

8. To do this was a service of difficulty and danger, from the remoteness of the place, the rapids in the river, the want of any means of ascending it but by canoes, and the small force that could be collected.

9. Two hundred men of the Military Settlers being however available, and a body of friendly Natives having joined them, an expedition under Major Atkinson, the Minister for Colonial Defence, proceeded up the river on Friday, the 39th March; and on Monday, the third instant, they occupied Pipiriki, which is now in our possession.

The Right Hon. Edward Cardwell, M.P.

I have, &c.,

G. GREY.

No. 33.

His Excellency the GOVERNOR to the Right Hon. the SECRETARY OF STATE for the COLONIES.

No. 49.

SIR,—

Government House, Wellington, 8th April, 1865.

My Responsible Advisers have requested me to transmit the enclosed Memorandum in which they place before you the present financial position of the Colony of New Zealand, and the line of policy which they propose to pursue. I may in a few words state what is the result which may be gathered from this Memorandum. *Vide A. No. 1, p. 5*

2. The Colony of New Zealand proposes for the future to dispense with all military assistance from Great Britain, and in all other respects to rely upon its own energies and resources. One of the results which the Colony hopes to obtain from this policy is the relief of the mother country from that large annual expenditure which has hitherto entailed so considerable a sacrifice on the British taxpayer, which sacrifice the Colony recognizes with gratitude.

3. In pursuance of this policy, and in order to make provision for its debt to the Imperial Government, the Colonial Government has transferred to the Imperial Treasury £500,000 in Debentures, bearing interest at the rate of 4 per cent., and it will continue to meet the interest and sinking fund on account of these Debentures as provided for in the Act of 1863.

4. It has also made a considerable increase in the taxation of the country by raising the Customs Tariff to the extreme limit which the Colonial Ministers think practicable. It has also under consideration a plan for the imposition of direct taxation, and has made and is continuing to make all possible reduction in the expenditure.

5. You will find by the statements made by the Colonial Ministers, that they undertake these responsibilities from a sense of duty, but with serious apprehensions as to the difficulties which may possibly fall upon the Colony, from the magnitude of the liabilities it is about to incur, and they submit that at such a time the Colony has a reasonable and just claim upon the mother country for some pecuniary aid towards enabling it to bear the heavy responsibilities it is about to undertake, and that they trust therefore that the Home Government will extend its aid to the Colony, either by covering the remainder of the Three Million Loan by the Imperial guarantee, or by making to the Colony an annual grant-in-aid of the extraordinary expenditure for the next four or five years.

6. Upon this subject I beg to report, that the Colony has already raised, without the Imperial guarantee, one million of its Three Million Loan; the amount therefore they ask to be covered by the Imperial guarantee is two millions, instead of one million, as recently authorized by Act of Parliament.

7. My own opinion is, that to place the Colony in a position of security and prosperity, an additional million would be required in excess of the amount stated by my Responsible Advisers, and that if the intention is to give the Colony such a substantial assistance as will secure beyond doubt its future welfare, then the Imperial Government should cover by its guarantee a 4 per cent. loan for three millions instead of for two millions.

8. In giving this guarantee, Great Britain would incur no risk, and would get rid of a very large annual expenditure at no cost to itself. At the same time it would confer a great boon on this Colony, and I think it will be generally admitted that New Zealand in now so cheerfully taking upon itself such large responsibilities, in pursuance of a line of policy which the Home Government wishes to see adopted, has really established large claims upon the consideration of Great Britain, and that it seems a sound and generous policy not wholly to abandon a people involved in such difficulties as Her Majesty's subjects in New Zealand are, but rather to afford them an aid, which whilst it will cost nothing, may determine the question as to whether a large number of British subjects and their descendants are for many years to come to live in safety and comfort and on good terms with the Natives, or are, on the other hand, to be involved in constant wars, sufferings, and privations, whilst the Native race will probably melt away before them.

I have, &c.,

G. GREY.

The Right Hon. Edward Cardwell, M.P.

No. 34.

His Excellency the GOVERNOR to the Right Hon. the SECRETARY OF STATE for the COLONIES.

No. 53.

SIR,—

Government House, Auckland, 27th April, 1865.

I have received from Sir D. Cameron a letter dated the 9th instant, in which he informs me that he has transmitted to Earl de Grey a correspondence which contains serious accusations against myself and the Colonial Ministers; I therefore enclose copies of this correspondence for your information, and I beg at the same time to place you in possession of my replies.

2. On the subject of the complaint of my not having on any occasions previous to the 16th of December last issued definite instructions to Sir D. Cameron, I can only say that my desire has been, to leave him as free and unembarrassed as possible. If from my wish to attain this end I have fallen into an error in the contrary direction, I regret it. Had I on any occasion been asked for definite instructions, I would in so far as I thought it consistent with my duty, have given them. But in my

Vide A. No. 4.
Sir G. Grey to Sir D. Cameron, 16th December, 1864.
Ditto to ditto, 6th January, 1865 :
and copies of all correspondence between Sir G. Grey and Sir D. Cameron from 6th January to 1st May, 1865 :
except enclosures to No. 54, 27th April, 1865.