

portion of Sir C. E. Trevelyan's letter to Mr. Merivale, of 18th November, 1858 (enclosed in the Secretary of State's Despatch of 3rd December, 1858, No. 39), which conveys an answer to the Colonial Treasurer's Memoranda of 10th May and 16th July, 1858, in reference to the dates on which payments should be made into the Commissariat Chest in this Colony, on account of Interest and Sinking Fund on the Guaranteed Loan.

The conclusion arrived at from a perusal of that letter was, that their Lordships considered the proposition of the Colonial Treasurer inadmissible, and payments have accordingly been made into the Commissariat Chest in the Colony in sufficient time to ensure that their Lordships should be cognizant of them before the payments for interest became due.

A more attentive consideration of Sir C. E. Trevelyan's letter, leads, however, to the impression that the conclusion first drawn was erroneous, and that all their Lordships feel themselves bound to require is, that evidence shall be furnished that the half yearly payments are made into the Treasury Chest in the Colony, before the time when the same are due in England.

This interpretation appears more probable from the fact that in the account current received with the Secretary of State's Despatch under reply, this Government appears to be credited from the dates at which the payments were made into the Commissariat Chest at Auckland.

The Colonial Treasurer would further point out, that four months interest annually, at Colonial rates, on so large a sum as £24,000 for which the Colonial Government comes under advance is a charge of serious importance to the Colony, while these remittances are advantageous to Her Majesty's Treasury, in so far as funds are thereby provided at Auckland for the Commissariat Chest without loss or inconvenience.

C. W. RICHMOND.

No. 3.

COPY OF A DESPATCH FROM HIS GRACE THE DUKE OF NEWCASTLE, TO GOVERNOR GORE BROWNE, C. B.

Downing Street,
February 26th, 1861.

NEW ZEALAND.
No. 25.

SIR,—

I have the honor to inform you that your Despatch, No. 111, of the 3rd November, together with the Memorandum drawn up by the Colonial Treasurer of New Zealand relative to the payments on account of interest on the Government Loan to that Colony, was communicated to the Lords Commissioners of the Treasury, and I transmit to you, for your information, a copy of the answer which their Lordships caused to be returned upon that subject.

I have, &c.,

Governor Gore Browne, C. B.,
&c., &c., &c.

NEWCASTLE.

Enclosure in No. 3.

MR. HAMILTON, TO SIR F. ROGERS.

Treasury Chambers,
February 19th, 1861.

SIR,—

With reference to your letter of 2nd instant, relative to payments on account of interest on the Guaranteed Loan to New Zealand, I am directed by the Lords Commissioners of Her Majesty's Treasury, to request that you will move the Duke of Newcastle to inform the Governor of that Colony, with reference to the Memorandum of the Colonial Treasurer, dated 31st October last, that the interpretation adopted in the first instance of the letter of this Board, of 18th November, 1858, in regard to the dates at which payments should be made into the Treasury Chest in New Zealand, as remittances on account of the Interest and Sinking Fund of the Guaranteed Loan, was the correct interpretation.

The intention of that letter was to the effect, that before the money could be issued to the Bank of England from the Treasury Chest account in this country, their Lordships must have before them evidence that corresponding sums had been already lodged in the Chest in the Colony.

The Imperial Act 20 and 21 Vic., Cap. 51, under which the guarantee is granted, prescribes the course to be pursued in the event of the interest not being available at the time when it is due, and their Lordships have no power to depart from the provisions of that Act.

Their Lordships would observe that the Government of New Zealand is at liberty to make such arrangements as may be most advantageous to itself for remitting the Interest and Sinking Fund of the Loan, but it must be borne in mind that their Lordships have no other course to pursue, in the event of any deficiency in the regular payment of interest by the Colony, than to advance the same from the Consolidated Fund, and to charge the Colonial Government with interest at the rate of five per cent, until the advance shall be repaid.

The arrangement that has hitherto been adopted for New Zealand, is the same as that pursued in cases of some of the other Colonies which have to make remittances on account of Loans guaranteed