

now in Auckland, about two hundred and fifty strong, to proceed to Wanganui on Saturday next, and they will embark on that day in H.M.S. "Brisk," and the Governor further recommends that not a moment should be lost in organising the two troops of the Colonial Defence Force, for which Sir D. Cameron has applied.

16th February, 1865.

G. GREY.

## No. 6.

### MEMORANDUM by MINISTERS.

Ministers transmit to His Excellency copy of a letter of instructions sent by this mail to the Crown Agents, requesting them to deliver to the Lords of the Treasury £500,000 Colonial Debentures, being part of the Three-Million Loan authorised to be raised under the "Loan Act 1863," the interest to be at 4 per cent.

The arrangement contemplated by the late Colonial Treasurer, Mr. Reader Wood, was founded on a supposed guarantee to be given by the Imperial Government for a loan for One Million sterling at 4 per cent., out of which a sum somewhat less than £500,000 was to be retained by the Imperial Government to liquidate the claims on the Colony. For reasons already sufficiently made known, that proposal failed.

Adverting to the various negotiations which from time to time have been entered into respecting the liquidation of the debt due from this Colony to the Imperial Government, and to the fact that the promises relative thereto, whether expressed or implied, still remain unfulfilled, Ministers are of opinion that the good faith of the Colony absolutely requires that it should no longer delay making definite provision for the discharge of this debt.

It now remains for the Colony to do its part towards carrying out an arrangement for satisfying the Imperial claim, which it is considered will practically be effected in the manner stated. The Colony having transferred to the Imperial Government £500,000 4 per cent. debentures, it will rest with the Imperial Government either to hold such securities or to cover them with a guarantee, and realise them in the English money market. The Colony will account annually for the Interest and Sinking Fund provided for in the Act of 1863.

In taking this step, Ministers have been anxious to avoid the dilemma of an indefinite postponement, into which the increasing liabilities of the Colony might otherwise have unavoidably placed it; on that point they observe that, on the one hand, the Colonial Parliament would not, in their opinion, sanction—nor, indeed, could the Colony bear—the burthen of any additional unguaranteed loan; and, on the other, that, after deducting the present large payment, the most sanguine calculations, based upon an assumption that hostilities will almost immediately cease, only show a possible remainder of the Three-Million Loan barely adequate to meet such an expenditure as may enable the Colonial Government to carry out the outline of those precautionary measures of defence which prudence will demand on the conclusion of five years' warfare in a country of mixed races.

His Excellency is aware of the extreme financial embarrassment under which Ministers have had to conduct his government during the last few months, and will at the same time, they believe, readily admit, that they have never proposed to recoup war expenditure by hasty and indiscriminate sale of confiscated land, whilst they have endeavoured cordially to co-operate with him in a firm but just and temperate policy towards the Native race.

Under all the circumstances of the case, at a time when the Colony, instead of clinging to a Commissariat expenditure, is proposing to rely on the energy and manhood of the settlers, and the loyalty of both races, in order to secure the future peace of these islands, and is thus adopting a policy one of the main features and immediate results of which will be to relieve the Imperial Exchequer of an annual expenditure of at least one million—an expenditure which for some years past has entailed a sacrifice on the British Taxpayer which the Colony recognises with gratitude—at a time when capitalists decline the Colonial securities, because New Zealand has been involved in a protracted and disastrous war, for which the Colony cannot certainly be deemed wholly, if at all, chargeable; and at a time when the Colony is parting with a considerable portion of its remaining securities to repay arrears to the Imperial Government; Ministers submit that, at such a time the Colony has a reasonable and just claim on the Mother Country for some pecuniary aid towards enabling it to bear the heavy responsibilities it is about to undertake. They trust, therefore, that the Home Government will extend its aid to the Colony either by covering the remainder of the Three Million Loan by the Imperial guarantee, or by making to the Colony an annual grant in aid of extraordinary expenditure for the next four or five years.

Ministers request that His Excellency will be pleased to transmit this Memorandum to Her Majesty's Secretary of State.

Wellington, 23rd March, 1865.

W. FITZHERBERT.

### Enclosure to No. 6.

Colonial Secretary's Office, Wellington, 11th March, 1865.

GENTLEMEN,—

I transmit herewith a copy of a Resolution (No. 50) passed by the House of Representatives, relative to the claims of the Imperial Government upon this Colony. I also transmit copy of an Official Minute by Ministers (of 15th December, 1864) relative to the same subject, which has been transmitted by His Excellency the Governor to the Right Hon. the Secretary of State for the Colonies. In accordance with the above Resolution and Minute, and referring to the letter to you (No. 1, 2nd Jan, 1865) from this Department, relative to the disposal of the unraised portion of the Three Million Loan, I have the honour to request that you will be so good as to issue, under the "New Zealand Loan Act, 1863," in favour of the Imperial Government, Debentures to the amount of Five hundred thousand pounds, £500,000 (part of the unraised portion of the Three Million Loan),