

and that no statement of the Amount the Company would have to pay was furnished until recently, and that owing to the nature of the Land Regulations of the Company, not one acre of Land was sold up to the time when I was permitted by instructions from Sir J. Pakington to alter those Regulations:—that is up to the 4th of last March.

Since that date a considerable quantity of Land has been sold. The Government will henceforth, I hope, have from the Land Sales the means of defraying the Expenses of fulfilling the Company's Contracts, and as the lands have now come under the control of the Colonial Government, I presume that it is intended, in assuming the control of the lands, it should also assume the charges to which they are subject.

7. I have therefore had prepared the enclosed account, shewing the expenditure and receipt by the Local Government of New Zealand, in fulfilling the Contracts of the New Zealand Company in the Settlement of Wellington, from the fifth of July, 1850, to the 4th of March, 1853, from which it will be seen that the Amounts received amounted to £393. 10s. whilst the expenditure for the same period of time amounted to £10,520. 18s. 11d, leaving a balance of £10,127 8s. 11d, due to the Local Government. I think it right to add, lest any surprise should be created at the smallest of the proceeds of the Sales of Land in the Settlement of Wellington, that for the three years preceding the dissolution of that body, they only realized the sum of £642 for the sale of lands in Wellington.

8. Of the above balance of £10,127. 8s. 11d, it will be found from the enclosed letter from the Commissioner of Crown Lands, that the sum of £7,620 9s. 8d, is to be deferred from the Commissariat Chest under Lord Grey's Instructions; but in the hope that the whole amount might not, for the reasons I have before stated, be required from the Military Chest, I thought it better during the preceeding year to apply for an advance in excess of the Parliamentary Grant for that year of £2,000. and during the present year a further advance of the sum of £1,000. has been made from the Military Chest, making a total sum of £3,000. thus advanced, and leaving a balance of £4,620. 9s. 8d, due from the Commissariat Chest to the Local Government of this Colony.

9. I have therefore requested the Officer in charge of the Military Chest to pay over to the Colonial Treasurer the sum of £7,920. 9s. 8d, to enable him to repay the advances of £4,920. 9s. 8d, which they have made from other funds.

10. I trust that with care and economy the Local Government will under the New Land Regulations be able to defray the large amount still to be found for the fulfilment of the Company's Contracts in this Settlement, and I see every reason to hope that they will be able to do so, as land is now again being readily sold. Your Grace will observe from the papers I have enclosed, that whilst only a sum of £7,620. 9s. 8d, has been drawn for the purpose of repaying the expenses for the fulfilment of the Contract of the New Zealand Company in the Wellington Settlement alone, it is estimated that those expenses will not fall below the sum of £10,000.

I have, &c.,

(Signed) G. GREY.

His Grace

The Duke of Newcastle, &c. &c.,

No. 98.

Downing-street,
29th December, 1853.

SIR,—

I have to acknowledge your despatch No. 71 of the 24th of June last, in which you report that in pursuance of the instructions conveyed by Lord Grey in his despatches of the 19th of March 1851, you had incurred an expenditure of £10,520 18s. 11d, between the 5th of July 1850 and 4th of March 1853, on account of the fulfilment of the contracts of the New Zealand Company towards the Wellington settlers; and that you had called on the Officer in charge of the military chest to pay over to the Colonial Treasurer the sum of £7,620 9s. 8d, part of this amount.

The despatches of my predecessor to which you have referred, informed you that under the provisions of 10 and 11 Victoria c. 112, p. 19, the Crown took the lands of the Company on the 5th of July 1850, subject to any contracts which might be then subsisting in regard to any of the said lands. And thereupon he instructed you that the ordinary land expenses of the settlements must be borne by Her Majesty's Government, with as much regard to economy as practicable, Government receiving the one-sixth on Land Sales which according to the terms of purchase constituted the Vendor's Fund.