

mittee your impression of the bearing of that despatch upon the question before them, viz. the question of mere justice as respects the liability which has been imposed upon Auckland? I think the best answer to that question will be to read a short extract from the despatch itself. His Grace says "I regret as much as you or the members of the late Provincial Council of New Ulster, whose address on the subject you have transmitted to me, can do, the nature of the burden which the arrangement of 1847 imposed on the land fund of the Northern Province, which had been at no time the scene of the operations of the New Zealand Company."

9. This description appears to have been written in answer to a despatch from Governor Grey dated 9th May, 1853, in which the Governor strongly expresses his opinion of the injustice of the Company's being entitled to receive any portion of the proceeds of the land sales of Auckland? The despatch is in fact an elaborate remonstrance against any portion of the Company's debt being charged on the Province of Auckland, and on the grounds of injustice alluded to in the Duke of Newcastle's answer.

10. By Mr. Mackay: In several parts of your evidence you have used the phrase "the Province of Auckland *as now constituted*," be so good as to explain what you mean by using this expression? I mean the Province of Auckland as constituted by the Governor's proclamation dividing New Zealand into six Provinces; the proclamation is dated the 28th February, 1853.

11. Is that the same boundary as that between New Ulster and New Munster? It is not.

12. Do you happen to know if Governors Hobson and FitzRoy got labourers away from Nelson for the purpose of settling at Auckland? I never heard so.

13. What did you consider to be the boundaries of the settlement of Auckland at the time when the memorial was presented to Governor Grey? It was soon after the present division of New Zealand into Provinces, and the Province of Auckland was then constituted the same as now.

14. What was considered to have been the boundary and probable extent of the settlement of Auckland when Governor Hobson took possession of the district? The settlement of Auckland was then considered as the capital of New Zealand, and to embrace all New Zealand except the limits of the Company's settlements, which were defined by Sir George Gipps to comprise 100,000 acres. In answer to a despatch by Governor Hobson announcing the foundation of the settlement of Auckland as the Capital of New Zealand, the Secretary of State announced Her Majesty's approval which was published in the *Government Gazette* in Auckland.

15. By the Chairman: But you soon discovered that that was a mistake in fact, and that the settlements of Auckland and the Company's settlements were divided from each other by a line which gave the greater portion of New Zealand to the Company as the scene of its operations? My answer is that we found in the end that the New Zealand Company had sufficient influence to have a line drawn where they liked between their own settlements and government's, and that that line is the one which I have before given as an extract from Lord Grey's despatch of 28th February, 1848.

16. By Mr. Mackay: On the supposition that the impression amongst the first settlers at Auckland was that their settlement comprised all New Zealand except 100,000 acres awarded to the Company by Sir George Gipps, do you not think that this affords good and cogent reason for charging the *whole colony* with the Company's present debt? It does not appear to me that a mistake made by a few settlers at Auckland at its foundation could have any bearing as to the question of the liability to the present claim of the Company.

17. Was not the country known as the Valley of the Thames, and at which the Government wished the Company's settlement of Nelson to be founded, intended thereby to be set apart for the scene of the New Zealand Company's operations? The country described in the question was refused for such a purpose by the Company, as I believe because it would be of importance and confer a benefit on the Government settlements at Auckland at the expense of their settlement at Wellington.

18. If it had been accepted would not then the boundaries of Auckland been adjoining to the Company's settlement of Nelson, thereby fixing the Southern limit of the Settlement at Auckland? If that country had been accepted the settlement of Nelson would have been at this day within the limits of the present settlement of Auckland.

19. By the Chairman: Was not this the fact, that the Government wished to obtain for the Northern part of the colony the benefit of the Company's colonizing capital and activity at hemo, but that the Company, except on the occasion described by Mr. Bell, constantly resisted the endeavours of the Government towards that end, and even on that occasion, escaped from the