

and arrange with the principal agent of the Company for the new settlement on the mode to be adopted for their selection, should I not receive your Excellency's instructions on this subject previous to the arrival of the latter with the emigrants."

Mr. Harrington, the secretary to the company, in communicating to the principal agent the amended terms of purchase for the Otago Association Block, also distinctly admits on the part of the Company the right of the local Government to make reserves for the Natives in that block, in addition to those lands which, as they were merely excluded from the purchase, were scarcely to be considered Native reserves under the New Zealand Company's scheme.

The setting-apart of Native reserves formed part of the terms embodied in the agreement of the 18th November, 1840, on which a charter of incorporation would be granted to the New Zealand Company, and, on these terms being accepted, on the 12th February, 1841, a charter was granted. The 13th clause of the aforesaid agreement contains the following provision relative to Native reserves: "It being also understood that the company have entered into engagements for the reservation of certain lands for the benefit of the Natives, it is agreed that, in respect of all the lands so to be granted to the company as aforesaid, reservations of such land shall be made for the benefit of the Natives, by Her Majesty's Government, in fulfilment of and according to the tenor of such stipulations, the Government reserving to themselves in respect of all other lands to make such arrangements as to them shall seem just and expedient for the benefit of the Natives." The stipulation alluded to was the reservation of one-tenth of the land acquired from the Natives in any agreement entered into. In April, 1846, an unconditional grant was executed to the New Zealand Company of the entire block of 400,000 acres, excluding the land reserved by the Natives.

On the 5th July, 1850, the New Zealand Company surrendered their charter, and the whole of the lands in their possession, subject to existing contracts became demesne lands of the Crown by virtue of the Act 10th and 11th Vict., c. 112, and subject to the instructions of 1846 respecting Crown land within the colony, as amended by the additional instructions of the 12th August, 1850.

Owing to the failure of the Otago Association to sell and settle the 144,600 acres contained in the agreement of 1847 with the New Zealand Company, that body ceased on the 23rd November, 1852, to have control over this land. Notwithstanding the inability of the association to fulfil the engagement with the company, the Imperial Government deemed it advisable that the residue of the land contained in the block of 144,600 acres should continue to be administered in general conformity with the terms hitherto subsisting until the General Assembly should otherwise determine; and instructions were issued to the Commissioner of Crown Lands to administer the waste lands in conformity with the aforesaid directions as regards the unsold portion of the 144,600 acres, and the remainder of the Otago block under the Government regulations of the 4th March, 1853.

Although it may be urged that the Crown had parted with its control over the 400,000 acres comprised in the Otago Block on the issue to the New Zealand Company of the grant dated the 13th April, 1846, the Company's lands reverted to the Crown on the surrender of their charter in July, 1850, subject to existing contracts, and the reservation of the tenths in the residue of the block outside the part held by the association could have been effectuated after that date.

No doubt can exist that the New Zealand Company fully admitted the right of the Natives to have a tenth of the land set apart for them in the Otakou Block in the same manner as was carried out in their other settlements; but the reservation and selection of these lands were left to the Colonial Government, but from some unexplained cause Governor Fitzroy omitted to give the necessary directions to have the lands selected, notwithstanding the desirability of doing so was brought before his notice more than once by the Superintendent of New Munster, although it was one of the conditions laid down, upon which the Crown's right of pre-emption was to be waived, "that all existing arrangements by the Government with respect to the New Zealand Company's settlements should be strictly observed."

It is highly inequitable, however, that the Natives interested in the question should be compelled to suffer for an omission of the Colonial Government to set apart the proportion of the Otakou Block it was generally admitted they were entitled to; and the desirability will no doubt be now seen that immediate action should be taken to remedy, as far as possible, the loss they have sustained in consequence. As a matter of fact, no reserves have been made for them in the Otakou Block, as the lands they occupy are portions they excluded from sale, and form part of their original estate. This position of the matter was admitted by the New Zealand Company, through their secretary, Mr. Harrington, when acknowledging the right of the Government to make reserves for the Natives within the block in accordance with the Company's scheme.

I have not had an opportunity of consulting the Natives specially interested in the aforesaid block as to whether they are willing to accept a grant of land as compensation for the non-fulfilment of the intention to set apart the tenths, and consequently am unable to make any recommendation on their behalf. The setting-apart of the tenths is the only condition left unfulfilled in their case. No promises in regard to hospitals or schools were made in connection with the cession of the land. If the obligations respecting the tenths is admitted, the least the vendors or their representatives are entitled to is the minimum quantity of 14,460 acres that should have been originally set apart, together with a fair percentage addition as compensation for the number of years they have been deprived of the benefits that would have accrued from these lands had the intention been effectuated at the outset.

All this is respectfully presented to your Excellency.

Signed and sealed this 5th day of May, 1887.

(L.S.) A. MACKAY.