

Enclosure No. 1.

MEMORANDUM for His EXCELLENCY.

MINISTERS have the honour to submit to the Governor the attached correspondence relating to the proposed remuneration to be given to Major-General Steward for his services in connection with the ordering and inspection of war material for this colony, and request that His Excellency will be good enough to communicate with the War Office, in order to ascertain what rate of pay should be given—if not a salary, then what percentage on the cost.

Wellington, 3rd August, 1885.

ROBERT STOUT.

Sub-Enclosure No. 1.

The AGENT-GENERAL to the MINISTER of DEFENCE.

SIR,—

7, Westminster Chambers, London, S.W., 18th June, 1885.

As no definite arrangement had been made with Major-General Steward for remunerating his services in connection with the ordering and inspecting of war material, it lately became necessary for me to consider the subject carefully, with the view of submitting a proposal for your consideration.

You are no doubt aware that General Steward also acts in the same capacity as he does for us for the Colonies of New South Wales, Victoria, Queensland, South Australia, and Tasmania.

The terms of his remuneration vary for each colony. In the case of New South Wales and Victoria he receives a salary; in the case of South Australia he receives a percentage on a sliding scale. I think there are objections to a fixed salary, as well as to a detailed sliding scale. The case of armaments and war material differs from anything else. In the case of ordinary Government stores, or even in the case of railway material, inspection is comparatively easy, and defects can be made good at any time; but in the case of war material the colonies must either depend absolutely on the War Office, or, if they take the ordering of that material upon themselves, they must depend upon skill and judgment of the highest class. A quarter per cent. may adequately pay for the inspection of small-arm ammunition; but it would be unwise to lay down a rule that the remuneration for a large order should be less per cent. than for one of a smaller total amount. In the case of the heavy guns now being built for you at Elswick, the amount paid for the services of a skilled officer like General Steward is a matter of the smallest consequence; indeed, if I were asked to name cases in which commission should be either higher or lower, I should name a higher rate for your Elswick guns, notwithstanding the total amount of the order, than for ammunition or other stores where the amount of the order was greatly less.

After giving the matter the best consideration I could, I have arranged with General Steward, subject to your approval, to pay him a commission at the rate of $1\frac{1}{2}$ per cent. on any orders whose value does not exceed £50,000, and 1 per cent. on any order above that sum. Maps and drawings to be paid for in the same way that they are paid for in the Crown Agents', New South Wales, and Queensland Offices.

I should be glad to learn whether you approve of this, or whether you desire any other arrangement to be made with the general.

In the meantime, it will be necessary for me to pay him some money on account.

I have, &c.,

The Hon. the Minister of Defence, Wellington.

F. D. BELL.

Sub-Enclosure No. 2.

The AGENT-GENERAL to Major-General STEWARD, R.E.

SIR,—

7, Westminster Chambers, London, S.W., 17th June, 1885.

With reference to the conversations which have taken place between the Agent-General and yourself as to the remuneration to be paid to you for your services in connection with the ordering of war material for New Zealand, I am directed by the Agent-General to inform you that he proposes, subject to the approval of the New Zealand Government, that this remuneration shall be $1\frac{1}{2}$ per cent. on all orders of a value not exceeding £50,000, and 1 per cent. on any order whose value exceeds that sum.

The Agent-General understands that this is accepted by you, subject as above mentioned.

I have, &c.,

Major-General Steward, R.E.

WALTER KENNAWAY, Secretary.

Sub-Enclosure No. 3.

Major-General STEWARD, R.E., to the AGENT-GENERAL.

SIR,—

35, Courtfield Road, Queen's Gate, S.W., 18th June, 1885.

In reply to your letter of the 17th instant, respecting the remuneration to be paid to me, I desire to thank you for the same, and to say that I entirely concur in the arrangement. The payment of travelling expenses will be on the scale paid by the Crown Agents, and adopted by the rest of the agencies.

I observe that nothing is said about the plans which may have to be prepared for the assistance of Major Cautley and the Office of Works in the colony. I proposed to you that these should be paid for in the same way that they are paid for in the Crown Agents', New South Wales, and Queensland offices. As plans occupy much time in preparation, and are very troublesome to arrange, I shall endeavour to make them as few in number as the necessities of each case will permit.

I have, &c.,

The Agent-General for New Zealand.

E. HARDING STEWARD, Major-General.