inform the Crown Agents for the Colonies that the New Zealand Government have addressed the Home Government upon the subject of the sale of the £500,000 New Zealand (Four Per Cent) Bonds at par in September last, and that they had been advised that, had these Bonds been sold publicly instead of privately to the Bank of England, they would have realized a premium estimated by the Crown Agents at £20,000.

2. You further request that the Crown Agents will furnish the Lords Commissioners of Her Majesty's Treasury with the grounds upon which they formed this opinion.

3. In reply I beg to state for their Lordships' information, that with regard to the price at which the Bonds in question were sold to the Bank, the Crown Agents never made any observations whatever to the New Zealand Government, inasmuch as they were never informed what that price was. Your letter of the 13th September, 1866, was the only communication received by the Crown Agents on the subject, and no mention is therein made as to the terms on which the transaction had been concluded.

4. Upwards of a year before the sale took place, in a Report to the Colonial Office, of which the Treasury received a copy (as appears by your letter to Sir F. Rogers dated 26th July, 1865), it is stated that,—" If the Crown Agents may be permitted to offer a suggestion on the subject now under consideration, they would say to the Home Government—accept the Debentures just as they are offered, and during the next Session of Parliament (it will be too late probably to do it in this) pass an Act to guarantee this half-million. Then dispose of the securities in the market, and you will recoup yourselves of the principal, and in all probability realize a further sum of £20,000 for premium. You will also have received by that time two dividends amounting to £20,000 more. Thus you will be in possession of £540,000, with only a contingent liability of £20,000 a year."

5. A copy of the Report, of which the above is an extract, was forwarded to the New Zealand Government for their information, on the 26th July, 1865, and the Crown Agents are not aware that they ever offered any subsequent opinion in the matter. It is probable therefore that the foregoing is the estimate now referred to by that Government as being that of the Crown Agents.

6. Considerable latitude may fairly be claimed for estimates formed so far in advance as this was. The opinions then expressed were arrived at after careful inquiries in the best informed quarters, by comparison with other securities, and by measuring, as accurately as then possible, the prospects of the money market.

7. Still all calculations of the kind may be rendered worthless by disturbing causes, which could not be foreseen, and which have the effect of increasing the value of money, or of shaking the confidence of capitalists in the securities to be dealt with.

8. It is believed, however, that the estimate now called in question was a moderate one, and looking to the comparative state of the market in September, 1866, the Crown Agents see no reason to doubt that it would have been to a great extent, if not entirely, realized, had the Bonds been sold publicly instead of privately.

9. Seeing that the course suggested in their letter of the 26th June, 1865, was in all other respects followed, the Crown Agents now exceedingly regret that they were not then more explicit with regard to the mode of placing the Debentures on the market, which may have led to some misconception; but as this part of the subject had been previously discussed, and their Lordships had expressed an opinion in Mr. Peel's letter of the 3rd August, that there would be no objection on their part to the nomination of the Crown Agents to be agents for raising and managing the Guaranteed Loan, it was not thought necessary to revert to it.

10. The public sale of a guaranteed Colonial Loan is, in the estimation of the Crown Agents, much more important with regard to its future influence upon the general credit of the Colony than from any considerations as to price on one limited issue of this kind, and it is more especially for that reason that they now feel that they ought to have brought the subject again more prominently to the notice of their Lordships before the sale to the Bank of England.

11. Nevertheless the Crown Agents were not in any way prepared for the statement contained in your letter of the 13th September last, that the £500,000 Bonds had been sold to the Governor and Company of the Bank of England, as the Lords Commissioners had, by your letter to Sir F. Rogers of the 19th August, 1865, accepted those Bonds only as " collateral security" for a portion of the debt due to Her Majesty's Government by the New Zealand Government, and had decided that when prepared they should be deposited with the Bank of England in your name and those of the Crown Agents, their Lordships having reserved to themselves the power to dispose of the interest from time to time accruing.

12. Moreover the Crown Agents had been requested by their Lordships to prepare those Bonds in such amounts and for such periods as would best suit the convenience of the Colonial Government in disposing of them when returned to them after payment of the debt to the Imperial Government.

I have, &c.,

G. A. Hamilton, Esq., &c., Treasury. W. C. Sargeaunt.

No. 10.

Copy of a DESPATCH from His Grace the Duke of Buckingham to Governor Sir George Grey, K.C.B.

(No. 70.)

Sir,— Downing Street, 12th October, 1867.

I have the honor to acknowledge the receipt of your Despatch No. 76, of the 6th of August last, forwarding several Petitions addressed to the Queen by certain members of the Ngatiraukawa tribe, respecting their claim to a block of land at Rangitikei, in the Province of Wellington.