

conduct of this business, that the gracious manner in which the concessions have at last been made is due to the recognition by Her Majesty's Government of the respect which the Colony has commanded by its past policy.

The Hon. E. W. Stafford, Colonial Secretary,
Wellington, New Zealand.

I have, &c.,
WILLIAM FITZHERBERT.

Enclosure 1 in No. 3.

Sir F. ROGERS, Bart., to the Hon. W. FITZHERBERT.

Downing Street, 28th March, 1868.

SIR,—

I am directed by the Duke of Buckingham and Chandos to inform you that Her Majesty's Government have had under their consideration the claims advanced on behalf of the British Treasury against the Government of New Zealand, and the counter-claims put forward by Major Richardson in respect to the cost of military operations in that Colony.

It appears to them that a careful scrutiny of these claims would result in establishing a considerable balance as due to the British Treasury. But they are aware that this scrutiny could not be effected without protracted correspondence between this country and New Zealand; and at a time when the Colony has adopted the entire responsibility for its own military protection, and is endeavouring to contract a loan of unusual magnitude, they are unwilling to defer a settlement which may assist you materially in negotiating that loan.

Having reference, therefore, to Mr. Stafford's Memorandum of the 7th November last, by which the Duke of Buckingham and Chandos was informed that you were proceeding to England with a view to "the settlement of all claims between the Imperial Government and the Colonial Government," His Grace desires me to ask whether you are prepared, on behalf of the Government of New Zealand, to abandon all claims on the Home Government, in respect of any expenditure arising out of military operations or connected with military defence, and particularly all claims included in or resulting from either of the Statements of Account put forward by Mr. Commissary-General Jones and Major Richardson, on condition of a similar abandonment on the part of the Imperial Government.

If this should be the case, Her Majesty's Government are prepared to agree to a settlement on these terms. But it must be understood that if a prompt settlement cannot be thus effected, Her Majesty's Government retain the right to pursue the investigation which has been commenced, and to claim the balance which on that investigation shall be found to be justly due.

W. Fitzherbert, Esq.

I am, &c.,
FREDERIC ROGERS.

Enclosure 2 in No. 3.

The Hon. W. FITZHERBERT to Sir F. ROGERS, Bart.

Oxford and Cambridge Club,
Pall Mall, 30th March, 1868.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 28th instant, in which I am informed that the Duke of Buckingham and Chandos desires you to ask whether, having reference to my mission to England with a view to "the settlement of all claims between the Imperial Government and the Colonial Government," I am prepared, on behalf of the Government of New Zealand, to abandon all claims on the Home Government in respect to any expenditure arising out of military operations or connected with military defence, and particularly all claims included in or resulting from either of the Statements of Account put forward by Mr. Commissary-General Jones and Major Richardson, on condition of a similar abandonment on the part of the Imperial Government.

Upon a review of the whole circumstances of the case, having regard to the various points at issue which have been urged on either side at the several interviews which I have had with His Grace on the subject, and recognizing the advantage which a prompt and conclusive settlement of these long outstanding claims is calculated to confer on the Colony just now, when it is about to enter upon large financial operations, I am of opinion that I shall be consulting the best interests of the Colony by acceding to the terms suggested in your letter.

I therefore request you to be good enough to convey to His Grace my definite acceptance, on behalf of the Government of New Zealand, of the proposal of Her Majesty's Government, as expressed in your letter.

Sir F. Rogers, Bart., Colonial Office.

I am, &c.,
WILLIAM FITZHERBERT.

No. 4.

The Hon. E. W. STAFFORD to the Hon. W. FITZHERBERT.

Colonial Secretary's Office,
Wellington, 6th June, 1868.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 1st April last, and to express the satisfaction with which the Government of New Zealand has learned the result of your negotiations with the Imperial Government on the subject of the claims made by it against the Colony.

Those claims had extended over so long a period, were so large in amount, and were a source of such constant disagreement between the Imperial and Colonial Governments, as to render it most