

P A P E R S

RELATIVE TO

THE SETTLEMENT OF CLAIMS OF THE IMPERIAL TREASURY

AGAINST

THE GOVERNMENT OF NEW ZEALAND.

On Account of Military and Naval Services, to 30th September, 1862.

PRESENTED TO BOTH HOUSES OF THE GENERAL ASSEMBLY,
BY COMMAND OF HIS EXCELLENCY.

AUCKLAND.

1863.

P A P E R S

RELATIVE TO

CLAIMS OF THE IMPERIAL TREASURY.

No. 1.

COPY OF DESPATCH FROM GOVERNOR SIR GEORGE GREY, K.C.B., TO HIS GRACE THE DUKE OF
NEWCASTLE, K.G.

No. 112.

Auckland, New Zealand,
October 31st, 1862.

MY LORD DUKE,—

I have the honor to transmit to Your Grace the copy of a Minute I have received from my Responsible Advisers, informing me that it is their wish that Mr. Crosbie Ward—a Member of the Executive Council, and Postmaster-General of New Zealand—should represent this Government in Australia and Great Britain, upon the several important questions alluded to in the enclosed Minute, the arrangement of some of which will necessarily place him in constant communication with Your Grace's Department.

2. It is, therefore, the further wish of my Responsible Advisers that I should communicate with Your Grace on this subject, and furnish Mr. Ward with the necessary credentials.

3. Entertaining a very high opinion of Mr. Ward's capacity and fitness for the important duties to be entrusted to his care, I have felt no difficulty in complying with the wishes of my Responsible Advisers. I have, therefore, given my entire concurrence to the proposed arrangement, and beg to recommend Mr. Ward to Your Grace's most favorable consideration.

I have, &c.,

G. GREY.

His Grace the Duke of Newcastle, K.G.

Enclosure to No. 1.

FOR HIS EXCELLENCY THE GOVERNOR.

Ministers beg leave to inform the Governor that, if His Excellency approves, they wish Mr. Crosbie Ward—a Member of the Executive Council, and Postmaster-General of New Zealand—to represent the Government of this Colony in Australia and Great Britain, upon general questions relating to the interests of New Zealand, and especially upon the following matters :—

1. The extension of Steam Postal Service from Great Britain to New Zealand, *via* Panama.
2. The conduct of such business as may be necessary in seeking the Imperial guarantee to the Loan of £500,000 just authorised by the General Assembly.
3. The settlement of accounts between the Imperial Government and this Colony, arising out of Commissariat advances during the recent insurrection.
4. The construction of Electric Telegraphs.

With this view, Ministers request that His Excellency will be pleased to inform His Grace the Duke of Newcastle, Her Majesty's Principal Secretary of State for the Colonies, to the above effect, and to allow Mr. Ward to take with him a duplicate of the Despatch giving that information.

F. D. BELL,

In the absence of Mr. Domett.

Auckland, 31st October, 1862.

NEW ZEALAND.

No. 75.

COPY OF DESPATCH FROM HIS GRACE THE DUKE OF NEWCASTLE, K.G., TO GOVERNOR SIR GEORGE GREY, K.C.B.

Downing-street,
July 27th, 1863.

SIR,—

I enclose copies of correspondence which has passed between this Department, Mr. Crosbie Ward, the War Office, and the Lords Commissioners of the Treasury respecting the settlement of the Imperial claims upon the colony in respect to Military Services, and the proposal that the Imperial Government should guarantee a Loan of £500,000.

You will perceive that, the Session being nearly at its close, I took upon myself to offer Mr. Ward, to accept the sum of £200,000 in satisfaction of the recent Imperial claims, amounting to something more than £207,000, to remit an old debt of £67,927 in respect of the New Zealand Fencibles, and to recommend to Parliament to guarantee the proposed Loan.

These terms Mr. Crosbie Ward did not apparently think himself authorized to accept—and although he subsequently appears to have changed his mind and was understood at a personal interview to express his readiness to close the negotiation on the proposed conditions, this did not occur till the Bill had been definitively withdrawn, and the rules of the House of Commons rendered it impossible that it should be then re-introduced.

I shall address you again on this subject. I can now only express my regret that Mr. Ward was or considered himself precluded from accepting the proposal of Her Majesty's Government till it was too late to do so, and my apprehension that the Lords of the Treasury may not consent to its renewal.

I have, &c.,

NEWCASTLE.

Governor Sir George Grey, K.C.B.,
&c., &c., &c.

Enclosures to No. 2.

SECRETARY OF STATE FOR WAR TO THE UNDER SECRETARY.

War Office, Pall Mall, S.W.

April 24th, 1863.

SIR,—

I am directed by the Secretary of State to forward, for the information of His Grace the Duke of Newcastle, a copy of a letter addressed to Mr. Crosbie Ward, the accredited agent in this country on behalf of the Government of New Zealand, enclosing a statement of the amount due by that colony to the 30th September, 1862, on account of expenses arising out of the insurrection of the natives.

In regard to that paragraph of the letter to Mr. Crosbie Ward informing him that the account furnished is exclusive of the advances that have been made out of her Majesty's Treasury Chest in New Zealand on account of the hire of certain Colonial vessels, and of other Naval Expenses; I am to state that the sum of £45,001 10s. 8d., advanced from the Treasury Chest for this service, has been repaid, or is in course of repayment, to this Department by the Admiralty. It is however for His Grace the Duke of Newcastle to determine whether any claim shall be raised against the Colony for this service.

I have, &c.,

DOUGLAS GALTON.

The Under Secretary of State for the Colonies,
&c., &c., &c.

SECRETARY OF STATE FOR WAR TO MR. CROSBIE WARD.

War Office,
April 24th, 1863.

SIR,—

His Grace the Duke of Newcastle having referred you to this Department for information respecting the amount due by the Colony of New Zealand to the Imperial Government, on account of the expenses arising out of the recent Native rebellion in that Colony, I am directed by the Secretary of State for War to forward, in answer to your personal application, a statement shewing that the amount due by the Colony, to 30th September, 1862, is £207,317 1s. 8d.

I am to state that this amount is exclusive of the sums advanced from Her Majesty's Treasury Chest in New Zealand on account of the hire of the "Tasmanian Maid" and "Wonga Wonga," and of other special charges appertaining to Sea Transport; the question of the liability of the Colony to defray these charges having been referred to the Colonial Office, and pending the decision on this question, no charge has been raised against the Colony.

The sum of £207,317 1s. 8d. is also exclusive of the amount due to the Imperial Government on account of the New Zealand Fencibles.

The account now rendered includes the sum of £7,000 charged on account of the Capitation Grant of £5 per officer and man for the period from the 1st April to 30th June, 1862. This sum is approximate only, and will have to be adjusted when a statement shall have been received of the average number employed in the Colony during the period in question.

The account is furnished to you as the nearest approximation to the sum due by the Colony, to the 30th September, 1862, but it must not be considered as a final statement to that period, as an investigation of the accounts in this office will render it necessary to refer to the Colony for information respecting certain items included in a statement received from the Deputy Commissary General, New Zealand, relating to accounts of the year 1860-61 and prior years.

Should you wish to inspect the detail vouchers relating to the account, or require any further information thereon, your application to this effect will be immediately attended to.

I have, &c.,

D. GALTON.

Crosbie Ward, Esq., 16, Upper Seymour-street, W.

AMOUNT DUE BY THE COLONY OF NEW ZEALAND ON ACCOUNT OF ARMY SERVICES, TO 30TH
SEPTEMBER, 1862.

1860-61, and prior years.

To Amount of Capitation, at £5 per man :—

1858-9	1464 men	...	...	...	7,320	0	0
1859-60	1214 men	...	...	...	6,070	0	0
1860-61	2670 men	...	...	...	13,350	0	0
					26,740 0 0		

Advances to Paymasters of the Taranaki, Wellington, and Wanganui Militia :—

March Quarter, 1860	...	...	...	...	1,997	5	8
June "	"	...	...	...	7,374	13	7
September "	"	...	...	...	8,875	6	8
December "	"	...	...	...	7,451	4	0
March Quarter, 1861	...	...	...	...	5,963	11	4
					31,662 1 3		

MILITIA.

March Quarter, 1860 :—

Lodging Money	...	...	...	...	20	18	10
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June Quarter, 1860 :—

Lodging Money	...	...	...	23	2	7
Clothing	...	...	...	386	10	4
Forage	...	...	...	292	12	0
Engineer Services	...	...	...	1,108	8	4
					1,810	13 3

September Quarter, 1860 :—

Field Allowance	...	...	...	36	8	0
Lodging Money	...	...	...	27	14	1
Clothing	...	...	...	149	0	0
Forage	...	...	...	369	5	6
Engineer Services	...	...	...	1,806	7	8
Secret Service	...	...	...	50	0	0

December Quarter, 1860 :—

enter Quarter, 1880.—						
Field Allowance	...	...	...	23	0	0
Lodging Money	...	...	...	85	13	1
Clothing	...	...	...	420	0	0
Forage	...	...	...	427	10	0
Engineer Services	...	...	...	1,129	7	10
Pay of Maori Irregulars	...	...	...	861	1	1
Conveyance of Mails	...	...	...	25	0	0
					2,971	12 0

Carried forward 7,241 19 458,402 1 3

Brought forward	7,241 19 458,402 1 3	
March Quarter, 1861 :—		
Hospital Expenditure	1 0 8	
Field Allowance	11 5 0	
Lodging Money	31 15 5	
Clothing	169 2 0	
Forage	500 18 0	
Engineer Services	893 13 9	
Pay of Maori Irregulars	863 8 4	
	<u>2,471 3 2</u>	9,713 2 6
Commissariat Supplies issued to the Militia :—		
1st March to 31st December, 1860	8,874 17 5	
March Quarter, 1861	4,614 12 1	
	<u>13,489 9 6</u>	
Amount expended in the erection of the Iron Barracks at Taranaki, 1855-56 and 1856-57	...	6,931 5 5
		<u>88,535 18 8</u>
1861-62.		
Amount advanced from the Treasury Chest on account of the following :—		
Mounted Volunteers	348 15 0	
Maori Irregular Force	1,644 12 5	
Taranaki Militia	24,247 0 10	
Wanganui Militia	684 1 7	
Hutt Militia	14 13 3	
Field Allowance, Militia	11 7 6	
Lodging Allowance, Militia	22 17 6	
Underpaid, R. Parris	27 0 0	
Enrolled Pensioners	37 0 0	
	<u>27,037 8 1</u>	
Amount advanced for Road-making purposes :—		
30th December, 1861, to 31st March, 1862	...	11,102 8 7
Commissariat Supplies issued to the Militia :—		
1st April, 1861, to 31st March, 1862	9,300 18 3	
Ditto for extra men employed in road-making :—		
30th December, 1861, to 31st March, 1862	2,578 6 10	
	<u>11,879 5 1</u>	
Capitation Rate for 1861-2	...	27,718 15 0
March Quarter, 1862 :—		
Pecuniary Allowance in lieu of Fuel and Light, Militia	...	39 2 4
		<u>77,776 19 1</u>
1862-63 (to 30th Sept., 1862).		
Amount advanced from the Treasury Chest on account of the following :—		
Taranaki Militia	4,790 12 4	
Wanganui Militia	1,346 4 9	
	<u>6,136 17 1</u>	
Ditto :—Road-making, 1st April to 31st August	10,996 1 2	
Deduct—		
Estimated value of animals retained for Commissariat Service	3,990 0 0	
	<u>7,006 1 2</u>	
Commissariat Supplies issued to the Militia :—		
1st April to 30th September, 1862	368 9 8	
Ditto :—Road-making	10,693 2 0	
	<u>11,061 11 8</u>	
Pecuniary Allowance in lieu of Fuel and Light to the Militia, 1st April to 30th Sept., 1862	...	16 14 1
Capitation Rate, 1st April to 30th June, 1862 (say)	...	7,000 0 0
		<u>31,221 4 0</u>
Amount due for Arms and other Military Stores supplied :—		
Per Claim, see War Office Letters :		
57, 30, 868	2,856 17 4	
57, 30, 1240	1,477 12 0	
57, 30, 1392	1,338 2 7	
57, 30, 1382	73 0 6	
57, 30, 3508	425 10 1	
	<u>6,171 2 6</u>	
Deduct—Paid by the Colony	1,338 2 7	
		<u>4,832 19 11</u>
Carried forward	...	202,367 1 8

CLAIMS OF IMPERIAL TREASURY.

5 B.—No 4.

Brought forward	...	...	...	...	...	202,367	1	8
Amount advanced 30th September, 1861, to the Colonial Treasurer as an Imprest to pay a Colonial Allowance to the Officers of Her Majesty's Ships	...	...	...	...	...	5,000	0	0
Deduct—						207,367	1	8
Amount repaid by the Colony for Secret Service money	...	...	...	...	...	50	0	0
† Amount due by the Colony to 30th September, 1862	...	...	...	...	...	£207,367	1	8

† This amount is exclusive of advances made from the Treasury Chest, on account of the hire of the "Tasmanian Maid," "Wonga Wonga," and other Naval Services, the Vouchers for which have been forwarded to the Admiralty.

STATEMENT OF AMOUNT EXPENDED IN NEW ZEALAND ON ACCOUNT OF ROAD-MAKING.

PERIOD.	Purchase of animals, working pay, and other expenses.	Provisions, Forage, Fuel, and Light, issued by the Commissariat.	TOTAL.	
30th December, 1861, to 31st January, 1862	£ s. d. 5,729 6 10	£ s. d. *109 16 5	£ s. d. 5,839 3 3	* Provisions.
February, 1862	2,383 15 2	1,156 0 0	3,539 15 2	{ Provisions 664 15 8 Forage 481 4 4
March, 1862	2,989 6 7	1,312 10 5	4,301 17 0	{ Provisions 633 18 6 Forage 678 11 11
Total to 31st March, 1862	11,102 8 7	2,578 6 10	13,680 15 5	
April, 1862	4,542 13 4	1,779 11 5	6,322 4 9	{ Provisions 726 19 4 Forage 1,052 12 1
May, "	2,781 13 3	1,852 4 5	4,633 17 8	{ Provisions 478 9 8 Forage 1,373 14 9
June, "	2,531 17 4	4,169 2 3	6,700 19 7	{ Provisions 494 12 6 Forage 3,674 9 9
July, "	1,075 10 5	2,862 17 3	3,938 7 8	{ Provisions 250 15 8 Forage 2,612 1 7
August, "	64 6 10	29 6 8	93 13 6	{ Provisions 22 10 6 Forage 6 16 2
Total from 1st April to 31st August, 1862	10,996 1 2	10,693 2 0	21,689 3 2	
Deduct—	22,098 9 9	13,271 8 10	35,369 18 7	
Estimated value of animals purchased for roadmaking purposes and still available	3,990 0 0		3,990 0 0	
	£18,108 9 9	13,271 8 10	31,379 18 7	

MR. CROSSIE WARD TO UNDER-SECRETARY OF STATE FOR COLONIES.

New Zealand Government Agency Offices,
3, Adelaide Place, London Bridge,
11th May, 1863.

SIR,—
His Grace the Duke of Newcastle having referred me to the War Office for a statement of the amount alleged to be due by the Colony of New Zealand to the Imperial Government on account of Military operations in the Colony, I have the honor to inform you that the Under-Secretary of State for War has furnished me with an approximate statement accordingly, to 30th September, 1862, shewing a total charge of £207,317 1s. 8d.
A copy of this statement having, as I am informed, been forwarded by the War Office for your information, I enclose for purposes of reference an abstract of the items comprised in it.

Having regard to the fact that this statement is approximate only, being partly based on estimate and partly consisting of large items which cannot be investigated without reference to the Colony, I beg to submit the following remarks, founded on a comparison with other statements furnished to the Colonial Government.

The last statement of the Deputy Commissary General in Auckland, dated 14th November, 1862, based upon a statement of Her Majesty's Treasury, contained in a minute from their Lordships of 24th May, 1862, showing the amount chargeable to 29th October, 1861, and brought down by the Deputy Commissary General himself to 30th September, 1862, exhibits, when adjusted so as to comprise items of the same nature with the War Office statement, a total of £195,233 17s. 5d. I have the honor to enclose an abstract of the statement in this shape.

Another statement, compiled by the Government of New Zealand from accounts furnished from time to time, shews, when dealt with in the same manner, a total of £203,849 19s. 11d., of which I enclose the particulars.

I have to express great regret that the information obtainable in this country does not permit the apparent discrepancies of these three statements to be reconciled; and that, therefore, the exact amount of the Imperial claim against the Colony cannot be fixed without a delay which may extend to many months. But the Colonial Government are unwilling to postpone the discharge of whatever may be due by the Colony, if delay can be avoided; and, therefore, I will pass at once to the consideration of the nature of the Colony's liability, for the different items of which the account is composed.

The charge on account of local forces rests upon an undertaking by the Colonial Government, given about the time of the outbreak of War, to repay advances made from the Treasury Chest for the pay, allowances, and rations of Militia and Volunteers called out for active service.

The gratuity to Ships of War was advanced out of the Commissariat Chest at Auckland, to the order of the Colonial Government and at their express request.

The capitation charge for troops rests upon an undertaking of the Colonial Government, given in 1858, to pay £5 per year for every officer and man of Her Majesty's Troops in the Colony.

The charge for Field Defences, for Road-making, and for Arms and Ammunition (except a few items), together with that for Transport, if raised, rests upon no promise or guarantee of the Colonial Government, but, it is presumable, on the Imperial view of what is a fair Colonial liability.

The charge for Barracks, including repairs and extensions, was, I understand, commuted in 1858, in the undertaking to pay £5 a head for Her Majesty's Troops.

I have to observe that if the question of what is a fair Colonial liability be left open for consideration, the Colony may justly claim that the whole account shall be considered on the same principle, and in that case that the guarantee of the Colonial Government, given under severe pressure, without full knowledge, and accompanied by a protest, shall not be made to cover items in themselves not fairly chargeable.

But if the guarantee, formally given by the Colony, be insisted upon in all cases as a proof of debt, the Colony will be justified in demanding that its liability shall be strictly limited to the items comprised within the terms of its undertaking.

The Colonial Government on their part desire to discharge the whole amount for which it can be shown that the Colony has made itself responsible, without urging any claims for reduction, however well grounded. And I venture to assume that Her Majesty's Government will take the same view, inasmuch as the great bulk of their claim will thereby remain undisturbed, and the process of settlement be rendered most easy and rapid.

Assuming the total amount claimed by the Imperial Government at £200,000, than which sum it cannot be greatly more or less, it will be necessary, in the view now submitted of the Colonial liability, to reject the following items:—

Field Defences, a sum of about	...	...	...	...	£2,100
Arms and Ammunition, about	...	...	...	...	5,700
Barracks, about	...	...	...	...	6,000
Road-making, about	...	...	...	...	31,400

The Colony also claims to have paid, in addition to £1,388 2s. 7d. admitted by the War Office, a sum of £850 14s. in cash, upon sundry accounts.

In further reduction of the total liability, the Colony claims to have spent certain sums on the maintenance and repairs of Barracks and Military Buildings, the cost of which by agreement falls upon the Imperial Government, as against the Colonial contribution to the Troops. No complete Colonial statement of these disbursements is in my possession; but I am informed that an estimate of the value of the work done, amounting to some thousands of pounds, can be furnished by the War Office if required.

It appears from the above considerations that the actual liability admitted by the Government of New Zealand, so far as can be ascertained from the approximate statements rendered in this Country and in the Colony, is not greatly more or less than £150,000.

I have, accordingly, the honor to propose that the sum of £150,000 be taken as the amount of the debt of New Zealand to the Imperial Government, on account of Military operations, to the 30th September, 1862, to be discharged in accordance with the provisions of the New Zealand Loan Act, 1862.

I have, &c.,

CROSBIE WARD,

The Under-Secretary of State, Colonial Office.

ABSTRACT OF STATEMENT OF AMOUNT DUE BY THE COLONY OF NEW ZEALAND ON ACCOUNT OF MILITARY EXPENDITURE TO 30TH SEPTEMBER, 1862, RENDERED BY THE WAR OFFICE.

(Vide *Captain Galton's letter, of 24th April, 1863.*)

1860-1-2—				£	s.	d.
1. Local Forces.—Advances to Paymaster	...	...	...	64,836	6	5
„ Clothing, Forage, Field Allowances, Lodging Money, &c.	...	...	...	9,768	18	11
„ Commissariat Supplies	...	...	...	23,158	17	5
				£97,764	2	9
2. Field Defences.—(No charge raised)						
3. Arms and Ammunition	...	...	...	6,171	2	6
4. Ships of War.—Gratuity paid	...	...	...	5,000	0	0
5. Transport.—Hire of local Steamers.—(No charge raised)						
1858-62—						
6. Her Majesty's Troops.—Contribution of £5 per year per officer and man†				61,458	15	0
7. Barracks.—Building and Repairs	...	...	...	6,931	5	5
8. Road-making	...	...	...	31,379	18	7
				208,705	4	3
Deduct Cash paid by the Colony	...	...	...	1,388	2	7
				£207,317	1	8

† Including £7,000, estimated for June Quarter, 1862.

ABSTRACT OF STATEMENT FURNISHED FROM TIME TO TIME TO THE GOVERNMENT OF NEW ZEALAND; ADJUSTED TO 30TH SEPTEMBER, 1862.

(Vide *Minute of Colonial Treasurer of New Zealand, accompanying "Loan Act, 1862."*)

1860-1-2—				£	s.	d.
1. Local Forces.—Advances for Pay, and Contingent Expenses to 31st March, 1862	...	...	...	60,273	2	9
Do. Clothing supplied to	...	do.	...	986	14	4
Do. Rations	...	do.	...	24,896	3	5
Do. Pay and Rations to 30th June, 1862	...	...	...	1,955	19	6
Do. do. 30th September, 1862	...	...	...	4,241	0	11
Do. Secret Service	...	...	...	50	0	0
				92,403	0	11
2. Field Defences	...	...	...	2,126	0	4
3. Arms and Ammunition	...	...	...	5,672	4	8
4. Ships of War.—Gratuity paid	...	...	...	5,000	0	0
5. Transport.—Hire of local Steamers	...	...	...	16,422	2	10
1858-62—						
6. Her Majesty's Troops.—Contribution of £5 per year per officer and man†				60,337	10	0
7. Barracks.—Building and Repairs	...	...	...	7,000	0	0
8. Road-making	...	...	...	31,379	18	7
				220,340	17	4
Deduct—Charge for Transport	...	£16,422	2 10			
Excess of Charge for Barracks	...	68	14 7			
				16,490	17	5
				£203,849	19	11

† Including £7,000, estimated for June Quarter, 1862.

STATEMENT OF CLAIMS BY THE IMPERIAL TREASURY AGAINST THE GOVERNMENT OF NEW ZEALAND, TO 30TH SEPTEMBER, 1862; FURNISHED BY THE DEPUTY COMMISSARY-GENERAL, AUCKLAND.

(Vide *Letters of 2nd September, and 14th November, 1862.*)

				£	s.	d.
Amount due to 29th October, 1861, as stated in Treasury Minute of 24th May, 1862				193,180	5	6
Local Forces.—Pay, Rations, &c., to 30th June, 1862	...	...	...	17,394	4	5
Do. do. 30th September, 1862	...	...	...	4,452	4	3
Her Majesty's Troops.—Contribution for year to 31st March, 1862	...	...	...	27,718	15	0
Road-making, to 30th June, 1862	...	...	...	31,337	17	5
Do. 30th September, 1862	...	...	...	42	1	2
Total, as per letter of 14th November, 1862				274,125	7	9
Deduct—Error admitted in Treasury Statement	£69,469	7	6			
Do. Hire of Steamers "Wonga Wonga," &c.,	16,422	2	10			
				85,891	10	4
				188,233	17	5
Add—Estimated Charge for Troops, to 30th June, 1862, at £5 per officer and man per year	...	...	...	7,000	0	0
				£195,233	17	5

SIR F. ROGERS TO MR. HAMILTON.

Downing-street,
17th June, 1863.

SIR,—

In my letter of the 20th March last, I forwarded to you, by desire of the Duke of Newcastle, a copy of a Despatch from the Governor of New Zealand, reporting that in accordance with the wishes of his Responsible Advisers, Mr. Crosbie Ward was proceeding to England to represent the local Government upon several important questions.

One of those questions, as the Lords Commissioners of the Treasury will have learnt, was “the final settlement of accounts between the Imperial Government and this Colony, arising out of Commissariat advances during the Insurrection.”

Upon the arrival of Mr. Ward in England, he was, by His Grace's directions, placed in communication with the War Office, for the purpose of examining these accounts, with a view to their ultimate settlement.

I am now to transmit to you, to be laid before the Lords Commissioners, a copy of a letter from the War Office, dated the 24th April, and a copy of a letter from Mr. Ward, dated the 11th May; the first, showing the result of the examination of the accounts, according to the Secretary of State's view; the second, showing the result, according to Mr. Ward's view.

According to the War Office statement, the amount due from the Colony, up to the 30th September last, is £207,317 1s. 8d., exclusive of the sum of £67,927 5s. 9d. for advances made several years back for New Zealand Fencibles; and of a sum of £45,001 10s. 8d., advanced for the hire of certain Colonial vessels and other Naval expenses, and which has been repaid to the War Department by the Admiralty; whilst, on the other hand, Mr. Ward puts the total amount due at about £150,000, exclusive of what is due for the Fencibles.

But it will also be found that, irrespective of a difference of opinion as to what items can or cannot fairly be chargeable against the Colony, it is stated both by Captain Galton and Mr. Ward that, under any circumstances, no conclusive account can be rendered without a reference to New Zealand for further information.

In the Duke of Newcastle's opinion, such a delay is much to be regretted; and I am, therefore, to submit for the consideration of the Lords Commissioners, whether it may not be possible to arrive at a final settlement by a compromise between the Lords Commissioners on the part of the Imperial Treasury, and Mr. Ward on the part of the Colony. I am, however, to add that his Grace is not in a position to state whether Mr. Ward is prepared to entertain the question of compromise, as he has not thought it right to communicate with him on the subject, without previous reference to the Lords Commissioners.

I am also to transmit to you, as being closely connected with this question, a copy of an Act passed by the General Legislature of New Zealand, “for raising a loan of £500,000,” under an Imperial guarantee; £200,000 to be devoted, as shown by the Schedule attached to the Act, towards “the reinstatement of the settlement and inhabitants of Taranaki;” and £300,000 to repay advances from the Imperial Treasury, on account of Militia and Volunteers, and other Military Expenditure, and for the construction of roads and other public works. I am also to transmit a copy of a report upon the Act by Mr. Reader Wood, the present Treasurer of the Colony; together with a Financial Statement made by Mr. Dillon Bell, the late Treasurer, in the House of Representatives, on the 14th August last year.

It will now remain for the Lords Commissioners and the Secretary of State for War, to whom a copy of this will be forwarded, to determine whether a compromise shall be entertained. But the Duke of Newcastle desires me most seriously to impress upon their Lordships and upon Earl De Grey, how desirable it is that a final settlement of the accounts should be completed without further loss of time; and that having this object in view, a stated sum should be accepted from the Colony, which amount could be liquidated from the monies to be raised under the Loan Act, and could be immediately and surely liquidated in no other way.

The Duke of Newcastle is also of opinion that it might be advisable to meet the present claims of the New Zealand Government, rather by the remission of certain disputed claims of long standing, which it may be difficult under existing circumstances to recover, than by any material reduction of the present claim of the War Office.

This recommendation of course implies that the Imperial guarantee should be given for the payment of the interest of the Loan. But I am to state that, taking into consideration the Financial condition of the Colony, which cannot be considered otherwise than satisfactory, the Duke of Newcastle feels no hesitation in recommending that this guarantee should be given, and that the necessary Bill should be submitted to Parliament for this purpose during the present Session.

I have, &c.,

F. ROGERS.

G. A. Hamilton, Esq.

THE RIGHT HONORABLE F. PEEL TO SIR F. ROGERS, BART.

Treasury Chambers,
16th July, 1863.

SIR,—

I am commanded by the Lords Commissioners of Her Majesty's Treasury to request that you will state to the Duke of Newcastle that, under the circumstances stated in your letter of the

17th ultimo, they will not object to the introduction of a Bill into the House of Commons to authorize the Guarantee by the Imperial Government of a Loan of £500,000, proposed to be raised by the Colonial Government of New Zealand.

Their Lordships deem it necessary to state with reference to the opinion expressed by His Grace in your letter, that a final settlement of the Accounts between the Imperial and Colonial Governments should be completed without loss of time, and a stated sum accepted from the Colony payable out of the moneys to be raised, under the Loan Act, that they would not feel warranted in accepting the offer made by Mr. Crosbie Ward, the Agent for New Zealand, in his letter of the 11th May, of the sum of £150,000 in liquidation of the Debt of New Zealand to the Imperial Government on account of Military operations to the 30th September, 1862.

According to the view of the War Department, there is a claim of £207,317 1s. 8d., as the nearest approximation of the sum due by the Colony up to 30th September, 1862, that can be arrived at without further reference to the Colony, on account of expenses arising out of the recent Native Rebellion.

There is also a claim, amounting to £67,927 5s. 9d., for advances made several years ago in respect of the New Zealand Fencibles; and a sum of £45,001 10s. 8d., due for hire of Vessels and Naval Expenses.

Their Lordships will be quite ready to enter into a full consideration of any particulars connected with these claims, but they must require, as a condition precedent to the proposed guarantee being actually given by this Board, that such sum, as after further consideration they shall decide to be due by the Colony in respect of these three Items, shall be paid out of the moneys to be raised by the Loan under the Imperial Guarantee.

Their Lordships would have preferred that the amount to be so paid should be fixed positively in the Act of Parliament; but as the period of the session does not admit of any delay in the introduction of the Bill, this cannot be done, and they therefore will only observe at the present time that they do not expect that a less sum than £200,000, or possibly than £250,000, will satisfy the fair claims upon the Colony in respect of the advances that have been made for the service of the Colony out of Imperial Funds.

I am, &c.,

F. PEEL.

Sir F. Rogers, Bart.,
&c. &c., &c.

SIR F. ROGERS TO MR. CROSBIE WARD.

Downing-street,
16th July, 1863.

SIR,—

I am directed by the Duke of Newcastle to acknowledge the receipt of your letter of the 11th May last, reporting the result of your communications with the War Department with reference to a settlement of the amounts due to the Imperial Treasury by the Colony of New Zealand on account of Military operations there. His Grace has also received from the War Department a copy of the letter addressed to you by Earl de Grey's desire on the 24th April last.

It appears from the statement received from the War Department that the amount due from the Colony up to the 30th September last was £207,317 1s. 8d., exclusive of a sum of £67,927 5s. 9d. for advances on account of New Zealand Fencibles, and a sum of £45,001 10s. 8d. advanced for the hire of certain Colonial Vessels.

On the other hand you state that the sum of £207,317 1s. 8d. ought to be diminished by omitting certain items which in your opinion are not properly chargeable against the Colony. And you propose that the sum of £150,000 should be taken as the amount of the Debt to be discharged in accordance with the provisions of the New Zealand Loan Act of 1862.

It is also stated by the Secretary of State for War, and by yourself, that irrespective of the difference of opinion as to what items can or cannot fairly be chargeable against the Colony, no conclusive account could under any circumstances be rendered without a reference to the Colony.

In the opinion of the Duke of Newcastle such a delay was greatly to be regretted, and he accordingly suggested to the Lords Commissioners of the Treasury whether by avoiding all matter of detail some arrangement might not be arrived at with you, having for its object a final settlement of all outstanding Imperial claims against the Colony.

I am now to acquaint you that the Duke of Newcastle would be prepared on behalf of Her Majesty's Government to accept a sum of £200,000 in satisfaction of all Imperial claims, in respect to Military and Naval Expenditure up to the 30th September last, to be paid for out of the £500,000 to be raised by Loan under the Imperial Guarantee, and that upon your immediately making known your acceptance of this proposal, Her Majesty's Government will lose no time in submitting a Bill to Parliament authorizing the raising of the above sum (£500,000) under an Imperial Guarantee.

I am, &c.,

F. ROGERS.

Crosbie Ward, Esq.

MR. WARD TO SIR F. ROGERS, BART.

New Zealand Agency Offices,
3, Adelaide Place, London Bridge, E.C.,
17th July, 1863.

SIR,—

I have to acknowledge the receipt of your letter of the 16th instant, in which you acquaint me that His Grace the Duke of Newcastle, having considered my letter of the 11th May last, and that of the Under Secretary of State for War, of the 24th April last, on the subject of the claims of Her Majesty's Government against the Colony of New Zealand, in respect of Naval and Military Expenditure, has suggested to the Lords Commissioners of the Treasury whether some arrangement might not be arrived at, having for its object a final settlement of all outstanding Imperial claims against the Colony; and that His Grace would be prepared, on behalf of Her Majesty's Government, to accept a sum of £200,000, in satisfaction of all such claims, up to the 30th September last, to be paid out of the £500,000 to be raised by Loan under the Imperial guarantee; and further, that, upon my immediately making known my acceptance of this proposal, Her Majesty's Government will lose no time in submitting a Bill to Parliament, authorizing the raising of such Loan under an Imperial guarantee.

If the proposal now made were to be understood as a waiver of all claims upon the Colony, except for Military assistance rendered since the Native outbreak in New Zealand, in the year 1860, I should reply that the sum named exceeds that which the Colony admits as properly chargeable for such assistance by an amount so important to the Colony as to oblige me, on its behalf, to decline the proposal.

But the proposal, as stated, embraces the settlement of all Imperial claims, in respect to Military and Naval Expenditure, up to 30th September, 1862—among which claims, that for the balance of expenses incurred many years ago in locating the New Zealand Fencible Force appears as a very important item. Viewed in this light, the proposal must be characterized as one of liberality on the part of Her Majesty's Government.

But I regret to say that I am prevented from entertaining any proposal for discharging the last-mentioned claim, since it has never yet been submitted for the consideration of the General Assembly of New Zealand. From the year 1853, when the charge was raised against the Colony in an incomplete state, and before the General Assembly was constituted, the claim dropped out of sight until just previous to the last Session of that body, when a Despatch from His Grace raised the question again, but too late, considering the circumstances of the time, for its proper consideration in that Session. No legal appropriation, therefore, having yet been made for the discharge of this claim, I am unable to do more than receive from Her Majesty's Government any proposal which they may be pleased to make for its separate settlement, and to undertake that any such proposal, or, in the absence of any new proposal, the claim as it has already been raised, shall be submitted to the General Assembly of the Colony at the earliest opportunity: and Her Majesty's Government have, doubtless, full confidence that the General Assembly will promptly and fully discharge any liability which fairly rests upon the Colony. I am to be understood, however, as not pledging the Government of New Zealand to any particular recommendation with regard to this claim.

In addition, I have to point out that the claim in question is not of that kind for the discharge of which the Colony has deemed it right to request the guarantee of Her Majesty's Government to the proposed Loan, and that, to pay so large a sum out of the proceeds of the Loan for such a purpose, would have the effect of materially diminishing the amount applicable to those requirements which, springing out of the Native insurrection, are declared to be the legitimate objects to which the moneys borrowed may be devoted.

The proposal now authorized by His Grace the Duke of Newcastle, and that which I had the honor to make in my letter of the 11th May last, are, I venture to submit, materially the same. The objection now raised to the former is one, not of principle, but of legal form. I trust, therefore, that His Grace will consent to treat the liability of the Colony for Military assistance rendered during the Native insurrection as a separate debt to the Imperial Government, taken at the round sum of £150,000, to be paid as proposed by His Grace, leaving the claim for the sum of £67,927 5s. 9d., for the location of the New Zealand Fencible Force, to be a distinct charge, untouched in the present settlement.

I beg that you will convey to His Grace an assurance of the sincere regret which the Government of New Zealand will feel that, in submitting the immediate answer which his Grace has required to his proposal, I have been unable to suggest a final settlement of all the claims raised by the Imperial Government against the Colony.

I have, &c.,

CROSBIE WARD.

Sir F. Rogers, Bart.,
Colonial Office, Downing-street.

MR. CROSBIE WARD TO THE UNDER-SECRETARY OF STATE FOR THE COLONIES.

New Zealand Government Agency,
3, Adelaide Place, King William-street, E.C.,
18th July, 1863.

SIR,—

Referring to my letter of yesterday, and to the conversation which took place between Mr. Chichester Fortescue and myself, on the subject of the settlement of Imperial claims against the Colony of New Zealand, I desire to draw the attention of Her Majesty's Government to certain further considerations which appear to me to be of great importance.

A proposal has been made to me, on behalf of the Colony, to pay the sum of £200,000 in liquidation of all claims of the Imperial Government, in respect of Naval and Military Expenditure, to the 30th September, 1862. Being unable to deal with these claims as a whole, I have proposed to pay the sum of £150,000, in respect of the claim arising out of the Native insurrection, and to refer the principal remaining claim—being that for the location of the Pensioner force, and nominally amounting to the sum of £67,927 5s. 9d. to the General Assembly of the Colony, by whom it has never yet been considered.

This proposal has been declined, and I am informed that the sum of £150,000 is insufficient to satisfy the claim of Her Majesty's Government for Military assistance rendered to the Colony during the Native insurrection. Under these circumstances, I desire to remind the Government what the nature of that claim really is.

The detailed account rendered by the War Office comprises two classes of items charged against the Colony, one class being based on the ground of a technical liability, such as an undertaking or engagement entered into by the Colony; the other on that of a fair and reasonable responsibility evident in the nature of the items themselves. Taking each set of items separately, the sum of the former is in round figures £150,000, that of the latter considerably less. I have tendered payment on behalf of the Colony of the larger amount, on account of the greater simplicity of the examination into this class of items, and also because, owing to the severity of the language addressed by Her Majesty's Government to the Colony on the subject, I desired to avoid, as far as possible, any discussion upon the propriety of the various charges.

The Colony is, I submit more than justified in taking the present course, since many of the items of account which rest on the ground of technical liability cannot be alleged to be in themselves fairly and reasonably chargeable; but may rather be said to appear in the account by a species of accident—that is to say, the Colony urges that the sum of £150,000, on whatever account it may be computed, does in effect more than cover all the charges for which it can be held honorably liable.

The largest item among those to which allusion has been made, is the contribution of £5 a-year per officer and man to the pay of Her Majesty's troops in the Colony. The claim on account of this item amounts to about £61,000. The arrangement to pay a contribution at the rate named was made in the year 1858, in time of peace; and had reference to the peace establishment of the garrison, consisting of one Regiment of the Line. However reasonable this arrangement might have been at the time, it was one which obviously was inapplicable to a period of protracted war. That rate of contribution which was proportioned to the circumstances of the Colony when the number of soldiers was small, became utterly disproportionate when the number of soldiers had increased sevenfold. It is fair to urge that in this case, as in any other, a total and unexpected change of the circumstances under which the agreement had been made, practically annulled it. And the change was in effect notified by the Colony, when the resolution was taken by the House of Representatives to assist the Imperial Government in prosecuting its designs to the extent of the resources of the Colony. This is what the Imperial Government has a right to require; and this is practically what the Colony has done, and is prepared to do.

The employment of force against the insurgent Natives of New Zealand in 1860-61 was, at least, in a great measure, determined on by the Imperial Government, rendered necessary by Imperial policy, and directed against a race under the immediate control of the Imperial authorities. Whatever part the colonists may have taken in bringing about the war, Her Majesty's Government must admit that a large share of responsibility rests upon itself. The Imperial Government was not a mere ally of the Colony, rendering a limited amount of assistance upon stated terms. It was a principal in the matter; not only as holding the natural attitude of a mother country towards a dependency, but as being itself mainly concerned in, and answerable for the issue. Under these circumstances, I submit that Her Majesty's Government is bound to consider, not what remuneration for the employment of its troops it can obtain from the Colony, nor what portion of its own expenditure it can recover; but what is the fair and reasonable expense which each party may be expected to bear as its share of the whole cost of the war.

The cost to New Zealand of the war already reaches a round sum of £500,000. This sum includes only extra expenses entailed upon the Colony directly by the war, and might be largely swollen by a number of expenses which spring indirectly from the same cause. The charge of £500,000 in the shape of a debt upon the resources of a population of 100,000 persons, paying taxes to the State, at the rate of about £4 per head per year, will appear of its proper magnitude if it be compared after making all due allowances with the expenditure of the United Kingdom for similar purposes. Thus compared, it represents an amount of above One hundred millions sterling. In addition to this enormous burden, the Colony is prepared to pay to Her Majesty's Government the sum of £150,000, and the offer to do so is declined as insufficient.

I now respectfully entreat Her Majesty's Government to re-consider their determination. I

have endeavoured to show that the sum of £150,000 is—first, not less than the amount, which is fairly chargeable on the Colony; and, secondly, the extreme amount which its resources enable it to pay without serious injury. I submit that the Colony cannot, in justice to itself, incur the additional liability which is sought to be imposed upon it; and that, therefore, the offer of payment which I have had the honor to make, and now repeat on its behalf, is one which Her Majesty's Government may honorably accept.

I have, &c.,

CROSBIE WARD.

The Under-Secretary of State for the Colonies, Colonial Office.

No. 3.

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

Office of the New Zealand Government Agency,
3, Adelaide Place, King William-street,
London, 25th June, 1863.

SIR,—

Vide Enclosures to No. 2

I have the honor to forward for your information Copies of the Correspondence which has already passed between the War Office, the Colonial Office, and myself, with reference to the settlement of the Imperial claims upon New Zealand arising out of the late war. I have as yet received no reply to my letter of the 11th May last, but learn from enquiries made from time to time that it is still under consideration by the Government.

I have, &c.,

CROSBIE WARD.

The Honorable the Colonial Secretary, New Zealand.

No. 4.

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

Office of the New Zealand Government Agency,
3, Adelaide Place, King William-street,
London, 18th July, 1863.

SIR,—

Vide Enclosures to No. 2

In continuation of the correspondence forwarded to you by last mail upon the subject of the settlement of the Imperial claims for Military assistance rendered to the Colony during the Native Insurrection, I have now the honor to enclose for your information Copies of Letters which have passed between myself and the Colonial Office since that time.

You will observe from this correspondence that on the 16th of the present month a proposal was made to me that the Colony should pay a round sum of £200,000 in satisfaction of all Naval and Military claims whatever, of the Imperial Government to the 30th September, 1862. These claims are stated to comprise nominally the following amounts:—

Military assistance during the Native Insurrection ...	...	£207,317	1	8
Hire of Steamers during ditto ...	...	45,001	10	8
Expense of locating New Zealand Fencible Force ...	...	67,927	5	9
Total ...	...	£320,245	18	1

Assuming these claims to be considered by Her Majesty's Government as equally valid, the offer to commute them for the sum of £200,000 must be termed one of liberality.

Without, however, entering into detailed criticism of the various claims advanced, it is obvious that if the sum of £200,000 is to be considered as a payment for Military assistance alone, it is much greater than the Colony can admit to be justly due on that account; but if it is to include to any extent a liquidation of the claim for the location of Fencibles, it is impossible for me to undertake its payment.

The validity of the claim itself has yet to be established; the withdrawal of so large a sum from the proceeds of the loan would seriously diminish the amount intended for application to other objects; but above all, this liability had never been provided for, nor even considered by the General Assembly, and it was, therefore, impossible for me to undertake its discharge, directly or indirectly.

Upon these grounds I immediately replied declining the proposal made, but stating that I was prepared to repeat my previous offer of £150,000 in liquidation of the war claim, and to undertake that the Colonial Government would bring the claim on account of the Fencible Force under the consideration of the General Assembly at its next session. My reply was dispatched on the morning of the 17th instant.

On the same day I had a conversation with Mr. Chichester Fortescue at his request. He informed me that owing to the lateness of the session the Government had already prepared a bill to

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.

