government should be supplied with additional information on the following points:—

1. Amount of ordinary Provincial Expenditure particularized and compared with amount of Local Revenues.

2. Specifications and estimates of proposed Public Works (given in detail approximately).

3. Proposed currency of Debentures.

4. Amount of Local Revenues received by the Provincial Government for the last three years, stating heads of Revenue.

5. Estimated annual proceeds from sale of Confiscated Lands, computed from the 1st of March last, the date on which the Provincial administration of those lands commenced.

I have, &c.,

His Honor the Superintendent, Auckland.

E. W. STAFFORD.

No. 10.

Copy of a Letter from His Honor F. WHITAKER to the Hon. E. W. STAFFORD.

Wellington, 22nd September, 1866.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 20th instant, informing me that it will be necessary to satisfy the General Assembly that the Province of Auckland will be able to bear the proposed additional annual burthen of £20,000, the interest and sinking fund on the proposed loan of £250,000; and requesting me to furnish you with detailed statements in reference to the several matters referred to in your letter.

1. The estimate that a loan of £250,000 is required to cover all the contemplated expenditure in reference to the confiscated lands is based upon the data already furnished, to which must be added, of course, the cost of negotiating a loan of the character proposed, which cannot be taken at from less than £25,000 to £30,000, or even possibly more, leaving a very small margin for contingencies.

2. With reference to the fund out of which the annual charge entailed by the loan will have to be paid, I am not able to supply you with the details you require as I have not the documents which it is necessary to refer to; but I can state the present position of the finances of the Province with sufficient accuracy to enable the General Assembly to judge what there is to look to to cover the annual expenditure which would be entailed by the proposed loan.

3. Apart from the question of assets and liabilities resulting from the confiscated lands, it may be assumed, for all practical purposes, that the Province of Auckland is free from any financial embarrassment or difficulty. The revenue of the current year will cover the expenditure entailed by existing loans and administrative expenses, but no more, and I have no doubt that the result of the year 1867 will be the same; but there will be no Surplus Revenue this year, nor can any be expected next year available to meet any extraordinary expenditure, either as interest and sinking fund, or for public works.

I believe that an average of from £20,000 to £30,000 a year may be reckoned on as the proceeds of sales of confiscated lands for some years to come, and this should be wholly applied or set apart to the payment of interest and sinking fund on the special debts entailed on the Province of Auckland by the war and management of confiscated lands. It is reasonable to expect that, under judicious administration of the confiscated lands and of the affairs of the Province in general, that the rate of progress hitherto attained may be maintained, and, if this were so, the extra charge entailed by the proposed loan, met for a time altogether by the sales of confiscated land and eased for some time after from the same source, would be paid probably without difficulty out of Ordinary Revenue, and not severely felt.

It must not, however, be overlooked that there are elements of uncertainty in the matters already referred to, which no foresight or prudence can altogether remove, and, taken in conjunction with other subjects to which I will now refer, it is a question for serious consideration, whether it would not be wiser and more to the advantage of both the Colony and the Province of Auckland that the arrangement came to in reference to the confiscated land should be cancelled.

The existing loan of £500,000, authorized to be raised by the Province of Auckland in 1863, was disposed of to the Bank of New Zealand. A considerable portion of the debentures were, only recently, handed over to the Bank under the arrangement made, and it is understood that they are now on the market, and no doubt will be for some time to come. The debentures of other Provinces are also saleable with difficulty, and only at a large discount. Under these circumstances it is very questionable in my mind whether a new loan by the Province of Auckland would be saleable at all in the present state of the money market, and at all events an almost ruinous discount would have to be submitted to, and the result would entail much damage to the credit of all Provincial loans, and even a serious depreciation in the value of the securities of the Colony.

Again, it is becoming clearer every day that the operations of the Native Lands Court are reducing the price of land in the Province of Auckland, and it is difficult at present to foresee to what extent this may go. Already it is said that titles to 200,000 acres of native land have been obtained, and most of it may be bought at a few shillings per acre. This will necessarily much interfere with the sales of confiscated land, and disturb the calculations made; it suggests, moreover, the question,—Whether it would not be a wise course to bring these latter lands at once into the market at such a price as will ensure purchasers without delay.

Having regard to all the foregoing considerations I have come to the conclusion that the proper course for me to adopt is to ask to be relieved from the arrangement under which the management of the confiscated lands has been handed over to the Province of Auckland, and consequently from the liabilities thereby entailed, and thus avoid the absolute necessity which otherwise exists for raising money on Provincial securities, which I cannot contemplate without doubt and apprehension.

No difficulty will exist in placing the General Government in even a better position than they would have been in if the management of the confiscated lands had not been in the hands of the Provincial authorities for the last few months.

The money raised on the security of the debentures for £100,000, lent by the Colony to the Province, has been expended, I undertake to say prudently and economically, in discharging the liabilities undertaken under the Resolutions of the House of Representatives in the last session. Not one shilling has been devoted to any other purpose than in paying what must have been otherwise paid by the General Government. A separate account has been kept at the Bank, and separate books of expenditure by a competent accountant. So far the whole may be transferred without any delay or difficulty whatever.

It is, however, obvious that the performance by the General Government of those duties now discharged by the Provincial authorities would entail a large amount of trouble, and the work, I venture to say, would be less economically and less efficiently done. I say this because it must be plain that the presence of the Provincial authorities at the scene of operations, and the means at their disposal, give them an advantage which the General Government does not possess and cannot create. There is no question that the Colony has an important interest in this subject, and the Province a still deeper one. I am therefore most anxious that the best possible arrangement should be made, and with that view I offer a suggestion which may at least receive consideration: I propose that the administration should still be carried on by the Provincial Government at its own expense, and in consideration of this, and to cover the outlay of administration and survey, and of such works as may be essential to render the land saleable (and much of it at present is not so) that a certain proportion of the gross proceeds of the land sales be paid over to the Provincial Government, and the remainder retained by the General Government in liquidation of the money advanced by them.

The advantages of this plan to the General Government will be that they will avoid the necessity of creating and carrying on new departments, of which they can neither efficiently conduct the management nor control the expense; that the most will be made of the confiscated lands, and thereby the largest sum become available towards the liquidation of the charges upon them.

On the other hand, the Province will have an interest in keeping the expenditure within the narrowest limits, and the disposing of the confiscated lands at the best price and with the least delay, and it will avoid the danger of becoming involved in financial embarrassment of a very serious character.

Both Governments will derive the advantages which will result from an efficient administration of a territory capable of being made to contribute largely to the indirect revenues of the Colony.

In submitting these views I wish not to be understood as being desirous of evading any duty or responsibility which the Province may be reasonably required to undertake; on the contrary whatever course may be adopted, the best possible assistance in bringing about a favourable issue will be cheerfully afforded by the Provincial authorities, but I am anxious at the same time that no expectations should be raised, the failure of which may hereafter lead to disappointment by their non-fulfilment, and that the whole state of affairs should be considered and understood before any decision is come to.

I have only to add that no public works of an expensive nature are proposed, but only such roads and bridges made as will enable the land to be occupied and thus ensure its sale. It is of course impossible for me at present to detail these, but the amount stated in the estimate will no doubt cover all expenditure required on this account.

I have, &c.,

FREDERICK WHITAKER,

To the Hon. Colonial Secretary, Wellington.

Superintendent, Province of Auckland.

No. 11.

Copy of a Letter from the Hon. E. W. STAFFORD to His Honor F. WHITAKER.

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Colonial Secretary's Office,

SIR,—

Wellington, 24th September, 1866.

I have to acknowledge the receipt of your Honor's letter, of the 22nd instant, in reply to mine of the 20th, on the subject of a loan of £250,000 being raised for the purpose of colonizing the confiscated lands in the Waikato.

The information conveyed in your Honor's letter very seriously affects the question to be submitted to the decision of the Legislature, and consequently until the question has been decided it is imperative that no further payment of any kind be made in connection with these lands, except in fulfilment of contracts already made, and that no further expenses or liabilities whatever be incurred, except in prosecuting the necessary surveys for Military Settlers.

All other public works or other sources of expenditure are to be suspended.

I have to request that you will by the next mail communicate to the above effect to the officers of the Provincial Government of Auckland.

I have, &c.,

His Honor the Superintendent, Auckland.

E. W. STAFFORD.