

In regard to Debentures issued subsequent to the Ordinance 11th October, 1847, viz., £911 8s. 9d., in satisfaction of land claims at Auckland, under Ordinance J. 4,—and £3675 16s., issued at Wellington, in satisfaction of land claims there, but upon what authority your Committee has no information. It seems clear that the former should be borne exclusively by the Auckland settlement. A question in regard to the latter arises as to whether the debt should be borne by the Province of Wellington, or by the New Zealand Company. There appears to have been a correspondence between the Colonial Secretary of Wellington, and the agent of the Company in January, 1851, suggesting that the opinion of the Crown Lawyers in England should be taken upon the subject, pending which the Debentures were issued; but no conclusion, as far as your Committee can ascertain, has been arrived at. The correspondence is appended hereunto. (No. 1.)

In regard to making provision for this debt, one mode which presents itself for reducing the interest is, that of endeavouring to raise by a new loan, at a less rate of interest, funds for taking up the present Debentures, and creating a new stock in their stead. The attempt might be made, but it is doubtful if the present state of the money market is now so favourable for such conversion as it has been for the last three years. There can be very little doubt that during a great part of that time, a loan might have been raised for the purpose either in New Zealand or Australia, at five or six per cent, if any attempt of that nature had been made. Another suggestion is, that part of the funds of the Colonial Bank of Issue might be invested in those securities, but, to enable this to be done, an Act of the Legislature would be necessary.

*Public Debt.*

£37,620 4s. 2d.

This is the balance of an account current with the Colonial Government of New South Wales for supplies furnished to Auckland in cash and stores, in the years 1840 and 1841, the whole amount being originally	£42,974 4 2
of which there has been paid by the Lords of the Treasury in England, as a temporary advance	5,354 0 0
	£37,620 4 2

This debt is by directions contained in Lord Stanley's despatch, No. 53, dated July 9, 1842, to be liquidated by payment from the Local Revenue of New Zealand, or from proceeds of Crown Lands.

A copy of that despatch is appended to this Report. No communication appears to have been had with the Home Government, on the subject, since that date. The despatch is marked No. 2.

It is a remarkable circumstance in connexion with this debt, that a sum of £45,539 5s. was granted to cover all debts due to the Government of New South Wales, as per Treasury Minute dated 13th March, 1843. The Auditor General reports that search will be made for this minute, but it is likely that it was destroyed in the fire at Government House.

£15,827 9s. 0d.

This sum consists of advances made by the British Treasury, on account of Immigration to Auckland in the years 1842 and 1843, including the above named sum of £5354, discharged on account of the New South Wales debt.

As far as can at present be ascertained, no demand for the repayment of this debt, has been made by the Home Government.