

and Piako, the Chief Tarapipipi te Kopara and his people suggested that Mr. Whitaker's award should be taken out of that block, and not from the Piako block of 19,500 acres, as they wished to retain for their own use the portion to which Mr. Whitaker was entitled as the transferee of the original claimant (Webster). As Tarapipipi te Kopara had for some years been the head of Hauhauism at Piako, and a consistent opponent of the Government, I deemed it advisable to carefully consider his proposition, and submit it to them. I did so, and after long consideration and several discussions of the question, the Government came to the conclusion that it was expedient to grant Tarapipipi te Kopara's request, and Mr. Whitaker was asked to assent to it.

The Government were, in my opinion, met in a very fair spirit by that gentleman, and he assented to the exchange. The Maori difficulty was overcome, and the followers of Tarapipipi te Kopara have since renounced their allegiance to Tawhiao, and become good subjects of the Queen. I do not for a moment assume that Sir George Grey wishes them to revert to the semi-rebellious position they occupied from 1865 to 1874; if he does, the process is very simple; it can easily be accomplished by refusing to sanction the exchange of land agreed on between Mr. Whitaker and the General Government, and suggesting to that gentleman the desirability of selecting the land he is entitled to within the block known as the Piako block, containing 19,500 acres.

Exchanges of land were contemplated under "The Land Claims Settlement Act, 1856," and "The Land Claims Settlement Extension Act, 1858," as power was given to the Commissioner "in cases where difficulties existed in the way of the claimant obtaining quiet possession of the land, and it appeared expedient to exchange the particular land claimed for other land, to direct a grant to be made to the claimant of rural land within the same province."

I am not aware whether this power can be legally exercised by the Government in the case now under consideration, but it is precisely one of those which was intended to be provided for under the provisions of "The Land Claims Settlement Extension Act, 1858."

Sir George Grey should remember that land purchases are made by agreement between the Government and the Natives, and if the latter refuse to sell a large and valuable territory unless a long-outstanding question is finally arranged in the first instance, it may then be expedient to make an exchange in order to facilitate negotiations for the cession of an entire district.

If I have in this memorandum in any way digressed from the consideration of the questions raised by Sir George Grey in his letter of the 19th May last, or have attempted to reply to issues not apparently raised in it, I hope you will excuse my having done so. I was, however, unable to clearly understand the purpose of Sir George Grey's letter, until I saw in the newspaper columns the statements made by him in reply to deputations which waited on him at Grahamstown. Although feeling my disability to cope with a statesman of Sir George Grey's reputation in the discussion of this important question, I hope the Government will give me the credit of having, to the best of my ability, endeavoured to explain the actual state of the case, and of desiring to uphold the rights of the millowners, miners, and the public in general, which are affected by the purchase by the Government of the lands comprised within the Coromandel Peninsula and district of Hauraki.

JAMES MACKAY.

7th July, 1875.

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Enclosure 1 in No. 2.

Mr. MACKAY to Messrs. RING Bros., Auckland.

GENTLEMEN,—

Auckland, 6th July, 1875.

I will be very much obliged if you will give me information on the following points respecting your sawmill and interests in timber at Coromandel, viz.,—

1. When the Tokatea and Kapanga blocks were ceded to the Crown for gold-mining purposes in June and July, 1862, did Sir George Grey, then the Governor of the colony, sanction the reservation of the kauri timber on those blocks because it had been previously sold by the Natives to you?

2. Did he at the same time promise to reserve to you the right to the use of the Kapanga Stream (commonly called the Driving Creek), for purposes connected with your mill?

3. When the miners damaged the water rights and easements reserved for you in the Kapanga Stream, did you make any claim against the Government?

Messrs. Ring Bros., Auckland.

I have, &c.,

JAMES MACKAY.

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Enclosure 2 in No. 2.

Mr. RING to Mr. MACKAY.

SIR,—

Auckland, 6th July, 1875.

I have received your letter of this date, asking for information respecting the saw-mill and timber at Coromandel owned by my brother and myself.