

I cannot concur with your Excellency, that an investigation of the account between the Imperial and Colonial Governments is superfluous because the Colonial Government are satisfied that all the present issues are necessary, and because they are responsible for their cost, nor that such an investigation would be attended with danger in consequence of the occupation by the rebels of a position on the Waitotara river.

If however, the continued occupation of that position by the rebels really involves all the serious consequences represented by your Excellency, which I am very far from believing, your Excellency must be held responsible for them. For in the first place, the three best months of the year for operations in the field, were lost in consequence of the postponement of hostilities by your Excellency until after the meeting of the General Assembly,—a delay which would seem to have been unnecessary if you had at that time determined, under any circumstances, and whoever your Responsible Advisers might be, to transfer the war to Wanganui for the confiscation and occupation of territory. And in the next place, your Excellency's instructions to occupy the sea coast between Taranaki and Wanganui, rendered an attack on the position impossible, unless I had immediately abandoned the posts established in pursuance of those instructions. It was not until the middle of May, after having more than once applied to your Excellency for instructions, and after having been informed by your Excellency in reply, that the services of the regular troops were not likely to be required, that I received your sanction to abandon any of the posts, but it was then too late. But for these circumstances, the Weraroa position might ere now have been in our possession.

As to the plan proposed by your Excellency, I have in previous communications sufficiently explained my opinion regarding it, and I will only add that the Commanding Royal Engineer, Colonel Mould, fully concurs with me that a siege of the position is not advisable at this season of the year. All that can now be done is to make preparations, so that no time may be lost as soon as the weather will admit of the operation being undertaken.

Although nothing that your Excellency has stated in your letter is in my opinion sufficient reason for preventing the first proposal of Commissary-General Jones from being carried into effect, yet, as your Excellency is so disinclined to any enquiries being made into the present expenditure on account of pay and rations to the Colonial Forces, and as the question stands at present in a very unsatisfactory position, I think it best to adopt the course recommended by Commissary-General Jones, and to refer the whole subject for the instructions of the Secretary of State for War.

In the meantime, I have directed the Commissary-General to continue all the present issues on the conditions stated in his letter.

I have, &c.,

D. A. CAMERON,

Lieut.-General.

His Excellency Sir George Grey, K.C.B.

#### Enclosure.

H. STANLEY JONES, Commissary-General, to the Assistant MILITARY SECRETARY.

SIR,—

Commissariat, New Zealand, Auckland, 14th June, 1865.

The Lieut.-General Commanding having shewn me the letter of His Excellency the Governor, dated 9th instant, on the subject of the proposal contained in my letter of the 3rd, to the effect that the whole question relating to the issues now being made on behalf of the Colonial Government, should be reviewed in detail, and the Lieut.-General Commanding having desired that I should report upon the several points in His Excellency the Governor's letter bearing upon this question, I have now the honor to submit as follows for the Lieut.-General's consideration.

That as His Excellency so strongly objects to the steps proposed upon grounds of political expediency, the point be conceded to his wishes.

I presume that the Colony can hereafter raise no objection as to the description of the persons drawing rations or their numbers, as it has, through His Excellency, declined to enter into any investigation into the matter.

The Colony having undertaken to pay monthly for all rations issued since the 1st of March last, the objection to a continuance of these issues are far from as great as would otherwise be the case.

The letters of Colonial Ministers state that the continuance of the issues by this Department will be of a temporary nature, and not likely to extend beyond a few months; but I find from the concluding paragraph of His Excellency's letter that he contemplates on the withdrawal of Her Majesty's troops from posts now occupied by them, to replace them with Militia, Military Settlers, or friendly Natives, and to call upon this Department to ration the Colonial Forces so placed. The assistance required from this Department appears therefore more permanent than represented by Ministers.

Upon a careful consideration of the whole bearing of this question, I am clearly of opinion that the subject stands in the most unsatisfactory position, and I would recommend that it be at once submitted for the consideration and instructions of the Secretary of State for War.

In the interval pending receipt of those instructions I would submit that no increase in the present numbers rationed should be permitted, unless upon special application representing the circumstances requiring such increase; and also that all issues on behalf of the Colony should cease in the event of a failure of immediate repayment of the cost of all supplies issued since 1st March last. The claims for that month were sent in to the Colonial Government yesterday.

Another branch of this question I have the honor to bring under the consideration of the Lieut.-General Commanding, is the recent appeal from the Colony for the Commissariat to advance money to pay Militia, Military Settlers, and friendly Natives, at Wanganui and Taranaki.

In the application of the Defence Minister for these advances at Wanganui, forwarded by His Excellency in his letter of 22nd March last, there is no reference made to repayment beyond the ambiguous expression—"As the Paymaster is not an Officer of the Imperial Service, the Colonial Government will be responsible for the moneys thus advanced." And in the application for advances at Taranaki, only similar expressions are employed. Both these advances are represented to be merely of a temporary nature, but as in the case of rations, His Excellency, in his letter, appears to contemplate this Department continuing to advance pay to Militia Military Settlers, and friendly Natives, on the withdrawal of the Troops: