

other expenses consequent on their removal, nor for any longer period than while those expenses are in fact reimbursed according to the undertaking of the Government.

I shall transmit a copy of this Despatch to General Peel, in order that a copy of it may be forwarded to General Chute for his information and guidance.

I have, &c.,

Governor Sir George Grey, K.C.B.

CARNARVON.

### Enclosure in No. 22.

Deputy Commissary-General STRICKLAND to the SECRETARY to the TREASURY.

SIR,—

Commissariat, New Zealand, Auckland, 8th November, 1866.

C. 435.

I have the honor to enclose to you herewith, for the information of the Lords Commissioners of Her Majesty's Treasury, copy of a letter which I have addressed to the Major-General Commanding, directing his attention to continued expenditure of Imperial treasure in this Colony, notwithstanding the orders to the contrary which have been received from home.

Under date of the 16th of April last, I endeavored to put an end to the issue of rations by this department to the Colonial Forces. The Major-General Commanding only directed it to be continued on receiving from His Excellency the Governor an assurance to the effect that such issue was necessary under "a pressing and extraordinary emergency affecting the safety of the Colony."

The many and very clear orders which have reached here from home to economize, even to cease Imperial expenditure for Colonial military purposes, has within my knowledge only produced noteworthy effect in two instances, viz. :—

1. In May last it was promised that payment would be made by the Colony to this department monthly, for all rations issued by it to the Colonial Forces, commencing from 1st June, 1866. Payment for June has been made, except for issues made at Wanganui, amounting to £384 3s. 2d., which remains outstanding.

Payment for July was applied for on 12th September, but has not yet been made.

E. 820.

2. On 26th August, 1866, it was notified to the department that the issue of rations by it to the Colonial Troops at Tauranga and Maketu were to cease from 1st September, 1866.

It is to be remarked, however, that, coexistent with these reductions on the East Coast, there has been a steady increase in the demands made on this department on the West Coast,—e.g., the cost of rations issued to Colonial Troops from April last has been as under on the West Coast :—May, £58 2s. 5d.; June, £384 3s. 2d.; July, £1070 10s. 7d.; August, £1250 2s. 4d.

It would appear that Colonial Forces have been removed from one coast to the other, and the scene of expenditure is but shifted with the scene of strife, the same principle is steadily acted upon, viz.,—that of obtaining from Imperial Funds a maintenance for Colonial Forces.

I would wish to draw particular attention to the actual state of affairs in the Colony at this moment—

1st. Imperial Troops are retained in the Colony, although no appropriation has been made by the Colony for them.

2nd. A portion of the troops are actively engaged in an aggressive warfare at an increased expense to the Imperial Treasury.

3rd. Another and a large portion is still dispersed over the Colony defending lands confiscated from the rebels.

No one can foresee an end to the petty desultory war now being waged in the Colony, and it is alleged that it occasions a necessity for the employment of Imperial Troops as described; but as Colonial Forces are not enrolled in numbers sufficient to replace Imperial Troops, even on their present diminished numbers, it results that Imperial Troops may possibly be retained in the Colony contrary to orders for an indefinite time; and it is to be observed that the Colony not only omits to contribute to the support of these troops, employed on Colonial Service, but calls upon the Imperial Commissariat to ration the Colonial Forces.

I have in vain waited from month to month hoping to see an armed force and an administrative machinery raised and set in motion by the Colony, to replace Imperial Troops and departments ordered to be withdrawn.

As this work has not been done, I much fear that even though the Imperial Troops be reduced to one battalion, the Colony will still rely upon receiving Imperial aid in rations unless steps be taken to enforce here orders written at home. It can hardly be necessary for me to point out that it would be difficult to devise a more expensive form of aid than that of rations in a country like New Zealand, especially if even the most petty war is permitted to be waged, for this aid can only be given by the employment of a very cumbrous and costly machinery.

In proportion as the tranquillity of the Colony is uncertain, so am I anxious to see a limit put to Imperial expenditure, and all financial arrangements between the Imperial and Colonial Governments placed upon such a footing as would be at once fair to both interests, and, at the same time, least likely to be disturbed, even though war became a chronic evil in New Zealand.

Under existing systems, the indebtedness of the Colony to the Imperial Government is permitted to increase daily, and if the active operations, now commenced at Ketamarai, burst into a war flame (and this is quite possible and very generally expected), I dare not say how far this increase might extend, for the means hitherto adopted of enforcing economies here have not always produced the anticipated results. I deem it right thus to give early warning of what may arise within the Colony, in order that time may be available to you, as far as possible, to apply whatever remedies may be considered necessary.