

reasons for declining, upon behalf of the Colony of New Zealand, to acquiesce in the conditions on which alone Her Majesty's Government will permit a regiment of the Imperial Forces to be retained in New Zealand.

The Right Hon. the Earl of Carnarvon.

I have, &c.,
G. GREY.

Enclosure in No. 23.

MEMORANDUM by Mr. STAFFORD.

Wellington, 15th March, 1867.

MINISTERS have had under consideration Lord Carnarvon's Despatch No. 49, of the 1st December, 1866, with its Enclosures, referring to the disposition of the Imperial Troops in New Zealand, and to the conditions on which a regiment is proposed to be left in the Colony.

Ministers will take another opportunity of expressing their views on the subject of this Despatch and of other Despatches from the Secretary of State, referring to military operations in New Zealand; but they now desire to intimate that they decline to accede to the proposed conditions, after having been informed by Lord Carnarvon that the Imperial Troops are not to be useful to the Colony.

Ministers are indeed unable to conceive on what grounds Lord Carnarvon could have supposed that, after such an intimation, the Colony would consent to agree to conditions, or to impose on itself obligations, in connection with a force which would occupy the position of the force of a Foreign Power, rather than that of one having interests to guard and duties to perform, common to the Empire of which New Zealand is a part; and if Ministers could entertain a doubt as to the course which it was incumbent upon them to pursue in this matter, that doubt is altogether removed by the fact that Lord Carnarvon has thought fit to withdraw from Her Majesty's representative in New Zealand all control over the disposition and movements of the Imperial Troops. If the Secretary of State assumes that it is right to prohibit the exercise of the powers vested in the Governor and Commander-in-Chief, under Her Majesty's commission, the Responsible Advisers of the Crown in New Zealand do not believe that it is either consistent with constitutional practice, or for the interests of either race of Her Majesty's subjects in these Islands that the determination of questions of peace or war, and the power of fulfilling engagements with the Native race, should thus virtually be withdrawn from the control of the Queen's representative and given to an irresponsible officer, having no constitutional authority with respect to such questions, and necessarily unacquainted with the ever-varying disposition of that portion of the Native race so lately in arms against Her Majesty's authority.

While expressing their opinion that the position in which the Governor would be placed with respect to the control of the Imperial Troops in New Zealand is equally unconstitutional and impolitic, Ministers at the same time desire to state that they cannot consent that Her Majesty's Colonial Forces shall have any other Commander-in-Chief than the Governor, or be under any other control than that of the New Zealand Government, from whom alone all instructions and orders to them must proceed.

For His Excellency the Governor.

E. W. STAFFORD.

No. 24.

COPY of a DESPATCH from Governor Sir GEORGE GREY, K.C.B., to the
Right Hon. the Earl of CARNARVON.

(No. 31.)
MY LORD,

Government House, Wellington,
4th April, 1867.

I have the honor to transmit for your Lordship's information the copy of a Memorandum from my Responsible Advisers, on the subject of a loss the Colony of New Zealand has sustained, from the manner in which New Zealand Debentures for £500,000 were disposed of.

The Right Hon. the Earl of Carnarvon.

I have, &c.,
G. GREY.

Enclosure in No. 24.

MEMORANDUM by Mr. STAFFORD.

Wellington, 9th March, 1867.

MINISTERS have learned with regret from Lord Carnarvon's Despatch No. 46, of the 20th November last, that the Secretary of State and the Lords Commissioners of the Treasury have disposed of the New Zealand Debentures for (£500,000) five hundred thousand pounds, remitted on account of the Imperial claims, privately, instead of placing them on the open market.

Ministers are without information as to the reasons which induced the Imperial Government to adopt the above course, but they are advised that if the Debentures in question had been offered to the public they would have realized a considerable premium, which is estimated by the Crown Agents at twenty thousand pounds.

When the financial position of New Zealand is remembered—the sacrifices the Colony has made and is making for the maintenance of Her Majesty's authority—the large Colonial expenditure that has been entailed by the action of Imperial Authorities over which the Colonial Government had no