

PAPERS RELATIVE TO THE HON. W. FITZHERBERT'S MISSION TO ENGLAND.

Oxford and Cambridge Club, Pall Mall,
London, 6th February, 1869.

SIR,—

I have the honor to submit to you my report of proceedings taken in accordance with your instructions of the 7th November, 1867. The objects of my mission to England were,—

1. The Consolidation of the various Loans of New Zealand, pursuant to "The Consolidated Loan Act, 1867."
2. The settlement of all claims between the Imperial Government and the Colonial Government.
3. An alteration in the Investment of the Sinking Fund of the Guaranteed Loan of 1856.
4. The establishment of a Mint in New Zealand.
5. The question of the Defence of Harbours, the survey of the coast, &c.

As regards the subjects referred to as Nos. 4 and 5, the correspondence, of which I annex copies, will put you in possession of the steps taken by me, and of their results, such as they are. Enclosures Nos. 1 to 7.

The annexed correspondence respecting the investment of the sinking funds of the Guaranteed Loan of 1856, will show that the Imperial Government has consented that the investments may be made in the securities of the Colonies named in the margin, and that this arrangement shall be applicable to the Imperial securities now in that sinking fund. These amount to £124,611 Three per Cent. Consols. Under this arrangement the accumulations will increase more rapidly for the future, namely, in the proportion of 5 to 3. Enclosures Nos. 8 to 10.
Canada, New South Wales, Victoria, South Australia.

With reference to the disputed claims between the Imperial and Colonial Governments, I thought it best to address myself to this subject before placing the new loan upon the Money Market. I found, on my arrival in England, that it was alleged that we had not fully disclosed the condition of our finances, in stating seven millions to be the extent of the liabilities of the Colony, inasmuch as the Imperial Government had a claim against us of nearly three-quarters of a million. It was in vain to urge that the accounts were disputed by the Colony, which preferred a counter-claim of larger dimensions. It became therefore a material object to effect a settlement of these claims before the Colony appeared on the market as a borrower.

Without troubling you with the details of a negotiation which occupied a great many protracted interviews, it will probably be sufficient to state that although the result may appear to some plain and simple enough to be regarded in the light of a foregone conclusion, yet it would be altogether a mistake to suppose that the acquiescence of the Imperial authorities was obtained for the mere asking. On the contrary, a resistance which at one time appeared likely to render the whole negotiation a failure, had to be patiently met and overcome. But no management on my part would have proved successful, had not the way been prepared for me by means of the minute detailed counter-statement originally prepared under your own directions, and also by the favourable impression created on the mind of the Home Government, first by the able and exhaustive report of the Hon. Major Richardson, and next by personal interviews and explanations afforded by Mr. Weld previously to my arrival.

Had I failed to occupy advantageously the position which had thus been prepared for me, the blame would have been mine. I am glad, therefore, to have the opportunity of stating officially that the chief credit of the result is due to those gentlemen who thus first arrested the attention of the Home Government, and to the friendly disposition of that Government towards New Zealand. The method, however, by which the result was obtained, may perhaps be regarded with less interest now than an exact estimate of the value of the result itself. It is doubtless much easier to under-rate what may possibly be termed a negative result, than to estimate it at its true value; but I can assure you that before I committed the Colony I satisfied myself with the most absolute certainty that there was no prospect of the Colony recovering from the Imperial Government any part of the outlay incurred in the war; whilst as an opportunity of extinguishing subjects of irritation which had existed for several years, and as a matter of unadjusted accounts, which, so long as they remained open, operated injuriously on the credit of the Colony, the balance of advantage in the proposed settlement was clearly in favour of the Colony.

I annex to my Report copy of correspondence relating to the conclusion of this negotiation, from which it will appear that the final result was that the claims on both sides were mutually withdrawn. Enclosures Nos. 11 and 12.

But the main object of my mission to England was the conduct of the financial arrangements necessary for consolidating the various existing debts of New Zealand, by converting into a new stock the old General and Provincial Bonds, and for the raising an additional loan.

Before, however, I was in a position to enter upon the practical consideration of the points involved in the conduct of these important operations, I was met with unexpected difficulties. The attention of the Lords Commissioners of Her Majesty's Treasury appeared to have been specially directed (by whom I never learnt) to the provisions of the Public Debts Act; and in consequence of the objections thus