

**MESSAGE No. 21.**

His Excellency the Officer administering the Government transmits to the House of Representatives the correspondence alluded to in a Resloution of the 20th instant, No. 29, requesting to be furnished with "copies of any correspondence on the subject of the debt on account of the Pensioner Settlements between the Colonial Office and the Government, which may not have already appeared in the Blue Book."

**R. H. WYNARD,**

**Government House,  
Auckland, 28th July 1854.**

(Copy.)

Downing-street,  
18th April, 1853.

Military  
No. 4.

Sir,—

Referring to your Despatch, No, 106, of the 20th of August 1851, it has become necessary for me to enquire whether you have directed any further payment to be made to the Military Chest, in reimbursement of the advances which have been made by Her Majesty's Government on account of the New Zealand Fencibles.

By the accompanying paper, you will perceive that those advances amount to a considerable sum, and, as it would be impossible for Her Majesty's Government to withhold such an outstanding account much longer from the cognizance of Parliament, I have to express my earnest expectation that you will apply yourself seriously to its liquidation, and that you will report to me the steps which you may be enabled to take for that purpose.

I have, the honor, &c.,

(signed)

NEWCASTLE.

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

#### MEMORANDUM RESPECTING THE ROYAL NEW ZEALAND FENCIBLES.

Formation of the  
Corps.

In 1846 the attention of Her Majesty's Government was directed by Lieut Governor Grey to the necessity of stationing in New Zealand a force of at least 2,500 men, with the view of guarding against the recurrence of petty but expensive wars, Her Majesty's Government, in consequence of the no less urgent demands made upon them for the services of the Queen's troops in various other quarters, were unable to supply the whole of this reinforcement from the regular army; and having taken into consideration the actual wants and condition of the colony, it was determined to raise for service in New Zealand, a corps consisting of 500 men, to be designated the "Royal New Zealand Fencibles," composed of discharged soldiers (with or without pensions) of good character and of vigorous constitution.

Object contemplated.

The views of Her Majesty's Government on the subject were conveyed to Governor Grey on the 24th November 1846, and are set forth in the following extract from Earl Grey's dispatch of that date:

"As in New Zealand what you require is rather to be enabled to command at short notice an overwhelming force to put down any resistance which may be attempted to the authority of the Government, than the constant service of a large body of troops; it is the opinion of Her Majesty's Government that men engaged for service when wanted, will hardly be less valuable for at least some military purposes than regiments permanently embodied, while at the same time they will afford a highly valuable increase of the supply of labour in the colony."

Immediate steps were taken to carry out these views, and conditions of enrolment in the proposed corps were issued by the Secretary at War, in communication with Her Majesty's Secretary of State for the Colonies; of these conditions the following is an abstract:

Conditions of enrol-  
ment.

In the case of pensioners the maximum age was fixed at 48, and in that of men discharged without pension at 38 years.

The period of enrolment was for seven years, and a muster under arms every Sunday at church parade, with twelve days drill throughout the year, without pay, were exacted from the Fencibles in return for the expense incurred by the Government for their settlement in the colony; but in the event of their being called out for exercise or duty on other occasions, pay at the rates fixed by the Royal Warrant of the 7th September, 1843, was to be allowed.

In addition to the advantages of a free passage with rations for themselves and families, £1 enrolment money for outfit, pay from the day of enrolment to the day of embarkation, advances of pension for the purchase of furniture, implements, and stock, (repayable by easy instalments after their arrival in the colony),

and £1 is. burial money in case of decease, the Government undertook to provide each Fencible with—

1st. A cottage of two rooms and one acre of land, one-fourth of the land being cleared and ready for cultivation, to be occupied by him rent free for 7 years, when both would become his freehold property.

2. Employment at the public expense during the first year of his residence in the colony, if unable to find work.

It was also provided that the Fencibles should be located in villages, under the immediate superintendence of their officers, who were to be allowed, in addition to permanent pay and travelling expenses when on service, a log house rent free, consisting of four rooms and a kitchen, with (accordidg to their rank) from thirty to fifty acres of land, which with the dwelling would become after 7 years the freehold property of the Officer.

On the 6th of February, 1847, the Secretary of War reported that in consequence of the excessive number of candidates for enrolment in the corps, the maximum age of Pensioners was fixed at forty-five years, and the selection would be confined to those who had not more than five children.

At the beginning of 1851, it appears from a communication from Mr. Maule to Earl Grey, that there were 134, or, allowing for casualties, about 180 men, required to complete the corps; and as the expectations originally entertained by Her Majesty's Government in regard to the benefits likely to result both to the mother country and to the colony from the formation of the Pensioner Settlements, had, in the opinion of the Secretary at War and of the Governor-in-Chief of New Zealand, been fully realized, measures were immediately taken with the concurrence of the Treasury to supply the vacancies, either by Pensioners from this country, or by the transfer of Pensioner Convict Guards from Van Diemen's Land.

These beneficial results are stated to be—

1st. A reduction in the Military establishment of the Colony to the extent of at least 500 men, at an annual saving, according to Governor Grey, of £30,000, according to Earl Grey of £18,000, and according to the Secretary at War of £16,258,\* even after allowing for the cost of cottages. Benefits arising from formation of the Corps.

2nd. A reduction to the minimum of the Military and Naval Force ordinarily required for the protection of the colony, &c.

3rd. The benefit to the colony from the land purchases made by the Pensioners and their families, which are stated to have amounted in two of the villages in 1850 to upwards of 500*l.*

4th. The increased value of land adjacent to the Pensioner Settlements, which, formerly valueless, had been sold at above 5*l.* per acre.

5th. The increased supply of profitable labour in a new and under populated colony; and

6. The prospective reduction of the Parliamentary Grant in aid of the Local Revenues, which had been greatly improved by the increased emigration to New Zealand, attracted by the presence of the Pensioners and their families, and by their employment on public works of general utility.

To cover the expenses connected with the assembling, enrolment, training, and equipment of the Pensioners before leaving this country, and for the allowances to their Officers throughout the year, a sum of 6 000*l.* on account was taken by the Secretary at War in the Army Estimates for 1847-8, and an annual vote has been taken for the permanent pay of the Staff, Medical and Non-commissioned Officers of the Corps. Financial arrangements.

In March, 1847, an authority was given by the Treasury, on an application from the Secretary at War, for an advance from the pension of each Fencible not Advances for tools, outfit, &c.

\* In Mr. Maule's letter to Earl Grey of the 1st of January, 1851, the following estimate of the saving is given:—

Annual charge for 500 Troops, with Officers, at £45 each .. .. .	£	21,500
The annual charge for 7 years for the transport of 500 Pensioners at £50 each .. .. .	£	3,571
The annual charge for permanent pay of Officers .. .. .	£	1,600
Ditto for 7 years of cost of 500 cottages, at £15 each .. .. .	£	1,071
		6,242
Total annual saving .. .. .		16,258

exceeding 10*l.* per man, for the purchase of clothing and outfit for the voyage, also for iron bedsteads, bedding, cooking utensils, and for a few agricultural implements, seeds, &c.; and a sum of 2,000*l.* was authorised by the Major-General Commanding to be issued from the Commissariat Chest at Auckland, as an advance to the Pensioners, for the purpose of enabling them to purchase furniture and stock.

From a statement furnished to the Treasury by the Master-General and Board of Ordnance, it appears that tools and implements were supplied in 1847-8 for the use of the Fencibles to the value of 1,552*l.* 17*s.* 5½*d.*; and for these and the other stores subsequently supplied by the Ordnance, it is stated that repayment has been or is in course of being made by the Pensioners.

The other advances from the Commissariat Chest at Auckland for Pension Money are recoverable in the country in the ordinary manner; but in the case of eleven Pensioners who died on the passage to New Zealand, there is a loss of 100*l.* 5*s.* 5*d.*, on account of the advances made on the security of their pensions.

Expenditure for conveyance of Fencibles and their families.

The expenses incurred for the transport and messing of the Fencibles and their families on board ship were originally intended to have been met by a charge on the Navy Estimates for 1847-8, Vote No. 17; but the estimated amount appears to have been subsequently struck out of the Navy Estimate.\* Until 1851 the expenditure for the conveyance of the two first detachments of Pensioners remained, by an arrangement between the Secretary of State for the Colonies and the Secretary at War, chargeable to the New Zealand Land Fund; and repayments to the extent of £6,113 5*s.* 5*d.* appears to have been made at Auckland, leaving a small balance of £65 10*s.* on the advances made in 1849, on the authority of the Treasury, to the Colonial Land and Emigration Commissioners, who were charged with the duty of taking up the necessary freight for the conveyance of the Pensioners to New Zealand.

Subsequently, on the occasion of filling up the vacancies in the New Zealand Corps, the Treasury, in communication with the Secretary of State for the Colonies and the Admiralty, determined that the expense of "conveying Recruits to the Pensioner Companies in New Zealand, either from this country or by the transfer of Pensioner Convict Guards from Van Diemen's Land, should be paid out of the votes taken by the Naval Department for freight of ships engaged for the conveyance of Troops and of Military Pensioners." And in consideration of the saving which was represented to accrue from the substitution of the New Zealand Fencibles for a portion of regular Troops, who would otherwise be employed in New Zealand, the Lords of the Treasury sanctioned provision being made in the Parliamentary Estimates for Emigration purposes in 1851-2 of a sum of £4,400 to defray the charge of the extra number of women and children belonging to the Fencibles in excess of the compliment allowed to Troops embarked on board transport ships, whilst a sum of £2000 was taken in the Navy Estimate to cover the expense of sending out the men.

According to this arrangement a sum of £1,005 2*s.* 4*d.* appears to be recoverable from the Admiralty for the value of provisions, medicines, &c., supplied by the Commissariat at Auckland for the use of the Pensioners while on board the transport ships; and the total sum of £2,616 16*s.* 1*d.* authorised by the Treasury to be carried to the account of the Colonial Land and Emigration Commissioners, between the 10th of February and 10th December, 1852, is chargeable to the Navy and Colonial votes respectively.

Advances from the Commissariat Chest for Fencible services.

On the formation of the New Zealand Fencible Corps, the Treasury, on the application of the Secretary of State for the Colonies, directed the Commissary in charge at Auckland to advance from the Commissariat Chest such sums as might be authorised by the warrants of the Military Officer commanding, to meet the requisitions of the Lieutenant-Governor, with regard to the accommodation to be provided for the Corps, on its arrival in the Colony; a separate account of all advances made being kept, and a two-monthly statement of them transmitted to the Treasury.

At the joint request of the Governor and the Officer commanding in New Zealand, this arrangement was subsequently modified, and payments were to be made, in the first instance, from the Colonial Treasury, under the authority of the

Governor, and the aggregate amount thereof refunded from the Commissariat Chest, under the authority of the senior Military Officer, at such periods as the state of the Colonial funds might render desirable.

From the two monthly statements and accounts furnished by the Assistant Commissary-General Turner to the Treasury and the Commissioners of Audit, it appears that a sum of £28,355 11s. 8d. has been advanced or repaid to the Colonial Chest by the Commissariat in New Zealand, for working pay and superintendence, &c., between the 1st August, 1847, and the 31st July, 1852.

In explanation of the large amount expended on account of "working pay," *i. e.*, in payment of the Pensioners employed according to the terms of enrolment, on public works during the first year after their arrival, Governor Grey, in his Despatch to the Secretary of State for the Colonies of the 8th February, 1851, remarks—"This expense commenced late in the year 1847, and was continued beyond the term required by the conditions of enrolment in consequence of the urgent necessity for the completion of some portions of the works, and by reason of the position in which many of the men were placed by the non-completion of their cottages, which had subjected them to many hardships and privations during the winter months; and gave a strong claim for temporary employment at the rate of 1s. 6d. per diem; the average rate of wages of labouring men at the time being about 4s. per diem." And from due regard being had to the objects for which the Pensioners were enrolled for service, it was not deemed advisable, even if practicable, to throw the men into the labour market immediately on their arrival.

The attention of the Treasury was early directed by Assistant Commissary-General Turner to the outlay for providing the Fencibles with cottages. In his letter of the 17th September, 1847, that Officer states—

"I have ventured to omit the Estimate of the probable Expenditure," to be provided for by the Commissariat during the ensuing quarter. "from a thorough conviction of its inutility in the present instance. The arrival of the Pensioners enrolled for service in New Zealand will swell the demand on the Chest to an amount which cannot at present be susceptible of estimate, the cost of their cottages alone is expected to exceed £60,000."

Communications on the subject were in consequence addressed by the Treasury to the Secretary of State for the Colonies, and in January, 1849, their Lordships were furnished with a copy of a letter to the Board of Ordnance, from the Assistant Inspector-General of Fortifications, stating that he had received an Estimate amounting to £37,843 10s. 5d., for the erection of cottages and providing temporary accommodation for the Pensioners in New Zealand, and applying for instructions how to deal with this item of expenditure. It was subsequently determined by the Treasury that the outlay incurred by the Ordnance Department in New Zealand should be considered as an advance from the Commissariat Chest to Colonial funds; repayable to the Ordnance account in this country.

A sum of 6,479l. 9s. 9d. expended by the Ordnance in 1847-48 had been borne on the estimate of that department previously to this decision; but the expenditure incurred in 1848-49, 1849-50, and 1850-51, amounting to 28,047l. 1s. 3d., has been transferred from the Commissariat Chest account to the credit of the Ordnance account. According to the latest accounts received in this country, a further expenditure to the extent of £2,145 10s. 9d. has been incurred in 1851-52 by the Ordnance Department in New Zealand, on account of the cottages of the Fencibles, of which £353 1s. 1d. awaits the decision of the Treasury before being included in the account of advances repayable to the Ordnance from the Commissariat Chest account.

In pursuance of an arrangement made by the Secretary of State for the Colonies in communication with the Secretary at War, an authority was given to Assistant Commissary-General Turner to advance the sum of £2500 to Major Kenny, to enable that Officer to provide cottages for the two last Detachments of Fencibles sent to New Zealand; but it appears that these cottages have been completed for a sum of £2,239 6s. 7d. and the Treasury are informed that no further expenditure will take place on account of the working pay of the Pensioners, and that, as all the cottages are finished, no further outlay on that account will be incurred.

To this amount of £38,911 8s. 4d. expended in the erection of cottages, a sum of £2,251 0s. 2d. advanced from the Commissariat Chest in New Zealand for the transport of building materials, and a sum of £188 16s., the value of provisions, fuel, and light issued to the Pensioners, and for the transport of baggage, hospital attendance, &c., are to be added.

Liability of the Colony for advances for Fencible services.

Whatever doubts may have been entertained as to the liability of the colony for the expenditure incurred by the Imperial Government in providing houses and employment for the Pensioners, were set at rest by Earl Grey's letters to the Treasury, dated the 20th February, 1850. In the former His Lordship stated that he had no reason to doubt that any expense incurred in employing the Fencibles, would be provided for by the Governor of New Zealand from the resources placed at his disposal either by the vote of Parliament, or by the Colonial Revenue; and in the latter communication the Treasury was informed that the expenditure for the erection of cottages ought to be a charge upon the revenue of the colony on that account, the Governor would be instructed to use every endeavour to discharge the debt by economising the general resources, including the Parliamentary grant, which are placed at his disposal for carrying on the Colonial Government.

Governor Grey, in his Despatch to Earl Grey of the 8th February, 1851, after adverting to the advantages both to the mother country and the colony already obtained by the formation and settlement of the Pensioners, remarks—“Should therefore Her Majesty's Government determine that all the charges of the location of the Pensioners in New Zealand shall eventually be defrayed from the Land Fund of this country, there can be no doubt that in some years it would bear such a charge, and probably that if it were then called upon to defray it, that the colony would hardly feel such an exertion; but I submit that if possible it should not, at least for the present, be called upon to defray the whole of this debt, because much at the present moment depends upon a European population being steadily poured into New Zealand. An increase in the European population will, by strengthening our race, tend rapidly to diminish the cost of Naval and Military protection, whilst the increase in the revenue and general wealth of the colony will enable it to defray, much more rapidly, and with much less difficulty, such portion of this debt as it may be ultimately determined to charge against it.

“I feel satisfied, therefore, that by adopting the policy of not requiring the colony, at least for the present, to pay the whole of this charge, your Lordship will take that course which will ultimately effect much the largest saving to Great Britain, and tend most to the promotion of the prosperity and wealth of this country.

“I will, however, make every effort at the termination of the present financial year, 1850-51, to cause a sum of at least six or eight thousand pounds to be paid from the Parliamentary Grant and Land Fund in part liquidation of this charge”

No payment appears, however, to have been made into the Commissariat Chest by the Governor on account of the location of the Pensioners according to the last advices received at the Treasury, and no specific vote appears to have been taken with the view of relieving the Commissariat Chest account of the advances made in pursuance of the arrangements of November, 1846; and thus a sum of £61,081 15s. 8d. remains to be repaid to the Commissariat Chest Fund, which, with the amount of £5,479 9s. 9d. charged to the Ordnance vote, and that of £2,145 10s. 9d. expended by the Ordnance Department in 1851-2 and 1852-3, but remaining unadjusted, constitute a claim against the colony for Fencible services to the extent of £69,706 16s. 2d.

Subjoined is a carefully revised account of the whole expenditure incurred by the several departments at home, as well as the outlay chargeable on the colony for the Royal New Zealand Fencibles, according to the latest advices received in this country by the Treasury, the Board of Ordnance, and the Commissioners of Audit.

STATEMENT of the Total Expenditure for the New Zealand Fencibles, borne on the Army, Ordnance, Navy, and Colonial (Emigration) Estimates, as well as that (repayable by the Colony) remaining as a charge on the Commissariat Chest Account, according to the latest Reports received at the Treasury and Audit Office.

Borne on or chargeable to Army Estimates.		Charged on Ordn. Est., but recoverable from colony		Charged on the Commissariat Chest Account as an Advance of the Colony.						Charged on Colonial and Navy Estimates.		Total Expenditure.																				
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.																		
14,100	0	0																														
Amount of Parliamentary votes for Fencibles, and for permanent Pay of Officers. (Army Vote No. 16.)			Loss on advances made to Fencibles who have died on their passage to New Zealand.			Expended by the Ordnance Department in New Zealand in 1847-8 for the erection of Cottages, &c.			Repayments to Ordnance for Expenditure on account of Cottages, in 1848-9, 1849-50, and 1850-51.			Ordnance Expenditure for Cottages in 1851-2 remaining unadjusted.			Advances by Commissariat to Major Kenny for erection of Cottages in 1850-1.			Transport provided by Commissariat for Building Materials of Cottages.			Value of Provisions, Fuel and Light, &c., issued by Commissariat to Fencibles.			Advances by the Commissariat for Working Pay, Superintendence, &c., of Fencibles.			Advances authorised by the Treasury for Conveyance and Providing of Fencibles, and the Value of Provisions issued on the same account by the Commissariat at Auckland.			Total Expenditure for Fencible Services.		
14,100	0	0	6,479	9	9	28,047	1	3	2,145	10	9	2,232	6	7	2,251	0	2	183	16	0	28,355	11	8	9,800	7	10	93,707	9	5			

SUMMARY.

Total amount expended for Fencible services .. .. .	£	s.	d.
	93,707	9	5
Deduct { Amount provided for by Imperial Government, .. .. .	£	s.	d.
	17,887	7	10
{ Amount repaid from Colonial Land Fund .. .. .	6,113	5	5
	<u>24,000</u>	<u>13</u>	<u>3</u>
Amount remaining chargeable to the Colony .. .. .	69,706	16	2

(Copy.)

Military.  
No. 67.

Downing-street,  
25th October, 1850.

Sir,—

With reference to my instructions, No. 61 of the 5th of June last, I have to acquaint you that the Lords Commissioners of the Treasury have advanced a further sum of £513 5s. 5d. to meet the expenses for sending out the New Zealand Fencibles under the orders of Lieutenant Symonds and Captain Haultain; and I have accordingly to desire that you will cause that amount to be repaid to the Military Chest from any proceeds of Land Sales which have been effected in New Zealand.

I take this opportunity to acquaint you that I have as yet received no report from you of any proceedings which may have been adopted for repaying from the Land Revenue the advances made by Her Majesty's Treasury for sending out the Fencibles.

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

GREY.

Governor Sir GEORGE GREY, K.C.B.,  
&c., &c.

(Copy.)

Military.  
No. 61.

Downing-street,  
5th June, 1850.

Sir,—

Referring to my Despatch, No. 49, Military, of the 20th of February, 1849, I have now to acquaint you that the Lords Commissioners of the Treasury have issued the further sum of £1500, and of £1100, to the Colonial Land and Emigration Commissioners, to enable them to meet the demands made upon them for the conveyance to New Zealand of the Pensioners sent to that colony last year.

You will therefore, in accordance with my instructions above referred to, cause repayment to be made to the Commissariat Chest in the colony of the amounts advanced for this Service from any proceeds of Land Sales; and you will take care to report to me when such repayments shall have been effected.

I must take this opportunity of reminding you that I have not as yet received a report from you of the proceedings which you may have adopted in pursuance of these instructions, with regard to the payment from the Land Revenue of the several sums therein adverted to.

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

GREY.

Governor Sir GEORGE GREY, K.C.B.,  
&c., &c.

(Copy.)

Military.  
No. 58.

Downing-street,  
20th March, 1850.

Sir,—

I propose on the present occasion to convey to you directions for your guidance respecting the expenses which have been incurred for the construction of Dwellings for Pensioners in New Zealand.

2. By a letter from the Board of Ordnance, of which a copy is enclosed for your information, it would appear that up to the latest date for which there was any account in this country, on the 22nd of December, 1848, those expenses amounted to £37,843. In the course of a correspondence which has taken place on the subject with the Lords Commissioners of the Treasury, their Lordships have pointed out that the settlement of Pensioners has been conducted on the expectation that all the charges of their location would be defrayed from the Land Fund, or from other colonial resources. Their Lordships are clearly of opinion, therefore, that the heavy amount of charge which would appear to have been incurred for the Pensioners' Dwellings should not be provided for by an increase in the Parliamentary Estimates, but that it must be considered as a debt from the Colony to the Military Chest, and that it will be incumbent on you to endeavour to discharge that debt by economising the use of the vote, and by making the best application in your power of the Local Revenues to the same object.

3. I have to instruct you, therefore, to make every effort to liquidate the claim in this manner. You will have learned by another despatch from me that Parliament will be requested this year to make provision for the arrear of £21730 in the past Colonial Expenditure, and that a clear sum of £20,000 will be asked for the services of the current year. With this amount of aid, I trust from the general tenor of your reports, that it will be in your power so to economise your resources as materially to reduce the debt for Pensioners' Dwellings, which service proved far more costly than had been anticipated when the men were sent out.

4. I shall be glad to receive from you, at an early opportunity a comprehensive report on the General Expenditure incurred for settling Pensioners, distinguishing the cost of houses, working pay, and other principal branches of expense; and I need scarcely say that it would be desirable that this report should also supply any information which you may be able to afford on the benefits which the colony may have experienced from the presence of the Pensioners, and on any additional value which their Settlements may have conferred upon surrounding lands, as well as upon the extent to which they may appear to increase the resources for the defence of the colony and the maintenance of peace and good order.

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

GREY.

Governor Sir GEORGE GREY, K.C.B.  
&c., &c.

(Copy.)

J.L.F.  
1461.

Office of Ordnance,  
26th December, 1848.

Sir,—

I have the honour, by command of the Board of Ordnance, to forward herewith a copy of a report, dated 22nd instant, from the Assistant Inspector General of Fortifications, respecting the provision of certain accommodation required for the Pensioner Force in New Zealand, and am to request the same may be laid before Earl Grey for his instructions as to the course this Department is to pursue in this case.

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

R. BYHAM.

H. MERIVALE, Esq.,  
&c., &c.

(Copy.)

84, Pall Mall,  
22nd December, 1848.

Sir,—

Referring to the Correspondence which took place in 1846 and 1847 respecting the accommodation required for the Pensioner Force to be stationed in New Zealand, which led to the sending out materials, &c., under the authority of the Colonial Secretary of State, and the furnishing plans, &c., of the proposed accommodation for the information of the Secretary at War, I request you will inform the Master General and Board that I have received the Commanding Royal Engineer's Estimate of Barrack Services proposed for the Northern District of New Zealand in 1849 and 1850, in which I find an item (34) for the erection of the accommodation for this Force, under the denomination of New Zealand Fencibles, amounting to £37,843 10s. 5d., viz. :—

Permanent Cottages .....	£36,452	0	0
Temporary accommodation on first arrival .....	807	10	0
Extra Superintendence and Travelling of Civil branch Engineer's Department .....	584	0	0

The two latter sums appear undoubtedly to have been sanctioned by the local authority of the Governor-in-Chief or Lieutenant-Governor, and I apprehend the permanent accommodation is in progress under the authority of the former; but as I do not trace by what funds this heavy expense is to be borne, and as no provision has been contemplated for it in the Abstract which was forwarded before the New Zealand Barrack Estimate was received, I request the Master-General and Board's Instructions how to deal with the above item in reporting upon the Annual Estimate chargeable to Ordnance Funds in the ensuing year.

I have the honour, &c., &c.,

(Signed) ED. FANSHAWE,

Assistant Inspector General of Fortifications.

H. MERIVALE,  
&c., &c.

(Copy.)

Military.  
No. 49.

Downing-street,  
20th February, 1849.

Sir,—

Referring to my Despatch, No. 47, Military, of the 30th ultimo, in which I apprised you that the Board of Treasury were about to issue the sum of £3,065 10s. to defray the expense of sending out the Pensioners now on the point of proceeding to New Zealand, I have now to acquaint you that the Lords Commissioners have issued that sum to the Colonial Land and Emigration Commissioners for that purpose, according to the Estimate in the margin.

Passage .. .. .	£2,990	0	0
£2 enrolment money for 87 men .. .. .	174	0	0
Travelling expenses, at 5s. for 30 men .. .. .	7	10	0
Ditto for 57 men, at 40s. average .. .. .	114	0	0
Pay, &c., for 12 days, while awaiting embarkation ..	80	0	0

£3,065 10 0

You will accordingly cause a corresponding amount to be paid into the Military Chest from the Land Revenue of New Zealand.

The Surgeon 10s. a head on each emigrant landed; the School-master £5, the Constables £2 each; Hospital Assistant and Cook's Assistant (if any) £3 each; Master 2s. a head on each emigrant landed; Mate 1s.; 3rd mate, or the person who serves out the provisions, 1s.

And you will also pay from the same source the same gratuities to the Surgeon and Officers of the "Berhampore," the vessel appointed

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.* 12*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
<hr/>			
Making a total of.....	£67,411	10	0

And the value of land in the Hundred of Auckland must also have been very greatly increased by the presence of the Pensioners and the consequent increase of population; indeed the value of the public lands throughout the whole Northern District must have been already greatly increased from this cause, whilst evidently the value of the property of private individuals must have increased in exactly the same proportion as land which is the property of the Crown.

8. This increase in the value of lands, and in the amount of the Revenue which has been obtained for the colony, is also not a mere temporary effect; for the Pensioners being nearly all married men with young and healthy families, the value of landed property and the amount of Revenue must increase year by year with the already rapidly augmenting wealth of the Pensioners, and in proportion to the increase of population attributable to themselves and their families.

9 Should, therefore, Her Majesty's Government determine, in the terms of your Lordship's Despatch No. 58, of the 20th of March 1851, that all the charges of the location of the Pensioners in New Zealand shall eventually be defrayed from the Land Fund of this colony, there can be no doubt that in some years it could bear such a charge, and probably that if it were then called upon to defray it, that the colony would hardly feel such an exertion; but I submit that if possible it should not, at least for the present, be called upon to defray the whole of this debt, because much at the present moment depends upon a European population being steadily poured into New Zealand. An increase in the European population will, by strengthening one race, tend rapidly to diminish the cost of Naval and Military protection, whilst the increase in the Revenue and general wealth of the colony will enable it to defray much more rapidly and with much less difficulty such portion of this debt as it may ultimately be determined to charge against it. I feel satisfied, therefore, that by adopting the policy of not requiring the colony, at least for the present, to pay the whole of this charge your Lordship will take that course which will ultimately effect much the largest saving to Great Britain, and tend most to the promotion of the prosperity and wealth of this country.

10. I will, however, make every effort at the termination of the present financial year, 1850-51 to cause the sum of at least six or eight thousand pounds to be paid from the Parliamentary Grant and Land Fund in part liquidation of this charge. I also beg to state that your Lordship's Despatch of the 20th March, 1850, did not reach me until the 8th of October, just before I quitted Auckland, and that it is from this cause that I am not in possession of the necessary information to enable me to state the precise amount of the claim made against the Colony, which it may be in the power of the local Government to defray during the current year.

11, In order that the whole subject may be placed before your Lordship in a complete and connected form, I have put up with the other papers transmitted in this Despatch a Return showing the extent and value of the pre-emption land purchased by the Pensioners in the last quarter, from which your Lordship will see that they are already themselves becoming considerable purchasers of land, thereby clearly showing that a great benefit has been conferred upon themselves and their families by their removal to a country where in so short a time they have been able to effect so vast an improvement in their circumstances.

I have the honour, &c.,

(Signed)

G. GREY.

The Right Hon. EARL GREY,  
&c., &c.

(Copy.)

No. 161.  
Finance.

Government House,  
Wellington, August 20th, 1851.

My Lord,—

Adverting to your Lordship's Despatch, Military, Nos. 61 and 67,

Enclosure No. 3.  
For which see Auckland Government Gazette, No. 261, pages 8 and 9,

of the 25th of October and 5th of June, 1850, respectively of which I was directed to cause repayment to be made to the Commissariat Chest from the proceeds of land sales of the several amounts named in the margin, amounting in the whole to the sum of £3113 5s. 5d. which had been advanced by the Treasury to pay the cost of sending Pensioners to this country, I have now the honour to report that I have given the requisite directions for the repayment from the Land Fund of the sum of £3113 5s. 5d. to the Commissariat Chest at Auckland, in the manner directed by your Lordship.

£1500	0	0
1100	0	0
513	5	5
<hr/>		
£3113	5	5

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

G. GREY.

The Right Hon. EARL GREY,  
&c., &c.

