

Province; but without directly noticing the report, I will shortly remark with respect to the subject of it, that the New Zealand Company's Settlements Act, under the authority of which the Trustees Act makes no provision for the administration by them of any funds which may accrue from the disposal of Waste Lands of the Crown after the 5th July, 1850, while on the other hand, by the Constitution Act subsequently passed, a portion of any such funds is directly appropriated to the discharge of the Debt to the New Zealand Company, and the General Assembly is empowered to appropriate the remainder.

5. Any administration by the Trustees of the funds arising from the future Land Sales would consequently be not only without legal warrant but would be in direct opposition to the terms of the Constitution Act, nor could the administration of such funds by the Trustees be defended on the grounds of expediency when the very different circumstances of the Province at the present time than from that which prevailed when the Resolutions of July, 1847, were adopted is considered. At the last-mentioned period, the Land Fund was administered by a Company scarcely accessible from the location of its Directory to any representation as to the mode of expending it, not obliged to attend to any representation made to it, and apparently very apathetic on the subject of the Trust Funds altogether, as evidenced by the fact that no steps had been taken by it to employ the Steam and Educational Funds, &c., in carrying out the objects for which they had been reserved; and latterly a strong feeling of dislike existed to the control of a Company which was believed to have become indifferent to the interests of the Colonists whom it had induced to emigrate. These reasons all tended to recommend the appointment of a Body of Resident Trustees, whose experience, local knowledge, and personal interest in the proper expenditure of the funds for public purposes, would enable them advantageously to supercede the almost effete direction of the Company in this matter.

6. Under the circumstances, the appointment of the Trustees was the step best suited to the moment; but a very different condition of things arose on the passing of the Constitution Act, by which the Provincial Council, composed of a larger body of men, representing more varied interests than do the Trustees, and having the annual direction of considerable funds applicable to similar public purposes was constituted. To divide therefore the revenue, which might, with the greatest amount of advantage, be appropriated by the Provincial Council, between that Body and the Trustees, would, I believe, be attended with many evils prominently amongst which would be the splitting into various small sums funds which, if united, might be expended with much benefit to the Province, and the possibility at times of conflicting systems affecting the public interests being brought into operation.

7. It appears to me, therefore, by far the most advisable course, that the administration of the Trustees should be confined to the funds received from the New Zealand Company and the course already adopted by the Trustees with reference to some portions of these funds; for example, their lending, without interest, £4000 to a private Company for Steam purposes, and their offering to lend, also without interest, £2000 to the Local Government for Immigration purposes, would seem to indicate that the Trustees were of opinion that the interests of the Province will be better served by entrusting the expenditure of these funds, subject to certain conditions, to other hands than by retaining to themselves the administration of them.

I have the honor to be,

Sir,

Your Excellency's most obedient servant,

(Signed) E. W. STAFFORD,

Superintendent.

His Excellency Sir George Grey, K.C.B.,
Governor of New Zealand.