

The statements in your letter fully establish the fact that you have thoroughly entered upon the work of the colonization of the block, and the Corporation you represent are therefore entitled to the benefit of the position.

The Hon. Colonel Feilding,
Attorney E. and C. Aid Corporation, Wellington.

I have, &c.,
WM. FITZHERBERT,
Superintendent.

No. 5.

The Hon. the COLONIAL SECRETARY to Colonel the Hon. W. FEILDING.

SIR,—

Colonial Secretary's Office, Wellington, 25th February, 1875.

I have the honor to acknowledge the receipt of your letter of the 13th instant, with its enclosures, including a memorandum of certain concessions and modifications which you propose to the Government to make in the contract between them and the Emigrant and Colonist's Aid Corporation.

2. Your proposals have received very careful consideration at the hands of the Government, who, I scarcely need assure you, have approached the subject with a sincere desire to remove, as far as might be possible, any difficulties or encumbrances that may impede the operations of the Corporation.

3. I proceed to reply, *seriatim*, to the points raised in the memorandum accompanying your letter.

A 3.—The Government will not enforce any penalties for non-introduction of two hundred emigrants during the year 1875.

A 5.—They will also not enforce any penalties under clauses 18 and 24, if the Corporation have introduced and located on the Manchester Block, at the end of each successive period mentioned in clause 24, the total number required by the contract to be introduced and located within that period.

Provided the Corporation shall have immigrated to this colony 2,000 statute adults before the 1st of April, 1878, if on the 1st of April, 1879, there be not 2,000 immigrants *bonâ fide* residing on the block, the penalties will not be exacted without allowing the Corporation a further reasonable time (say six months) in which to make up the deficiency.

C 1 and 2.—The Government cannot agree to any but an officer of their own passing the ships or immigrants as suitable, but they will take the necessary steps to insure some duly qualified person being always in London to perform the required inspection.

D.—With regard to the conveyance of the Corporation's immigrants by the railway or tramway now in course of construction between Palmerston and the Manchester Block, I am unable to say more than that the Government, whilst unable to meet your views as to free transit, will be willing to treat the Corporation's immigrants in the same way as ordinary Government immigrants, so far as transit to their location is concerned. It must, however, be distinctly understood that the Government may at any time revert to the terms of the original contract.

E 1, 2, 3, and 4.—With reference to these paragraphs, I have to observe that, although the Foxton and Palmerston Tramway was not completed by the Government at the time it was intended, the Government used every endeavour to have it so completed. The Government do not feel themselves justified in making the concession asked for in these paragraphs, because, although the Corporation have not had the use of the tramway so long as was contemplated, they have still carried over it more immigrants and stores free of cost, during the time it has been open, than was contemplated when the agreement was drawn up.

As it is proposed by the Corporation not to introduce any more immigrants for some months, the concession asked for as regards immigrants would be of little value to them.

F 1, a, b, c, and 2.—The Government cannot agree to cancel clause 22 of the original contract. An equitable understanding has been come to already as regards this clause, which deals with it effectually up to October next, and the Government have no objection to giving the Corporation an assurance that they are prepared to hand over to the Corporation the remaining sections of the Manawatu and Wanganui Railway, as far as the Rangitikei River, for construction, provided the Corporation take them up at prices ruling in the North Island for similar works. When the plans and specifications for these sections are ready, a calculation can be made, as was done when the contract now undertaken by the Corporation was let, and a clause inserted in the contracts for the new works providing for the modification of the clause in the original agreement between the Corporation and the Government.

F 3.—The construction of the proposed line from Bunnythorpe to the Manawatu Gorge not having been sanctioned by Parliament, the Government can give no assurance as to what may be done with the works on that line.

H.—Having received from His Honor the Superintendent a formal official notification of his assent to the release of the sum of £7,500 held by the Government as a guarantee for the *bona fides* of the Corporation, the Government gladly consents to your request on this point, and will be prepared to issue Crown grants to the nominees of the Corporation for land at the price of 15s. an acre, to the extent of any sums that may be to the credit of the Corporation under the contract, after deducting therefrom any sum due to the Government in respect to the advance of £5,000 already made, together with the interest thereon.

4. In making the concessions before mentioned, the Government beg it to be distinctly understood that the provisions of the original contract are not to be affected or prejudiced otherwise than as stated in this letter.

5. I attach a tramway memorandum, showing the state of the account of the Corporation up to date.

I have, &c.,
WILLIAM H. REYNOLDS,
(in absence of the Colonial Secretary.)

The Hon. Colonel Feilding, Wellington.