

1. It is proposed that the Colony should be relieved entirely from the charge in question, on paying to the Company £200,000, being the nominal value of its capital.

2. The payment to be made on or before the 5th April, 1857. In the meantime, the Company is content to take all sums which may be in its hands this day in excess of interest due, as part payment of further accruing interest; and to take any sum which may be in their hands on the day of payment over and above the interest so accruing on the £268,000 in part payment of the £200,000. If, however, this arrangement should fail of execution, then all such sums to go, as before, in reduction of the said charge and interest thereon.

3. If the Colony consents to this proposal, Her Majesty's Government will propose to Parliament to guarantee the principal of such sums as the Colony may raise for the purpose, and interest not exceeding 4 per cent., in the same manner as the recent Jamaica loan, under the Act 17 and 18 Vict. ch. 54, s. 1.

4. In return for this guarantee, Her Majesty's Government would require that the principal and interest should be made by Colonial Legislation a charge on the import duties of the Colony, and likewise collaterally a charge on the Land Fund, with provision for the maintenance of an adequate sinking fund for redemption of the debt in 30 years.

5. Of the sum of £200,000 thus paid in discharge of the nominal capital of the Company, a portion approaching but not exceeding £13,000 would be received by Her Majesty's Government (as the holders of certain shares and liens on shares heretofore held by the Company collectively, and now devolving on the Crown as assets of the Company under the agreement of 1847). Her Majesty's Government would have no wish to receive this money at the expense of the Colony; but the Act of 1847 throws on the Crown the discharge of certain liabilities of the Company, and the execution of certain of its contracts, which have already involved Her Majesty's Government in an expense considerably exceeding that amount. Without any regard, however, to what has been already paid in this manner, Her Majesty's Government are willing to relinquish the £13,000 in question, if the Colony will take on itself the discharge of all further liabilities of the Company, specified in the Act of 1847 as devolving on the Crown, which may be yet found to exist, and also the execution of all remaining contracts.

The alternative proposed to the Colony therefore is, either to pay £200,000, or to pay £187,000, and undertake these contracts and liabilities. I have every reason to believe that the contracts and liabilities in question have been so reduced by transactions since 1850, as no longer to present any probability of serious demands. But I hope, by an early opportunity, to send you such information as can be procured respecting them.

To carry into effect this arrangement, Colonial legislation would be required, to empower the Local Government to raise the money, and charge it on the required branches of the revenue, and an Act of Parliament to give the requisite guarantee, and at the same time to extinguish the charge of £268,000, and also to extinguish the remaining liabilities of the Crown in respect of the Company's affairs, if that branch of the alternative should be accepted by the Colony.

I have, &c.,

(Signed)

J. RUSSELL.

To Governor Gore Browne, &c. &c. &c., New Zealand.

(COPY.)

At a Special Court of Directors of the New Zealand Company, Monday, 2nd July, 1855:—
Mr. Mangles, M.P., in the Chair.

Mr. Few attended by appointment.

Mr. Mangles laid before the Court a letter from Mr. Adderley, dated 30th June, stating that, as now explained, the last proposition seems to differ from the first proposal; that, subject to certain arrangements to be made by him with Her Majesty's Government, he cannot object to recommend it to the Colony; but suggesting that, as interest is to be charged, the period may be extended to the 5th April, 1857, the end of the Company's financial year.

Whereupon it was resolved—

(A.) That the arrangement to be recommended for the acceptance of the shareholders be understood to be as follows, viz.—