

"been approved by the Waste Lands Board. We are now asked to give some 34s. per acre; the Native reserves, which form the most valuable portion of the property, are withdrawn; no drainage or roads are to be effected for us; and a clause is introduced, which we are told is quite unusual in the colony, "reserving gold and minerals."

Now, in this passage there is scarcely one correct statement, and, as the best correction, I will narrate what actually took place between myself and Messrs. Grant and Foster on the subject of the matters referred to.

Application was made by them to the Waste Lands Board to set aside a block of land near the Aroha Mountain for a special settlement, and negotiations were carried on resulting in the Minister of Lands (Mr. Rolleston) and the Waste Lands Board assenting to the proposal upon terms which were to be similar to those granted to Mr. Vesey Stewart, of which they had a copy. I had nothing to do with these negotiations. On the day before (I believe) that on which Messrs. Grant and Foster left, I saw them at the Northern Club, and in the course of conversation they asked me what price would be put on the land by the Government. I directed their attention to the terms of the Act of Assembly authorizing the establishment of special settlements, which expressly provides that the price of the land is to be fixed by a competent valuer, and explained that the Waste Lands Board could not interfere with this, nor the Government, except so far as the appointment of the valuer. I added that the Chief Surveyor (or Mr. Percy Smith) was appointed in the case of Mr. Vesey Stewart's settlement, and probably would be in this case. The Chief Surveyor was asked, not officially, but simply for Messrs. Grant and Foster's information, what he considered about the value of the land they wanted, and, in reply, he said he thought it worth about 30s. an acre.

The subject of drainage was mentioned in the conversation at the Club, and they wished me to say that certain drainage which had been pointed out to them by a Government surveyor, and for which, I understood them, a contract had been made, should be completed; I explained that I knew nothing about it, but added that I had no doubt that any contract made would be carried out.

I have no recollection whatever that roads were ever mentioned.

Native reserves were mentioned, and they expressed a wish that some reserves should be included in the block they wanted. I suggested that they should apply accordingly, and said that if it was Government land, I saw no objection. They said there was no time then, but that they had appointed Captain Steele as their agent to complete their arrangements, and his appointment was, after their arrival in England, confirmed by the following telegram from them to the Government: "Captain Steele authorized act for us Aroha. Request favour prompt settlement."

With regard to the clause in the Order in Council reserving gold and silver—other minerals are not mentioned—this was inserted on my advice. After Messrs. Grant and Foster left New Zealand, gold was discovered near the Aroha Mountain, some miles from the land selected by them. Gold and silver being Royal metals belonging to the Crown, whether found on private land or not, without any reservation, in all the Australasian Colonies, and generally, if not universally, throughout the British dominions, I was afraid some misapprehension, and consequent dissatisfaction, might arise on this subject, and I took precaution against such happening. I see no objection to the omission of any reservation in the Crown grants, which should, indeed, be made in the form always used where purchases of land are made from the Crown. I only wish to add in reference to drains and roads that it is difficult to understand how Messrs. Grant and Foster could possibly believe that the Government would expend, on land worth at least 30s. an acre, some £2 to £3 per acre on improvements, and then sell it to them at 30s. It seems to me that the mere statement of such a proposition carries its own refutation. Moreover, Mr. Vesey Stewart's terms of purchase contained no such arrangement, and those for Messrs. Grant and Foster were to be substantially the same.

If the improvements referred to had been made I presume they would have been added to the price fixed on valuation.

I request that Messrs. Grant and Foster may be furnished with a copy of this memorandum.

17th February, 1881.

FRED. WHITAKER.

No. 40.

The Hon. the MINISTER of LANDS to Captain STEELE.

(Telegram.)

Government Buildings, 25th February, 1881.

Re Grant and Foster, Government will agree as follows: The Crown grant to issue without reservation as to minerals. Native reserve, 616 acres, will be included in land to be dealt with, but it will be necessary that it should be valued separately in order to comply with provisions of Land Act as to special settlement. Government will propose to Parliament a sum sufficient to make a drain to the extent of 650 chains, at not exceeding 35s. per chain. The limitation of consent of Parliament is necessary, as clauses of Land Act do not contemplate any concessions of such a character, and valuation has been made without contemplating these drains. Upon hearing from you I will telegraph to Grant and Foster that the three points are conceded, subject to conditions which you accept on their behalf. Please reply to-day. Free.

Captain Steele, Hamilton.

W. ROLLESTON.

No. 41.

The Hon. the MINISTER of LANDS to the COMMISSIONER of CROWN LANDS, Auckland.

(Telegram.)

Government Buildings, 25th February, 1881.

HAVE received from Steele following telegram: "Will agree on behalf of Grant and Foster on the understanding the drains be completed at once to the extent mentioned in your telegram;" and have sent reply as follows: "Government will propose vote to Parliament, but we cannot undertake to go on with drains at once before Parliament votes the money, unless you will undertake to repay it if