

FURTHER PAPERS RELATING TO AGREEMENT WITH THE EMIGRANT AND COLONIST'S AID CORPORATION.

No. 1.

The Hon. Colonel FEILDING to His Excellency Sir G. F. BOWEN, G.C.M.G.

Emigrant and Colonist's Aid Corporation (Limited),

SIR,— 3, Queen Square, Westminster, S.W., 9th August, 1872.

It is not without a feeling of the deepest regret and compunction that I find myself constrained to apply to your Excellency for a reconsideration of the terms of the contract made between us on the 26th of December last. The events which have led me, and the circumstances which almost oblige me, to adopt this most unusual course may be summed up briefly as follows:—1st. That although no time has been lost in undue deliberations, and no effort left untried to obtain the money necessary to carry out the terms of the contract, the Directors of the Emigrant and Colonist's Aid Corporation have, with the utmost reluctance, come to the conclusion that all their past efforts must remain fruitless, as regards New Zealand, unless the contract above alluded to be very considerably modified. 2nd. That the appearance on the London stock market of an unusually large number of Limited Liability Companies, all promising interest at rates varying from 5 to 25 per cent. from the date of investment, together with the French and other foreign guaranteed loans, have rendered the obtaining of money for the purposes of this Corporation remarkably difficult, owing chiefly to the fact that, weighted as we are by the heavy outgoings from the first, it would be impossible for the Directors to promise any immediate dividend to the shareholders under the present contract. 3rd. That the reports from New Zealand by this day's mail inform us that the tramway to Foxton is not likely to be ready for work before the summer season of 1872-73, and that the survey of the Manawatu Block is still in so unfinished a state as to preclude any operations being proceeded with by the Corporation. I am requested, therefore, by my co-Directors to entreat your intervention on our behalf, with a view to relief being afforded to us in the following manner:—

1. By a prolongation of the time allowed for preliminary action from the 1st April, 1873, till 1st December, 1873.

2. By a remission entirely of any liability for interest on the bonds for £75,000, except in proportion as the land for which the bonds are in payment becomes utilized by the Corporation or sold to its allottees.

3. By allowing a charge to be made on the New Zealand Government, by the Corporation, of 5s. per acre towards the cost of survey, road-making, and other heavy preliminary expenses, the amount being deducted from the price of the land as paid for.

4. A reduction in the rate of interest on the bonds from 7 and 7½ per cent. to 5 and 5½ per cent. respectively.

The necessity for these alterations may fairly be argued as follows:—

1. The want of success, which, in spite of all the endeavours (specified elsewhere) of the Directors to obtain the money requisite for the carrying out of the contract, renders it necessary that, before the Directors commit themselves to any heavy expense, they think it right to entreat the Government of New Zealand to modify the contract, in such a manner as will render success possible to them. Meanwhile, they would not venture to commence active emigration to the Manawatu Block until they should receive a favourable reply to the petitions contained in this letter.

2. That it has been deemed by all the great financial persons and firms consulted by the Directors, that not only the rate of interest charged is at the present rates excessive, but that, inasmuch as the New Zealand Government have millions of acres of land, bought from the Natives, equally available and still untenanted, they are nevertheless unable to charge any interest on or obtain any profit from it, it is manifestly inequitable to exact interest from the Corporation on this head, except as the land becomes utilized or sold by them, and remains unpaid for.

3. That as the minimum price for similar land in the same Province is only £1 per acre, surveyed, the price charged to the Corporation is even higher than the minimum, inasmuch as the cost of survey and the opening out of the block must be added to the 15s. per acre, making the ultimate price per acre 21s., if not more. If to this be added the charges for interest on the unsold lands, and for management at home and in the Colony, the price would soon mount up to nearly 30s. per acre, and, in fact, entirely deprive the Corporation of any prospect of remuneration to its shareholders.

These alterations proposed by the Corporation in the existing contract may, at first sight, appear too considerable to be entertained by the New Zealand Government; but it must be borne in mind that the Government will not be any great loser in the proposed changes, inasmuch as the Corporation, once fairly launched in this scheme, will be able to carry out the emigration portion of the contract much more rapidly than agreed upon; and as the class of emigrants would be better selected, owing to the greater advantages which the Directors would be able to offer, the Government of New Zealand would soon be recouped by the more rapid increase of a taxable and producing population, which, in the present circumstances of the Colony, is much to be desired. The Government works also could be carried out more rapidly, and at a less cost, owing to the increase of the labour supply. If, on the other hand, the New Zealand Government declines to afford this Corporation sufficient relief from their present burdens, the Directors would feel it their duty towards their shareholders to recommend