Enclosure in No. 34.

Memorandum by Major Richardson.

Wellington, 7th March, 1868.

Adverting to Despatch No. 68, of the 6th November last, from His Grace the Duke of Buckingham and Chandos, on the subject of the disposal by the Imperial Government of the New Zealand Bonds for £500,000, remitted in March, 1865, from the Colony, on account of Imperial claims, Ministers would observe that the estimate of the loss to the Colony of £20,000 arising from the private instead of the public disposal of those Bonds, is founded on the following statement of the Crown Agents contained in their letter dated 26th July, 1865, to the Colonial Office, and communicated to the New Zealand Government in a letter of the same date:—

"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."

The suggestion as to the guarantee was adopted, but not that as to the disposal of the guaranteed Bonds, and therefore Ministers, who were informed by Lord Carnarvon's Despatch, No. 46, 20th November, 1866, that these Bonds had been disposed of privately to the Bank of England at par, felt bound, in their Memorandum of the 9th March last, to bring under the notice of the Imperial Government the circumstances of the case, and to submit that the Colony should not be allowed " to suffer " from the manner in which its Bonds have been disposed of by the Imperial Government, but that " the additional amounts which they would have sold for in the open market may be estimated by " competent persons, and placed to the credit of the Colony."

It appears from the following extract from the letter of the Crown Agents, dated 23rd August, 1867, to the Secretary to the Treasury (enclosed in the Despatch now referred to) that they substantially adhere to their former estimate of the loss in question:—

" 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."

The Crown Agents also refer in the following words to an additional loss to the Colony which cannot be represented in figures:—

" 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 this reason that they ought to have brought the subject more prominently to the notice of their " Lordships before the sale to the Bank of England."

Ministers desire to bring under the notice of His Grace that these Bonds were voluntarily remitted by the Colonial Government, not as the payment for a legal debt, for at that time the claims and counter-claims on each side were altogether unadjusted, but with an earnest desire—not as of a party to a mercantile transaction, but as a portion of a great Empire—to maintain the good faith of the Colony and to contribute to the utmost of its own resources to the generous aid which had been afforded to it by the Imperial Government; that the remittance was made at a time when the Colony was suffering under great financial pressure, when it was still engaged in active hostilities, and when it had offered to dispense with further Imperial assistance, and to relieve Great Britain from a large military expenditure; that in giving practical effect to the acceptance of that offer, the Colony is undergoing heavy sacrifices; that the Crown Agents, competent and impartial judges, estimate that the public disposal of these Bonds (the mode contemplated in the Ministerial Memorandum of 23rd March, 1865, notifying the remittance) would have realized to the Colony a premium of £20,000 and a beneficial influence on its public credit.

Ministers respectfully trust that, on a retrospect of all the circumstances of this case, the Imperial Government will be disposed to give the claims of the Colony in this matter a favorable reconsideration.

For His Excellency the Governor. J. L. C. Richardson.

No. 35.

Copy of a DESPATCH from Governor Sir G. F. Bowen, G.C.M.G., to His Grace the Duke of Buckingham.

(No. 21.) Government House, Wellington,

My Lord Duke,— 7th March, 1868.

Adverting to your Grace's Despatch No. 84, of the 21st December ultimo, I have the honor to state that a reply in the terms desired by your Grace, has been sent to the Maori chief John Topi Patuki, with reference to the petition addressed by him to Her Majesty the Queen.

I have, &c.,

His Grace the Duke of Buckingham and Chandos. G. F. BOWEN.
