

Accordingly I find from the account enclosed in Mr. Bell's letter of June 22nd (enclosure No. 2 of your despatch) that £2,295 · 9 · 3 had been expended in accordance with those instructions, within the period named, on "general charges" on account of the Settlement: and I am glad to learn from that gentleman's report that considerable reductions had been made in the scale of establishments previously maintained by the Company.

The remainder of expenditure, making up the total sum of £10,520 · 18 · 11, consists of items for which, as far as the correspondence now before me shews, you had received no authority whatever.

Of this sum £3,140 · 0 · 2 is charged to a re-survey of the Wellington District, and the purchase of land at Rangitikei. You have given me no explanation respecting these amounts, and I can only conjecture that their expenditure was considered necessary in order to fulfil some contracts for compensation of disappointed land purchasers, which had been entered into by the Company, or by its Agents in New Zealand. All that I am told respecting them is, that in Mr. Bell's opinion they were exclusively chargeable to the fulfilment of the contracts of the Company.

The further expenditure of £5,087 · 9 · 6 has been incurred in respect of payments for the acquisition of the Ahuriri District, "in order to satisfy contracts for re-selection and compensation entered into by the Company with its purchasers in its Agreement of the 6th of October 1849, which could not be fulfilled fairly within the Districts attached originally to the 'Wellington Settlement:' as to which Mr. Bell reports that "in his opinion, it must to a considerable extent be charged to the fulfilment of those contracts."

The Agreement of the 8th of November 1849 was made subsequently to the Act of 1847, and therefore subject to the approval of Her Majesty's Commissioner, and I cannot find that Her Majesty's Commissioner signed anything beyond an arrangement by which the Company offered 75 acres out of their own Estate at Wellington, on every 150 originally bought. I am not aware of any sanction whatever having been given by Her Majesty's Government to the acquisition of a new tract of land, part of its own demesne, (for the purchase was made after the 5th of July 1850,) in order to fulfil an engagement thus limited in its origin. If that purchase was made under the authority of the Legislative Council, this furnishes no additional reason for fixing any liability on Her Majesty's Government in respect of it.

In all these cases, (except the maintenance of the land establishment, as to which you had definite instructions,) the question, whether a particular engagement made by the Company's Agents in the Colony, was, or was not a "contract" for which the Crown was rendered liable under the Act, was obviously a legal one, and involving questions to which it was absolutely necessary that legal considerations should be applied. It was therefore plainly the proper course for you, before defraying any liability in respect of such supposed contracts out of the Commissariat Chest, to apply for instructions from home. If the exigencies of the question rendered such a reference impossible, (although I am not aware that this was the case in any of the instances before me) you were at least bound in prudence to fortify yourself with the opinion of the Law Advisers of your own Government.

Instead of this, you appear to have been guided in these appropriations by nothing whatever except the opinion of Mr. Bell, and the grounds on which that gentleman had formed his judgment are not stated in his letter or in your despatch.

By this course of proceeding you have placed Her Majesty's Government in considerable difficulty, as I understand Mr. Bell's letter, he estimates the total expense of the "fulfilment of the Company's Contracts" himself being the judge of what falls properly under the designation of Contracts,) at £10,000, over the realized and probable receipts, for which he credits Her Majesty's Government. And however this may ultimately turn out, it appears at all events, that you had drawn on the Commissariat Chest for £7,620 · 9 · 8 at the date of your despatch; by far the greater part in respect of expenditure, for which you had no instructions, and for which Her Majesty's Government, on the scanty information as yet before it, can acknowledge no liability.

My first instruction must necessarily be, to stop all demands whatever on the Commissariat Chest in respect of supposed contracts of the Company, either at Wellington, or in any of their other settlements specified in Lord Grey's despatch of 19th of March, 1851, except for the maintenance of the ordinary land establishments, as distinctly pointed out in those despatches.

In the next place, to apply the sixth of the land revenue which may have accrued in the several Settlements since the date of your despatch, and which may not have been absorbed by their current expenses, to the reimbursement of the Commissariat Chest for these advances.