

to convey these Pensioners to their destination, provided that they shall have performed their duties to your satisfaction.

I have the honour, &c., &c.,
(Signed)

GREY.

Governor GREY, &c., &c.

(Copy.)

No. 33.
Military.

Wellington, New Zealand,
February 8th, 1851.

My Lord,—

In compliance with your Lordship's instructions that I should furnish a comprehensive Report on the general expenditure incurred for settling Pensioners in the Colony of New Zealand distinguishing the cost of houses, working, pay, and other principal branches of expense. I have now the honour to transmit a Report which has been drawn up by the Auditor-General of New Ulster for my information, but which appears to me to be so complete and useful a document that I have thought it right to forward it to your Lordship in its present form; and I think that the details of the financial part of the subject are so fully and clearly treated in the Report, that I need not attempt upon those points to trouble your Lordship with any further remarks.

Enclosure No. 1. Report dated 25th November, 1850.

Report of Auditor-General. Vide Blue Book of 7th August, 1851. Page 145.

2. Upon the general financial effects of this plan of military colonization, and the source from which the cost of it should be paid I beg to offer the following observations.

3. The total expenditure in New Zealand upon account of the location of Pensioners in this colony has up to the present date been 59,249*l.* 1*s.* 4*d.*, the details of which expenditure are fully set forth in the Report of the Auditor-General.

4. Upon the other hand, it is to be stated that owing to the presence of the Pensioner Force in this country your Lordship has been already enabled to direct a reduction in the military force serving in New Zealand, which it will be found on examination of the enclosed Return for the Southern Province, will effect an annual saving of military expenditure for the whole of New Zealand which cannot be estimated at less than 3,000*l.*; so that in two years from this source alone a saving will be effected by Great Britain which will more than repay the whole cost of the plan; and this saving will be greatly increased in a few years by the still further reduction in the military force, which it will be practicable by degrees to carry out.

Enclosure No. 2. Approximate estimated Lieut.-Col. McCleverty, of decrease of Military expenditure per annum in the Southern districts of New Zealand.

For Lieut.-Colonel M'Cleverty's estimate Vide Blue Book 7th August, 1851, page 150-51.

5. But the state of tranquillity of this country, which the presence of the Pensioner Force has tended very greatly to promote and confirm, has also enabled a large reduction to be made in the Naval Force serving in New Zealand; and the great increase of population caused by the presence of the Pensioners and their families, has also added largely to the Revenue, and has enabled the Parliamentary grant in aid of the Local Revenues to be considerably reduced.

6. It is thus evident that, as a mere financial operation, even if the whole of the cost of this experiment were defrayed by Great Britain, still that a very large saving will have been effected by it for the mother country.

7. This colony has been also undoubtedly greatly benefitted by the introduction of Pensioners; the single instance of the great increase in the value of Lands as stated by the Surveyor-General sufficiently proves this. It appears from his calculations that in those hundreds alone in which the Pensioners are located, the lands the property of the Crown are now of the following estimated value:—

Howick.....	£18,890	0	0
Panmure.....	5,372	0	0
Otahuhu.....	10,152	0	0
Onehunga.....	32,997	10	0
Making a total of.....	£67,411	10	0