

financial question under the consideration of his colleagues, and the Government had determined to advise His Excellency on the subject at the time it became incumbent on them, for other reasons, to resign the offices which they held.

The Colonial Treasurer thinks it right that His Excellency should be informed that Ministers would have advised the reduction of all War Expenditure, except so much as is absolutely indispensable.

Treasury, Auckland, 5th October, 1864.

READER WOOD.

No. 2.

MEMORANDUM by the GOVERNOR.

The Governor requests his Responsible Advisers to be so good as to inform him of the nature and extent of the war expenditure they would have advised him to reduce. He trusts, after the Memorandum he has just received from the Colonial Treasurer on the subject, he will be furnished with the information.

October 5th, 1864.

G. GREY.

No. 3.

MEMORANDUM by MINISTERS.

Immediately after the arrival of the Colonial Treasurer from England, Ministers carefully considered the financial position of the Colony.

It was obvious that some reduction of expenditure must be effected, and there were two branches that could be operated on, one relating to the Military Settlers and the other embracing the various Government establishments and military forces now on foot.

The first, involving an amount equal to about three-fourths of the whole military expenditure, was by far the most important, if possible, to deal with, and the result arrived at by Ministers was that, if His Excellency could be induced to bring under the New Zealand Settlements Act the land in our possession in Waikato, most of the military settlers might be located within a few weeks, and at the same time an important source of revenue at once made available, namely, the proceeds of the sale of the surplus land. In this way Ministers believed that a saving after the rate of about £250,000 per annum might be effected, and at least £100,000 worth of land sold by January next.

With respect to the other branch of expenditure, it appeared practicable that some saving could be effected at once, and the details were on the point of being gone into when Ministers resigned. No definite conclusion could of course have been come to without first conferring with the Governor, and the General being consulted on the subject, but it would principally it seems have rested with His Excellency, as it appears from an extract from the General's letter quoted by His Excellency, in his Memorandum of yesterday's date, that the General is equally uninformed as Ministers as to his Excellency's resolution in reference to operations in the South.

Ministers have made this statement at his Excellency's request, with an earnest desire to afford him all the assistance in their power, but not without great misgivings as to the propriety of the course they have adopted, seeing that constitutionally they cannot now be considered as His Excellency's Responsible Advisers.

Auckland, 6th October, 1864.

FRED. WHITAKER.

No. 4.

MEMORANDUM by MINISTERS.

On the 30th of September, Ministers forwarded to His Excellency their resignations, but up to the present time His Excellency has not been pleased to give them any reply. Ministers believe that, under ordinary circumstances, it would be irregular and improper for them to deal with any questions of political importance; and they certainly would not do so, but at the present time there are questions involving serious consequences, upon which some immediate action is required. Unless, therefore, His Excellency can at once accept their resignations, Ministers cannot permit any feelings of false delicacy to stand in the way of stating what, in their opinion, it is indispensable should be done without any delay whatever, as, in their opinion, the vital interests of the Colony have a right to precedence over personal considerations.

Ministers deem it indispensable—

1. That, under existing circumstances, and having regard to the present state of the Colonial Finances, all war expenditure necessarily to be paid from Colonial sources should be stopped, except such as is requisite to fulfil existing engagements.

2. That the General Assembly should be called to meet at a date not later than the 15th of November next.

Auckland, 8th October, 1864.

FRED. WHITAKER.

No. 5.

MEMORANDUM by the GOVERNOR.

The Governor begs to thank Ministers for their Memorandum, which he received at a late hour on the evening of the 8th instant, in which they tender him their advice as to what should be done at the present time.

When the Governor received this advice he was preparing a Memorandum addressed to his Responsible Advisers for the purpose of informing them that, after a careful consideration of the present and prospective financial condition of the Colony, in as far as he could form an opinion on those subjects, from the papers in reference to them, which Ministers had laid before him (the last of which only reached him upon the 7th inst.), he thought it would not be possible for him to form a new