

No. 164.

The PRIVATE SECRETARY to the ASSISTANT MILITARY SECRETARY.

Private Secretary's Office, Wellington, 15th July, 1865.

SIR,—

I have the honor by direction of His Excellency the Governor to transmit for the information and consideration of the Lieut.-General Commanding a copy of a Memorandum which he addressed to his Responsible Advisers on the 11th instant, relative to the arrangements now in operation for the rationing and payment of the Local Forces.

The Assistant Military Secretary, &c.,
Head Quarters.

I have, &c.,

FRED. THATCHER,
Private Secretary.

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No. 165.

The ASSISTANT MILITARY SECRETARY to the PRIVATE SECRETARY.

SIR,—

Head Quarters, Auckland, 26th July, 1865.

I have the honor to acknowledge the receipt of your letter of the 15th instant, with enclosure, relative to the arrangement now in operation for the rationing and payment of the Local Forces, and in reply I am directed by the Lieut.-General Commanding to forward for the information of His Excellency the Governor the accompanying Memorandum.

I have, &c.,

GEORGE DEAN PITT,
Major, Assistant Military Secretary.

The Private Secretary, Government House, Wellington.

Enclosure 1 to No. 165.

MEMORANDUM by Lieut.-General Sir D. A. CAMERON.

The Lieut.-General Commanding has read the Governor's Memorandum of the 11th July, and has also shown it to Commissary-General Jones, a letter from whom on the subject is herewith enclosed.

The Lieut.-General knows nothing of any interview held between the Governor and the Ministers at Wanganui in March last, nor has the Governor thought proper to forward to the Lieut.-General the Memorandum of Ministers alluded to in his own Memorandum.

With reference to the subsisting arrangement between the Imperial authorities and the Colonial Government, the Lieut.-General begs to observe that Mr. Weld's letter of the 18th February, Major Atkinson's of the 22nd February, with a copy of a Ministerial Memorandum of the same date enclosed, and the letter of His Excellency's Private Secretary of the 6th March, each and all distinctly undertake to repay monthly into the Commissariat chest the cost of all rations issued to the Militia, and both the Lieut.-General and Mr. Jones considered this a *bona fide* engagement on the part of the Colony, until the payment of the March issues was refused.

This engagement was never cancelled by any subsequent arrangement, such as that stated by the Governor, part of which was that the Colonial Agents were to be instructed at once to issue and hand over to the Treasury in England New Zealand Debentures to the amount of £500,000, at the rate of four per cent. The Lieut.-General does not see how this remittance could be expected to cover liabilities amounting in March to upwards of £600,000, when all these liabilities were being increased by upwards of £10,000 a month, and when it was known that New Zealand Debentures were not saleable at par.

In regard to the inability of the Colonial Government to raise funds to pay and ration the Militia at Wanganui, and to defray the expense of the steamers required to keep open the communication, the Colony appears to have experienced no difficulty in raising funds to remove the Seat of Government from Auckland to Wellington, to purchase new Government buildings, Government houses, residences for Ministers, increasing the number of Ministers, and augmenting their salaries, paying large sums as compensation to Taranaki settlers, and entering into a costly new postal service to England in addition to the existing one. These sums would probably have met the cost of the Militia for several months.

The only steamers maintained by the Colony for the service abovementioned were the "Prince Alfred" and the "Sandfly," and the coals for them were provided by the Commissariat without cost to the Colony. It was arranged that the entire cost of the "Gundagai" should be paid by the Commissariat. The full cost to the Colony of the first two steamers could scarcely have exceeded £700 a month, which amount could not have greatly interfered with providing funds to meet expenditure for the Wanganui Militia.

The Governor's letter to the Lieut.-General of the 22nd March, and the Lieut.-General's answer to it of the 5th April (not 3rd April), referred solely to the Wanganui Militia. The Lieut.-General's answer was not in general terms, as stated by the Governor, but clearly and distinctly specified the Wanganui Militia; and the Lieut.-General cannot conceive how there could have been any misunderstanding on the subject, or how the Governor could ever have supposed that the arrangement sanctioned by the Lieut.-General was a general one for all the Colonial troops rationed by the Commissariat. Mr. Jones has informed the Lieut.-General that he had never heard of such a general arrangement, or that it was ever contemplated.

As these circumstances have all been reported to the Lords Commissioners of Her Majesty's Treasury, it is unfortunate that the Governor should have fallen into such an error.

In reference to the Governor's statement on the 22nd March, that the arrangement he proposed was only a temporary one, the Lieut.-General begs to observe that there was nothing in the state of affairs at that period, or in the plan of operation which the Lieut.-General was carrying out, under His Excellency's instructions, to warrant the belief that the operations between Wanganui and Taranaki would immediately be brought to a successful issue, and that the war would thus terminate; nor can anything recently accomplished by Colonel Warre, justify the Governor in using the language he did, regarding the probable temporary nature of the arrangement, supposing that in using that language the Governor intended to refer to the duration of the war, which there is nothing in his letter to show.

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