

all the reasons which led to the conclusions at which I had arrived as to the impossibility of drawing up my report before the 8th instant, or I should have adopted the more formal course of an official memorandum.

In my present reply I shall refrain from any allusion to our frank and unreserved semi-official interviews, because I should not like to import into our communications anything which might not bear a strictly official character.

I cannot but regret that you should have thought it necessary to observe that had I complied with your suggestion six months since, and first gone with you personally into the general question of the justness of each service charged, you feel satisfied that our duty would have been completed long ere this; while, you further observe, by the system adopted "you are quite convinced that it will be all but impossible to complete the duty with satisfaction either to ourselves or the Governments concerned."

Had you, in reply to my memorandum of the 4th October last (in which I objected to your system and proposed my own), then stated your objection as strongly as you now state it, when the work is all but complete, I should at once have tendered to His Excellency the resignation of my commission, as I could not have been a party to an inquiry which, in my opinion, would have been barren of useful results. But, instead of so doing, your memorandum No. 20, without date, intimates your withdrawal of all opposition, "beyond recording your fears that very considerable delay will be the result, and possibly that complications, difficulties and misunderstandings may be engendered." My reply to this communication stated that as I apprehended "that any deviation from the plan of examination which I suggested would lead to complications, difficulties and misunderstandings which you fear may arise from its adoption, but which fear I cannot share, I will consider that we have agreed on that plan of procedure."

Your reply of the 6th of October offers no objection to this course, and I would observe that it appears too late to remark, on the 30th of March, "that you cannot see any probability of our arriving at a satisfactory result under the system adopted."

After such a strong and unequivocal expression of your opinion of the system of examination which we adopted, it is almost unnecessary to dwell further on the subject; but I would remind you that, as Commissioners, we have no power to decide anything. Whatever judgment we might form on any particular item might be set aside by either the Imperial or the Colonial Government, even though we both agreed as to its justness; and, therefore, it appeared to me, considering that the vouchers in support of the Imperial claim would be removed to England, while those in support of the Colonial counter-claims would remain in New Zealand, it was a very important element of our duty, in fact, the very basis on which it rested, that we should, while together with the vouchers before us, examine whether they supported the claims and counter-claims. That part of our work, at least, would not have been required to be done over again, and the respective Governments would decide as to the justness, or otherwise, of the claims and counter-claims which we had no power to decide. With reference to the return of rations issued which I asked for, I would say that I am not aware that you had intimated to me that you had been relieved from the charge of the Commissariat Department. I have invariably referred to you for documents connected with the Department, and you have generally supplied them.

I notice that you lay great stress upon what you term the "new matter" involved in my memorandum of the 30th. I would beg to observe that the subject cannot well bear that designation, as it refers to drawbacks on groceries paid for by the Colonial Government some years since, in some cases twice over, on certificates of officers then under your orders. It became necessary, on discovering these double payments, to institute an inquiry into the whole system, and I have no doubt that had the return asked for by the Collector of Customs at Auckland, so far back as the 19th of October last, been furnished in detail as required, this question would have been settled long ere this; because I believe that you would have admitted at once a counter-claim founded upon certificates before you bearing the signatures of officers of your Department.

I must demur to the exactness of that part of your memorandum in which you state that nearly six months since you handed in the Imperial account complete to the 31st March, 1866, with the exception of three or four services, a note of which was made upon that document. The interest which you were instructed to charge had not been inserted, nor was any total given. But supposing the gross amount of the Imperial claim to be about a million, inclusive of interest, it appears to me that the two sums of £79,000 and £45,000, being War Office and Admiralty charges, and which have not yet been officially submitted to me, though forming but a small element in the view of the Imperial officers, present themselves to me in quite another light when considered as relating to an overburdened Colony staggering under exertions to uphold the supremacy of the Queen's authority in these lands.

I shall be happy to receive the complete account of the outstanding claims to the 30th September, which you propose handing to me in a day or two, or at least certainly before you leave New Zealand on the 8th instant.

I thank you for your expressions of readiness to meet me in conference during the period you remain, and for your proffered assistance. I need not say that I shall avail myself of the offer when necessity arises, and shall be happy to see you at any time that you may desire a conference or any assistance.

With reference to your proposal to adopt a new system at this stage of our examination, a system which I objected to in October last, and one which I would not, under any circumstances adopt, I would remark that though all the vouchers in support of the Imperial claims are examined generally, though a portion of them are not officially audited, you do not tell me that those in support of the counter-claims have been examined by you. I believe that both the one and the other might be disposed of within a reasonable time, and then we might have proceeded to the examination of the justice of each claim, of which I must say that I do not think that much benefit will arise except from the expression of our opinion supported by arguments. In order to facilitate the compilation of a complete statement of accounts between the two Governments, which is needful to enable me to decide upon the correctness or otherwise of the account rendered by you, it was agreed that a memorandum should be furnished to you of all payments made by the Colony to Imperial officers from June, 1860, to June, 1866. Such a memo-