

security of the New Zealand Debentures to prevent the very difficulties arising which His Excellency says a new Government would have to meet. Supposing the difficulties which the Governor anticipates did arise, another Government would have precisely the same means of meeting them that this Government has, and this Government the same means that another would have and no other—the means, in fact, provided by the Colonial Legislature—means which Ministers are sure will sooner or later be realized, and all difficulty in respect of which will in all probability be avoided by the agents-general hypothecating the debentures till later news from this country revives its credit. In the meantime, and until later advices were received, Ministers had made arrangements to meet all current expenditure, and if the advice of Ministers had been followed, and land taken from the rebels had been available as a security, Ministers feel assured that no difficulty whatever would have been felt in making further arrangements that any delay in the negotiation of the debentures might render necessary.

It does not appear, at least as far as Ministers are aware, that His Excellency has made any attempt to form a new Government. The financial difficulty, in the opinion of Ministers, is not the real one, but a more formidable difficulty has to be encountered. The policy affirmed by the Legislature during its last session by large majorities, in both Houses, has not been carried out. His Excellency has, in opposition to the advice of his Ministers, frequently given, refused to carry it out. Ministers have advised in vain. They have done their part in endeavouring to carry out the expressed will of the Legislature; they have advised the confiscation of certain lands belonging to rebel natives, they have advised the establishment of a defensible frontier line which General Sir D. Cameron says is a good one, they have obtained a large body of military settlers, and have made arrangements for emigration. The Governor has refused to follow their advice in reference to the confiscation of rebel territory; he has refused their advice as to the frontier line, and, as a consequence, the arrangement made with His Excellency's sanction for the military settlers and emigrants cannot be carried out. Political difficulties arising out of the action of His Excellency are, in the opinion of Ministers, more likely to stand in the way of his forming a new Ministry than a mere temporary failure in the negotiation of a loan.

Ministers, however, are not blind to the fact that financial difficulties of a very serious nature are impending. In May last, Ministers, in their Memorandum of May 30th, brought this subject under His Excellency's notice. The Legislature agreed to raising a loan for war and emigration purposes because they saw their way, if these views were fairly carried out, to a final settlement of all native difficulties without entailing an expenditure beyond that which the Colony could bear. In May last, after the abandonment of Mangatauri by the rebels, Ministers advised the Governor to issue a proclamation confiscating a portion of the territory of the natives who had been engaged in the rebellion, and the immediate location of military settlers thereon. Had this been done the war expenditure would by this time have been much reduced, and the natives would have seen that we were in earnest. As it is, a large expenditure has been going on solely in consequence of His Excellency's refusal to be guided by the advice of his Ministers. The Colony cannot bear this drain long. Ministers advised His Excellency, in May, that financial embarrassment must be the result of the course he was pursuing, and if it should occur the Colony will be fully relieved of responsibility in the matter. Against the advice of Ministers, the Governor has been wasting time in the hope of obtaining territory from natives by cession; who are themselves hoping to retake from us all that is in our possession. The whole tone and tenor of the Governor's despatch appears to be to throw blame on his Ministers for the difficulties that at present exist, and to produce the impression that they are desirous of evading the responsibilities which fairly attach to their position. Against this Ministers protest. They believe that had their advice been followed—advice in strict conformity with the policy affirmed by the Legislature—the rebellion would by this time have been substantially at an end; the Waikato lands would have been usefully occupied—many of the natives now in arms and ready to renew the war would have submitted, and been quietly living on land held there under the tenure of Crown grants—the escaped prisoners now causing us so much trouble and anxiety would probably have already received a pardon, and returned to live in Waikato as peaceable subjects of Her Majesty—there would have been abundance of land for the emigrants now arriving, and for sale to agriculturists and capitalists—the finances of the country would have been relieved, and general confidence in the future would prevail. The course which the Governor has taken has rendered all this for the present impossible, and Ministers are bound to confess that they feel the greatest anxiety for the future.

20th October, 1864.

FRED. WHITAKER.

MEMORANDUM by MINISTERS.

In transmitting to Ministers Colonel Pitt's letter of the 15th inst., with the enclosures, they presume that the object His Excellency has in view is that they should express their opinions upon the points on which Colonel Warre asks for instructions. Ministers, therefore, state that in their opinion:

1. Paora, a spy, should be kept in custody.
2. That the submission of Maoris willing to surrender should be accepted.
3. That Moore, if there be suspicious circumstances to justify it, should be detained in custody.
4. That Colonel Warre should be authorised to attack the rebels on any occasion in which it appears to him he can do so with advantage and success.

17th October, 1864.

T. RUSSELL.

MEMORANDUM by MINISTERS relative to Movements of Escaped Prisoners

Adverting to the native letter, Ministers have just sent to the Governor, warning the Government that Thompson's attempts to bring about peace have failed, and that an attack on Ngaruawahia (probably some of our posts on the Waikato) will be made in December, the Governor now transmits a letter containing warnings to the same effect, which he has just received from Patene Puhata. A few