

twelve months of last year, but in addition, this Colony has been put to an expense of about six thousand pounds on account of demurrage to the Victoria and New Zealand subsidized Mail Steamer, and on account of premiums to vessels to bring on the mails, exclusive of the expense incurred in landing, storing, and reshipping mails at Melbourne.

A claim has also been made by the Manager of "The Panama, New Zealand, and Australian Royal Mail Company," for compensation on account of the frequent detention of the Mail Steamer between Sydney and Auckland, which has been caused by the delay of the "Peninsular and Oriental Company's" steamers.

Ministers respectfully request that this subject may be submitted to the Imperial Government, with a view to allowing this Colony equivalent compensation for the actual additional expense caused to it by the want of punctuality of "The Peninsular and Oriental Company's" steamers; such compensation to be deducted from the amount of subsidies payable to the Imperial Government by this Colony on account of that Company, and to be repaid to the Imperial Government out of the penalties incurred by the Company in each case when its Mail Steamers arrive in Australia after the proper day.

Wellington, 5th January, 1866.

E. W. STAFFORD.

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No. 23.

COPY of a DESPATCH from Governor Sir GEORGE GREY, K.C.B., to the Right Hon. EDWARD CARDWELL, M.P.

(No. 6.)

Government House, Wellington,  
8th January, 1866.

SIR,—

I have the honor to enclose for your information a copy of a Memorandum which my Responsible Advisers have requested me to forward to you, and which they prepared, in reference to that part of your Despatch No. 86, of the 26th October last, which relates to the appropriations made by the Colony on account of the Imperial Forces, and the subject of advances made from the Military chest.

Mr. Stafford, 8th  
January, 1866.

I have, &c.,

The Right Hon. Edward Cardwell, M.P.

G. GREY.

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Enclosure in No. 23.

Copy of a MEMORANDUM by Mr. STAFFORD.

His Excellency's Ministers desire to submit some observations on those portions of Mr. Cardwell's Despatch No. 86, of the 26th October last, which refer to the question of an Appropriation by the Colony on account of the Imperial troops, and to the repayment of advances made from the Military chest.

In this Despatch, as in others which have preceded it, many considerations which affect the question have been omitted. It appears desirable, therefore, and indeed necessary to a full comprehension of the subject, that Ministers should review the different circumstances bearing upon it.

The question of a contribution by the Colony, to the cost of Imperial troops stationed in New Zealand was first settled, after considerable correspondence, by the Despatch signed by Sir G. Cornwall Lewis, (for the Duke of Newcastle), No. 65, of the 12th September, 1860.

In that Despatch, Her Majesty's Government waives certain pecuniary claims, and prefers "reverting to the proposals made by your Advisers, and rendering those proposals the basis of a settlement, both for the past and the future." It is further stated in that Despatch that, "from and after the 1st of April, 1858, Her Majesty's Government accept the proposal made by the Colonial Government of a contribution at the rate of five pounds per man for the troops employed in New Zealand; this concession being understood to include the entire force of officers and men." And again,—“In the present measure, Her Majesty's Government do not confine their view to barracks, but are willing to treat the intended subsidy as the general contribution of the Colony towards the expenses of the Queen's forces supplied for its defence. It must be understood, however, that the arrangement will be open to reconsideration hereafter, and it may be proper to remind you, in case any objection should be raised to the present plan, that the rate of contribution is far less than in the Australian Colonies.”

In a Memorandum, dated 29th November, 1860, on that Despatch, Mr. Stafford, then First Minister in New Zealand, states:—"This Despatch settles the question hitherto discussed between the Imperial and Colonial Governments as to the liability of the Colony for a share of the cost of the military expenditure." And further,—“Ministers accept the interpretation put on their proposal, as expressed in the last paragraph of this Despatch, viz:—"That the intended 'subsidy of £5 per man is to be treated as the general contribution of the Colony towards the expenses of the Queen's troops supplied for its defence.'”

On the 6th September, 1861, the House of Representatives ratified this arrangement by concurring in the resolution of the Committee of Supply—"That this Committee recommend the confirmation of the arrangement entered into between the Imperial and Colonial Governments as defined in Mr. Stafford's Minute of the 3rd September, 1858, and the Duke of Newcastle's Despatch of the 12th September, 1860, which limits the contribution of the Colony towards the cost of maintaining the Imperial troops to the sum of £5 per head for all the troops employed in the Colony.”

In a Despatch of the Duke of Newcastle, No. 53, 26th May, 1862, His Grace, in consideration of the difficulties of the Colony, and in compliance with the Governor's advice, stated that Her Majesty's