

reply adopting the arrangement, thus finally disposing of these long pending matters.

I have, &c.,

BUCKINGHAM AND CHANDOS.

The Officer Administering the Government
of New Zealand.

Enclosure 1 in No. 40.

Sir F. ROGERS to Mr. FITZHERBERT.

SIR,—

Downing Street, 28th March, 1868.

I am directed by the Duke of Buckingham and Chandos to inform you that Her Majesty's Government have had under their consideration the claims advanced on behalf of the British Treasury against the Government of New Zealand, and the counter-claims put forward by Major Richardson in respect to the cost of military operations in that Colony.

It appears to them that a careful scrutiny of these claims would result in establishing a considerable balance as due to the British Treasury. But they are aware that this scrutiny could not be effected without protracted correspondence between this country and New Zealand; and at a time when the Colony has adopted the entire responsibility for its own military protection, and is endeavoring to contract a loan of unusual magnitude, they are unwilling to defer a settlement which may assist you materially in negotiating that loan.

Having reference, therefore, to Mr. Stafford's Memorandum of the 7th November last, by which the Duke of Buckingham and Chandos was informed that you were proceeding to England with a view to "the settlement of all claims between the Imperial Government and the Colonial Government," His Grace desires me to ask whether you are prepared, on behalf of the Government of New Zealand, to abandon all claims on the Home Government in respect to any expenditure arising out of military operations or connected with military defence, and particularly all claims included in or resulting from either of the statements of account put forward by Mr. Commissary-General Jones and Major Richardson, on condition of a similar abandonment on the part of the Imperial Government.

If this should be the case, Her Majesty's Government are prepared to agree to a settlement on these terms. But it must be understood that if a prompt settlement cannot be thus effected Her Majesty's Government retain the right to pursue the investigation which has been commenced, and to claim the balance which on that investigation shall be found to be justly due.

I have, &c.,

W. Fitzherbert, Esq.

FREDERIC ROGERS.

Enclosure 2 in No. 40.

Mr. FITZHERBERT to Sir F. ROGERS.

SIR,—

Oxford and Cambridge Club, Pall Mall, 30th March, 1868.

I have the honor to acknowledge the receipt of your letter of the 28th instant, in which I am informed that the Duke of Buckingham and Chandos desires you to ask whether, having reference to my mission to England with a view to "the settlement of all claims between the Imperial Government and the Colonial Government," I am prepared on behalf of the Government of New Zealand to abandon all claims on the Home Government in respect to any expenditure arising out of Military operations or connected with Military Defence, and particularly all claims included in or resulting from either of the statements of account put forward by Mr. Commissary-General Jones and Major Richardson, on condition of a similar abandonment on the part of the Imperial Government.

Upon a careful review of the whole circumstances of the case—having regard to the various points at issue which have been urged on either side at the several interviews which I have had with His Grace on this subject, and recognizing the advantage which a prompt and conclusive settlement of these long outstanding claims is calculated to confer on the Colony just now, when it is about to enter upon large financial operations—I am of opinion that I shall be consulting the best interests of the Colony by acceding to the terms suggested in your letter.

I therefore request you to be good enough to convey to His Grace my definite acceptance, on behalf of the Government of New Zealand, of the proposal of Her Majesty's Government as expressed in your letter.

I have, &c.,

Sir Frederic Rogers, Bart., &c.

WILLIAM FITZHERBERT.

No. 41.

COPY of a DESPATCH from His Grace the Duke of BUCKINGHAM to Governor
Sir G. F. BOWEN, G.C.M.G.

(No. 40.)

SIR,—

Downing Street, 11th April, 1868.

I have to acknowledge the receipt of Sir G. Grey's Despatch No. 1, of 13th January, forwarding a Petition to the Queen from a large number of the inhabitants of Otago, in which they pray for the separation of the Northern and Middle Islands of New Zealand.

I have to instruct you to inform the petitioners that I have been unable to advise Her Majesty to comply with the prayer which the Petition contains.

I have, &c.,

BUCKINGHAM AND CHANDOS.

Governor Sir G. F. Bowen, G.C.M.G.