

I approve the step you have taken in issuing a Proclamation stating to the rebel Natives the terms on which Her Majesty's clemency will be extended to them. In my last Despatch I expressed my great regret that some sufficient steps had not long ago been taken with this view. I cannot but think that at some former periods, as for instance immediately after your success at Rangiriri and the occupation of Ngauawahia by the Queen's troops, or again after the success of Colonel Greer at Tauranga, the opportunity might have been seized with great advantage of making known the terms on which those who had been in arms might return to their allegiance. It may be doubted now whether, after the unfortunate escape of the prisoners and their establishment in a fortified position in the hitherto undisturbed district north of Auckland, the same prospect of success attends the measure. Nevertheless I do not hesitate to approve it. I sincerely regret indeed that the consent of your Ministers has been withheld from this important step. It was, however, absolutely necessary for you to act with decision. In consulting with General Cameron and Sir W. Wiseman,—and taking in concurrence with them the step which, after full consideration, you believed to be the most judicious,—you acted in conformity with your instructions and fulfilled the intentions of Her Majesty's Government. I trust that the result has answered your expectation,—and in that case, I doubt not you will have proceeded without delay to specify the quantity of land which you require to be ceded by the rebel tribes.

It may, however, not improbably have happened that the measure taken after so long delay, and under circumstances comparatively so unfavourable, may have failed:—or may have been attended only with very partial success. In this case you will at least have the satisfaction of knowing that you have given to the rebels an opportunity of obtaining terms; and that the refusal of those terms has been their own act. You will then do well to proceed at once to carry into effect the Settlements Act, in conformity with the instructions conveyed to you in my Despatch of April last. You will, I think, do well to state in the most public manner, the extent of the Confiscation you propose to sanction; and let the hostile Natives understand that if they abstain from further acts of War, and return to habits of obedience and order, they will remain in undisturbed possession of all the lands which are not included in the Confiscation.

The limits to which that Confiscation must be carried can only be decided on the spot, with local knowledge, and with an immediate application to the circumstances of the time. This is a matter encompassed with difficulties of detail, involving most important considerations of justice, policy, and finance. But the principles by which Her Majesty's Government expect you to be guided in fixing these limits are laid down as clearly as I could express them in my Despatch of April 26th.

I have been in communication on this subject with the Secretary of State for War. The time at which you will receive this Despatch will nearly coincide with the termination of your summer, and the usual cessation of active military operations in New Zealand. It will also coincide with the period at which the Estimates now about to be submitted to the Imperial Parliament will come into operation.

You were quite right in refusing your assent to any plan of operations, which in your judgment and that of General Cameron would have rendered large reinforcements necessary,—might have involved their detention in the country for many years,—and I presume would, by carrying the troops into positions still more remote from Auckland, have added to the cost of transport already so enormous. It appears now that in consequence of the pressure of the military expenditure upon the Colonial Treasury the Colonial Ministers have thought it incumbent upon them to issue a sudden and unexpected order, by which all the local forces at Taranaki, except the Military Settlers, have been struck off pay and rations; and I understand that, generally, the retrenchment of military expenditure is regarded by them as necessary in the present circumstances. They will, I think, be prepared at the same time to expect that Her Majesty's Government will have the same object in view, and will at least refuse their sanction to new and more extended operations.

But if the objects of the War are not extended beyond those limits which appear to have been contemplated by you in your Despatch of 6th January, 1864, and were approved by Her Majesty's Government in my Despatch of 26th April last, Her Majesty's Government are of opinion that it would now be possible considerably to reduce the force maintained in New Zealand, and to curtail within much narrower limits the proportionate expense of the Commissariat and transport necessary for that force.

In the Waikato District, the defeated Natives appear to have retreated to positions to which it is practically impossible to follow them without entering upon new and expensive operations of indefinite extent, and of extraordinary local difficulty. At Taranaki the insurgents have been driven from their strongholds, and New Plymouth so far relieved from danger that the Colonial Government have thought themselves justified in discontinuing the service of the Militia. At Tauranga the submission of the Natives has been complete, and the only danger which has been suggested in that quarter is that which General Cameron apprehends may arise if the Colonial Government persist in their intention of purchasing a very large extent of country, a portion of which is at a great distance from his posts, while the right to sell it is disputed by one of the tribes of the Thames.

In determining the limits of Confiscation you will have to arrive, between conflicting difficulties, at a decision of great importance to the future welfare of the Colony. On the one hand, I agree with your Advisers that any exhibition of vacillation or weakness at the present juncture would