

quence of continued ill health, and the appointment of Mr. Cardwell as Secretary of State for the Colonies in his stead.

I called at the Colonial Office on the 5th instant and saw Mr. Cox. I expressed a wish to see Mr. Cardwell as soon as his engagements would enable him to favour me with an interview. Mr. Cox told me that Mr. Cardwell would not formally take the seals of office until Thursday the 7th instant, that he was then at Oxford, and that the change which had taken place would necessarily delay a little the settlement of the business upon which I had been sent to England. I represented to him the great importance it was to the Colony that as little delay as possible should take place, when he assured me that he would do all in his power to press my business forward. I was unable to ascertain whether the Duke of Newcastle had expressed any opinion in favour of granting the guarantee of Her Majesty's Government to the loan of £3,000,000. Beyond the fact that all the papers on the subject had been sent to Sir Frederick Rogers to be laid before His Grace, I was able to gather nothing from Mr. Cox. Last night I saw Mr. C. Fortescue for a few minutes in the House of Commons. He told me that Mr. Cardwell was fully sensible of the necessity of coming to a speedy decision, that he had got all the papers, and as soon as he had made himself fully acquainted with the subject, he intended to see me.

I hope therefore to be in a position to report more fully, and possibly more satisfactorily before the Mail leaves.

I have, &c.

READER WOOD.

The Hon. the Colonial Secretary.
&c. &c.

No. 11.

THE HON. THE COLONIAL TREASURER TO THE HON. THE COLONIAL SECRETARY.

Westminster Palace Hotel, London, April 23, 1864.

SIR,—

I have the honour to report that last evening I received a note from Sir Frederic Rogers requesting me to call upon him at noon to-day, and to bring with me in writing, such information as I could give on the following points.

1. The extent to which the loan is required to defray the expense of Military Defence.
2. The extent to which those expenses might properly have been defrayed out of the unusually large revenue.

3. The security for the loan, independently of the conjectured proceeds, and sale of confiscated lands.

I beg to enclose for your information a copy of the Memorandum which I gave to Sir Frederick Rogers. In addition to the above information, he required me during the interview to show that the Colony financially was in a position to pay the interest on the loan; I showed that verbally, Sir F. Rogers added the statement I made to the memorandum, and I have added substantially the same statement, to the copy which is enclosed.

The whole subject is at the present time before the Cabinet. I do not know whether their decision will be conveyed to me before the departure of the mail, but Sir F. Rogers told me that Mr. Cardwell wished him to let me know exactly how the matter stood. Sir Frederick did so in these words: "The matter stands in this way, (subject of course to the decision of the Cabinet to-day) the probability is that the Confiscation Act will be assented to, but the Government will insist on certain conditions as to the manner in which it is to be carried out. In reference to the guarantee, there will be a strong distinction drawn between the sums required for purposes of military defence, and those which although you make out a good case for including them in Defence expenditure—will substantially tend to the general welfare and improvement of the Colony; and probably, some new arrangement will be insisted on, as to a greater contribution from New Zealand towards troops, not to commence immediately, but at some future period."

From this, I think you will see that there is every probability that Her Majesty's Government will guarantee the New Zealand Loan to the extent of One and a-half millions.

I have, &c.

READER WOOD.

The Hon. the Colonial Secretary.

Enclosure in No. 11.

MEMORANDUM UPON THE FOLLOWING POINTS IN CONNECTION WITH THE PROPOSED NEW ZEALAND LOAN OF £3,000,000.

1. The extent to which the loan is required to defray the expense of military defence.
2. The extent to which those expenses might properly have been defrayed out of the unusually large revenue.
3. The security of the loan, independently of the conjectured proceeds and sale of confiscated lands.

1. The loan may be divided into four parts:

(a) The sum of one million, which is the estimated amount required to defray the cost of pay and allowances of the New Zealand regiments raised, maintained, and clothed by the Colony, solely for the purpose of military defence. This estimate was formed in October of last year, and it was based on the assumption that beyond these regiments of about 5,000 men, the General would not require in men any further aid from the Colony; it was also supposed that these regiments would not be required on active service for more in all than about eighteen months; by the last advices upwards of 1,000 additional volunteers and militia had been, on the General's requisition, placed at his disposal; for what length of