

offer made by Mr. Crosbie Ward, the agent for New Zealand, in his letter of the 11th May, of the sum of £150,000 in liquidation of the debt of New Zealand to the Imperial Government on account of military operations to the 30th September, 1862.

According to the view of the War Department, there is a claim of £207,317 1s. 8d. as the nearest approximation of the sum due by the colony up to the 30th September 1862 that can be arrived at without further reference to the colony, on account of expenses arising out of the recent native rebellion.

There is also a claim, amounting to £67,927 5s. 9d., for advances made several years ago in respect of the New Zealand Fencibles; and a sum of £45,001 10s. 8d. due for hire of vessels and naval expenses.

Their Lordships will be quite ready to enter into a full consideration of any particulars connected with these claims, but they must require, as a condition precedent to the proposed guarantee being actually given by this Board, that such sum, as after further consideration they shall decide to be due by the colony in respect of these three items, shall be paid out of the moneys to be raised by the loan under the Imperial guarantee.

Their Lordships would have preferred that the amount to be so paid should be fixed positively in the Act of Parliament; but as the period of the session does not admit of any delay in the introduction of the Bill, this cannot be done, and they therefore will only observe at the present time that they do not expect that a less sum than £200,000, or possibly than £250,000, will satisfy the fair claims upon the colony in respect of the advances that have been made for the service of the colony out of Imperial funds.

Sir F. Rogers, Bart.,  
&c., &c., &c.

I am, &c.,

F. PEEL.

SIR,—

Downing Street, 16th July, 1863.

I am directed by the Duke of Newcastle to acknowledge the receipt of your letter of the 11th May last, reporting the result of your communications with the War Department with reference to a settlement of the amounts due to the Imperial Treasury by the colony of New Zealand on account of military operations there. His Grace has also received from the War Department a copy of the letter addressed to you by Earl de Grey's desire on the 24th April last.

It appears from the statement received from the War Department that the amount due from the colony up to the 30th September last was £207,317 1s. 8d. exclusive of a sum of £67,927 5s. 9d. for advances on account of New Zealand Fencibles, and a sum of £45,001 10s. 8d. advanced for the hire of certain colonial vessels.

On the other hand you state that the sum of £207,317 1s. 8d. ought to be diminished by omitting certain items which in your opinion, are not properly chargeable against the colony. And you propose that the sum of £150,000 should be taken as the amount of the debt to be discharged in accordance with the provisions of the New Zealand Loan Act of 1862.

It is also stated by the Secretary of State for War, and by yourself, that irrespective of the difference of opinion as to what items can or cannot fairly be chargeable against the colony, no conclusive account could under any circumstances be rendered without a reference to the colony.

In the opinion of the Duke of Newcastle, such a delay was greatly to be regretted, and he accordingly suggested to the Lords Commissioners of the Treasury whether by avoiding all matter of detail some arrangement might not be arrived at with you, having for its object a final settlement of all outstanding Imperial claims against the colony.

I am now to acquaint you that the Duke of Newcastle would be prepared on behalf of Her Majesty's Government to accept a sum of 200,000*l.*, in satisfaction of all Imperial claims, in respect to military and naval expenditure, up to the 30th September last, to be paid for out of the 500,000*l.* to be raised by loan under the Imperial guarantee, and that upon your immediately making known your acceptance of this proposal Her Majesty's Government will lose no time in submitting a bill to Parliament authorizing the raising of the above sum (500,000*l.*) under an Imperial guarantee.

I am, &c.,

F. ROGERS.

Crosbie Ward, Esq.  
&c. &c. &c.

SIR,—

New Zealand Agency Offices,  
3 Adelaide Place, London Bridge, E.C., 17th July, 1863.

I HAVE to acknowledge the receipt of your letter of the 16th instant, in which you acquaint me that his Grace the Duke of Newcastle, having considered my letter of the 11th May last, and that of the Under Secretary of State for War, of the 24th April last, on the subject of the claims of Her Majesty's Government against the colony of New Zealand, in respect of naval and military expenditure, has suggested to the Lords Commissioners of the Treasury whether some arrangement might not be arrived at, having for its object a final settlement of all outstanding Imperial claims against the colony; and that his Grace would be prepared, on behalf of Her Majesty's Government, to accept a sum of 200,000*l.*, in satisfaction of all such claims, up to the 30th September last, to be paid out of the 500,000*l.* to be raised by loan under the Imperial guarantee; and further, that, upon my immediately making known my acceptance of this proposal, Her Majesty's Government will lose no time in submitting a bill to Parliament, authorizing the raising of such loan under an Imperial guarantee.

If the proposal now made were to be understood as a waiver of all claims upon the colony, except for military assistance rendered since the native outbreak in New Zealand in the year 1860, I should