

No. 26.

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

(No. 11.)
SIR,—

Government House, Wellington,
13th January, 1866.

I have the honor to acknowledge the receipt of your Despatch No. 66, of the 23rd of August last, in reference to the sum of £500,000 in Government Debentures, which the Crown Agents had been instructed to deliver to the Imperial Government with a view to the adjustment in part of the debt due by the Colony of New Zealand.

Mr. Stafford,
January 11, 1866.

2. My Responsible Advisers have requested me to transmit for your information the enclosed replies to the questions raised in your Despatch.

I have, &c.,

The Right Hon. Edward Cardwell, M.P.

G. GREY.

Enclosure in No. 26.

MEMORANDUM by Mr. STAFFORD.

His Excellency's Ministers have had under their consideration Mr. Cardwell's Despatch No. 66, of the 23rd August, 1865, on the subject of the New Zealand Government Debentures, for five hundred thousand pounds, which the Crown Agents were instructed to deliver to the Imperial Government, with a view to the adjustment of the debt claimed by the Imperial Government from the Colony.

Ministers propose to take an early opportunity of submitting their views on the whole question of the claims preferred against the Colony by the Imperial Government. On the present occasion they would, with reference to the final appropriation of the Debentures in question, beg to call the attention of the Secretary of State for the Colonies to the course suggested by the Crown Agents in their letter to Mr. J. F. Elliott, of the 21st June last, in which it was urged that if the Imperial Government accepted these Debentures, as offered by the New Zealand Government, and covered them with an Imperial Guarantee, a profit of some twenty thousand pounds (£20,000) would probably be realized from them. Ministers concur with the Crown Agents in believing that this would be by far the wisest course for the Imperial Government to adopt. It would, therefore, naturally devolve on the Imperial authorities to instruct that the bonds should be prepared in such amounts and for such periods as they might prefer. In so far as the Colonial Government is concerned it is willing to leave the amounts and periods to the discretion of the Crown Agents.

Wellington, 11th January, 1866.

E. W. STAFFORD.

No. 27.

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

(No. 13.)
SIR,—

Government House, Wellington,
13th January, 1866.

In your Despatch No. 86, of the 26th of October last, you instruct me as follows:—

“Her Majesty's Government require you therefore immediately upon the receipt of this Despatch to place at once at the disposal of the Officer commanding Her Majesty's Forces in the Colony, with a view to their early removal from New Zealand, all the Troops for whom no such appropriation shall have been made by the Assembly of New Zealand, as was contemplated in the correspondence between this Department and the late Colonial Treasurer, laid before Parliament in June, 1864. In order however that full opportunity may be afforded to your Ministers to take such steps as in their opinion may be required by the state of the Colony, and that the due responsibility may rest upon them, I add the following qualification, viz. :—That if when you receive this instruction no such appropriation shall have been made, and you or your Ministers consider that the Troops, or any portion of them, cannot safely be sent away, and are desirous forthwith to convene the Assembly and to obtain the appropriation, you are at liberty to allow sufficient time for this purpose, and no more.”

2. In reply, I have the honor to state that my Responsible Advisers are of opinion that in the present financial state of New Zealand, it would be impossible for the Colony to pay the contribution of £40 per man for the Troops, and that