

guarantee the New Zealand loan, and had taken the initiatory steps thereupon in Parliament. If I were to agree to the proposal made the bill would be proceeded with, and without doubt would be passed during the present session ; but if not, the bill would be withdrawn. Mr. Fortescue stated that the Treasury not having yet authorised the proposal which had been made, my consent was asked in fact to pay the sum of £200,000 on account of the war debt alone, but would be held to be conditional upon the Treasury afterwards withdrawing the claim on account of the Fencible Force.

In reply I repeated the grounds of my former refusal, and urged upon Mr. Fortescue to consider the very heavy burthen which the Colony had to bear, arising out of the Native Insurrection ; and the serious addition to that burthen which the sum of £50,000 would prove to the Colony, inconsiderable as the amount might appear to Her Majesty's Government or to Parliament. I stated that I was unable to look upon the proposal made as if it excluded a tangible and considerable charge on account of the Fencible Force ; and that, therefore, the only mode of obtaining the assent of the Colony to the proposal, if it was to be dealt with as a whole, was to refer it for consideration by the General Assembly.

Mr. Fortescue expressed a hope that Her Majesty's Government would be able to repeat the proposal to His Excellency the Governor, and to await the decision of the General Assembly upon it. He regretted that no arrangement could be arrived at between us, and that the Government would be compelled to abandon the bill which had been prepared on the subject.

I believe, therefore, that all negotiation on this subject with a view to any action to be taken during the present session of Parliament, may be considered at an end.

I have, &c.,

CROSBIE WARD,

The Honorable the Colonial Secretary, New Zealand.

No. 5.

THE HONORABLE CROSBIE WARD TO THE COLONIAL SECRETARY, NEW ZEALAND.

London, 25th July, 1863.

Vide Enclosures to No. 2.

SIR,—

In continuation of the correspondence on the subject of the settlement of accounts between Her Majesty's Government and the Colony, forwarded to you on the 18th inst., I have now the honor to enclose for your information a copy of a letter written by me on the same day to the Under-Secretary for the Colonies. I have since ascertained that it was then already too late in the Session to introduce a Bill guaranteeing the Loan, even if its provisions were agreed to.

I have to observe that the proposal made by Her Majesty's Government, of which I had never received the slightest information beforehand, and which contained much new matter for consideration, was made only a few hours before the last moment at which it could be carried into effect this Session.

I have, &c.,

CROSBIE WARD.

The Honorable the Colonial Secretary, Auckland.