

argument that you were requested by the Treasury to discuss with an officer appointed on behalf of the Colony the disputed claims and counter-claims. Mr. Cardwell's letter of the 26th March, 1866, directs me "to examine the accounts with you." Mr. Hamilton's letter, of the 24th March, 1866, to Sir Frederick Rogers, proposes that you should be put "in communication with any person deputed by the Colonial Government," and should "go minutely into the several items." In October last I proposed a certain way of doing this, and after objecting and recording a protest, you acceded to my proposition. Now you retire from following out the system when the greater portion of the work is done, and there is a reasonable prospect of an early settlement.

I altogether differ from you as to the result of the six months' trial of the system, and I regret that you did not, shortly after the early part of October, express the conclusion at which you had arrived, and insist upon an alteration.

In my memorandum of the 30th ultimo, I did require, as you state, that the account should be closed before discussing a single question; but I object to your introduction of the word "now," because I was waiting for your complete account before I would go regularly over the claims which my accountant should report as duly vouched for and audited, and I only yesterday received the vouchers in support of the War Office claim of £79,576 19s. 10d., which I understand only reached you by one of the latest mails; and the Admiralty claim of £45,000 I believe you have not yet received.

I must be allowed to express my regret that you should reiterate the charge that I require "the account to be kept open for the introduction of new questions as they may arise." I beg to state that I have not required, and do not require, any such thing, but I think it right to repeat that several claims on outstanding accounts might have been established ere this, had the returns asked for by the Collector of Customs at Auckland, in October last, been furnished.

I learn from your memorandum under reply that the vouchers supporting the Imperial claim will remain in Auckland, in charge of a Commissariat officer, and not go home on the removal from the Colony of the whole of Her Majesty's military forces, as I had reason to believe they would. I do not know when this change was determined on. Still, as the Colonial vouchers remain, and you leave on the 8th inst., you thus debar yourself from the advantage you would derive from a minute examination of the several items. I do not know to what you refer when you state that the Colonial Government have circulated pretty freely "charges of fraud against persons in the employ of the Commissariat." I can only say, as a member of the Government, that they have seized the earliest opportunity of making known to the Imperial authorities in this country the fact that charges had been preferred of a nature which required investigation. The Superintendent of Wellington was spoken to on the subject, because one of the charges was sent to him by the informant, and was forwarded by him without date or comment. I will not refer to your remarks on the subject of the drawbacks, beyond reminding you that some double payments were acknowledged by the persons concerned to have been received, and by suggesting to you, in opposition to your views, whether, if further double payments shall be found to have been made, the withholding of the return asked for in October last, may not have the effect of shielding the parties guilty of the fraud.

With reference to your remarks on the return showing all the payments made by the Colony to Imperial officers, I would remark that it was necessary that the Treasury should be enabled to admit or disprove the correctness of the Imperial account, and if such payments had been recorded by the Imperial Department as made by the Colonial Treasury, it is not unreasonable to expect that the information asked for could have been furnished with but little labor.

I would remark, with reference to your suggestion that Mr. Gallagher should examine this return in concert with the officers of the Colonial Treasury, that were you not leaving on Monday I would endeavor to carry out your wishes, but I decline to place myself in communication with that officer after your departure. It will only remain for me to draw up a progress report from the evidence before me.

In reply to your remark as to your communication respecting any extant evidence indicating an admission on the part of the Home Government of a liability for the claims advanced by the Colony, I may observe that the queries referred to subjects which we agreed to consider after the examination of the vouchers supporting the claims and counter-claims, and I have to apologize for not having stated this before.

I beg to repeat my conviction that had we continued the course we agreed to pursue, the duty entrusted to us might have been concluded within a reasonable time, considering the large amounts involved, the Imperial claim alone being stated at £1,304,963 17s. 1d.

J. RICHARDSON,
Colonial Commissioner.

No. 5.

Copy of a DESPATCH from the Right Hon. the Earl of CARNARVON to Governor Sir GEORGE GREY, K.C.B.

SIR,—

Downing-street, February 21, 1867.

I have the honor to transmit for your information a copy of a letter from the Board of Treasury, enclosing a letter from Commissary-General Jones, reporting the measures which he had taken for effecting an adjustment of the Accounts between the Imperial and the Colonial Government, together with a copy of the reply which has been returned to that communication.

I request that you will take such steps as will secure a prompt examination of these accounts, if that examination is not concluded when you receive this Despatch.

Governor Sir George Grey, K.C.B.,
&c., &c., &c.

I have, &c.,
CARNARVON.