

You have already been authorized by Mr. Ormond to initiate negotiations, and I am now directed to inform you fully on the several points raised in your letter, and to express the hope that in engaging your services, advantages of a most important character—as regards the settlement of the country—will result.

Mr. Ormond has read with much interest the detailed description of the blocks comprised in the three classes into which you have divided them; but not being prepared at present to indicate to which of these blocks your attention should be more immediately directed, he will be obliged if you will report from time to time such of them as you see your way to acquire, giving particulars not only of the probable acreage and cost, but the value of the land as regards its relative position, mining capabilities, timber, or other resources, so that the question of price may be taken into consideration with a full knowledge of all the facts of the case, and the purchase assented to or declined. This consideration will have to be given block by block, because while it is the intention to purchase generally the blocks named in your letter, yet as the total estimate of their cost is stated by you at £108,000 it might not be convenient to purchase the whole within any particular period. With reference, however, to the blocks in the third class, Mr. Ormond will be glad to receive an estimate as soon as possible, as these lands—being suitable for the location of immigrants, and otherwise advantageous for settlement—come more immediately within the scope of and the objects contemplated by the Immigration and Public Works Acts. In thus directing your attention specially to the acquisition of the blocks in the third class, I am directed to assure you that no unnecessary delay shall occur in considering and arriving at a determination on the reports and estimates you submit.

The only remark necessary to make with regard to the order of the acquisition of blocks enumerated in classes 1 and 2, is that in directing your attention to purchases in the Coromandel and Hauraki districts, it would be advisable to give the preference to those blocks that are known to be auriferous.

It will be necessary that the surveys shall be undertaken under the direction of the Inspector of Surveys, Mr. Heale, who will be instructed to have completed those which you indicate from time to time, and to consult your wishes with a view to employing, whenever practicable, those officers who have the tact of working well in Native districts.

Dr. Pollen will be implest with funds sufficient to meet the payments you will be called on to make, and Mr. Ormond will consult the Treasury with a view to prevent the delays you anticipate. There are, however, certain requirements of the Treasury which it will not be possible to relax, and you will have therefore to take care that you keep Dr. Pollen advised a reasonable time beforehand of what sums you will require, and that your accounts supported by vouchers for the expenditure of one advance be rendered before requiring a second.

Mr. Ormond cordially endorses your suggestion as to the advantages of making Native reserves for the purposes of residence, occupation, and cultivation where necessary, and to the consent of the Natives being obtained to render them inalienable.

It is desired that as opportunity offers the blocks should be submitted to the Native Land Court for investigation of title, but if, however, cases arise in which you decide to recommend a cession to the Crown as preferable, Mr. Ormond will be glad to receive for consideration a report of the special circumstances which induce you to make such recommendation. The present form of deed being deemed by you defective, you will be good enough to send an amended draft for approval. As regards the mode of payment in the case of large purchases, it may, Mr. Ormond thinks, be advisable to adopt your suggestion of making the payment by instalments over a term of years, and it certainly would be desirable wherever practicable to induce the investment of a portion of the purchase money in Colonial securities or in Life Annuities, &c., in the Government Annuities Office.

The Inspector of Surveys will be instructed to afford you every information in his power as to previous surveys, and to furnish you with any maps or tracings, giving the details you desire. The Chief Judge of the Native Land Court will also be communicated with, in order to your being supplied with particulars relative to the lands for which certificates have been ordered by the Court.

Mr. Ormond is fully aware of the influence which the holders of timber rights and claims might exercise in opposition to the sale of the lands by the Natives and the policy of respecting those claims whether legal or equitable; but it must at the same time be borne in mind that many of the blocks on the Coromandel Peninsula have, apart from their mining value, no other value than that which their timber gives them, the right to which you state has in many cases been alienated and required to be conserved. In estimating the purchase money of all such blocks as have not acquired a value for mining purposes this should be taken into consideration, as the Government will have no option but to avoid interference with these old arrangements wherever it is practicable to do so.

You are requested to furnish the sketch map in your possession showing the relative position of the blocks alluded to in your letter, and Mr. Ormond desires me to state that in entrusting to you the responsible task of effecting these large and important purchases, the Government will certainly not employ any agent whose duties will clash with the arrangements entered into by you for that object.

I am directed in conclusion to express the hope that the successful execution of the duty devolving on you will enable the Government at no distant date to throw open to the enterprise and industry of the settlers a portion of country, the development of the resources of which cannot fail materially to promote the prosperity of the Colony.

I have, &c.,
JOHN KNOWLES.
Under Secretary.

James Mackay, Esq.