



NEW ZEALAND GOVERNMENT GAZETTE.

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By His Excellency's Command,

ANDREW SINCLAIR, Colonial Secretary.

VOL. VII. AUCKLAND, TUESDAY, JULY 20, 1847. No. 13.

*Colonial Secretary's Office,
Auckland, 19th July, 1847.*

HIS Excellency the Governor has been pleased to direct the publication of the following despatches, for general information:

By His Excellency's command,
ANDREW SINCLAIR,
Colonial Secretary,

FINANCE.

(No. 46.)

COPY OF A DESPATCH FROM LIEUT.-GOVERNOR GREY
TO THE RIGHT HON. LORD STANLEY.

Government House, Auckland, May 12, 1846.
MY LORD,

ONE of the most important duties which has been imposed upon me by your lordship, is the inquiry into the sources from which a sufficient revenue may be most readily and beneficially raised in this country. I now propose to place before your Lordship the principles upon which I think, the future general financial arrangements of this country should be conducted; and the reasons which have led me to form these conclusions.

In the first place, I have assumed the amount of the European population resident in these islands to be 12,000 souls, and the amount of the native population to be 120,000 souls; these estimates are not founded upon accurate returns, and probably are each of them, especially the latter, far below the real amount of the populations which they respectfully indicate: they are however, sufficiently accurate for the purposes of the present inquiry.

So great a disproportion existing between the European and native population, one is driven to the inevitable conclusion, that if any attempt is made (as was formerly the case) to raise a re-

venue by direct taxation upon the property of the European population alone, from which the natives are exempted, that it will be found impossible to raise the funds requisite to provide the establishments required for the protection and good government of the natives, indeed it would be essentially unjust and ruinous to the European population to attempt to do so.

Hence in endeavouring to raise a revenue from taxation of this nature, the Government must either, as it has hitherto done, forego all intention of maintaining such establishments, or must look to the British Treasury to supply funds adequate for their support.

It may be said that the former system should be amended, by subjecting the property of Europeans and natives alike to direct taxation; but this would be to suppose that we were in actual occupation of the whole island; that establishments existed which could collect these taxes, and that there was a reasonable probability that the large warlike native population, who are as yet for the greater part ignorant of European laws and customs, and impatient of control, would submit to taxes of this nature, every one of which suppositions is directly contrary to fact.

Whilst these objections, and many others of nearly equal weight, exist to any attempt to raise a revenue from direct taxation, I entertain no doubt whatever that a revenue which will amply suffice to defray all the charges (excepting those of military and naval protection) which need be incurred, in providing establishments, in all respects adequate for the good government and complete control of both races, can in the course of two or three years be provided by indirect taxation, that is, by the imposition of moderate duties of customs upon all imported goods.

Since the termination of the war in January last, the receipts of Customs have continued rapidly to increase, and a trade of great import-

ance is rising between the European merchants and the native population. There seems no reason to doubt that this trade will very rapidly increase in extent and importance; the natives are now very generally purchasing small vessels for the purpose of trading; they are extremely anxious to procure articles of European clothing, and luxuries generally, and they possess abundant means of paying in produce for all such articles as they may require. Indeed the consumption of British goods in these islands will soon become so considerable as to be an object of importance to British merchants, whilst the valuable products which are given in exchange for them will also prove highly advantageous to British commerce and industry. In illustration of this I need only state that the principal articles of consumption here are woollen goods, the wool for which is chiefly grown in Australia, carried to England in British vessels, manufactured there and brought to New Zealand in British ships, where it is exchanged for timber, flax, copper, and wool in its raw state, which are again carried in British vessels, to England: thus in each stage of these employments an impetus is given to some branch of British trade.

The extent to which British commerce may be carried on here is limited, in the first place, by the amount of the population, which I believe has been under estimated by nearly one-half; and secondly, by the extent to which life and property are rendered secure. The short period of tranquility which the northern portion of the country has recently enjoyed, has already given a considerable impetus to trade, and a large augmentation to the revenue, which being raised from duties of customs, augments in the same proportion as the commerce of the country, and with its increasing prosperity affords the Government the means of still further securing the future tranquility and order of the colony. It is difficult to see on what grounds this mode of raising a revenue can be objected to. The natives benefit largely by obtaining those articles which they value highly, and which contribute to their comfort, respectability, and civilization; they also are now, for the first time, beginning to feel the advantages of security of person and property; in point therefore of abstract justice, there appears no reason why they should not pay for those advantages. Whilst upon the ground of discontent, no objection at present exists to the payment of Customs' duties, as the native chiefs are very generally beginning to understand that the Government cannot be conducted without money; they are also generally anxious to enjoy the advantages of good government, and several of the principal chiefs have stated that they see, that so long as the duties of customs are the payment made to the Government, so long will the wealth of the Government depend upon their being rich enough to buy clothing and articles of luxury: that it will thus be the object of the Government to see them wealthy, and they therefore entertain no fear of their lands and property being taken from them.

I have therefore no intention of attempting to raise a revenue by any other means than the imposition of light duties of customs on all imported goods; and as I have before stated, I feel quite satisfied that within a very few years from the present time the revenue realised from this source, will be found ample to defray the whole of the colonial expenditure.

The present condition of the colony, in reference to its financial state, is different from all other portions of the empire. It is not in

the ordinary position of a young country, the establishments of which could grow in extent, in the same proportion as its population, revenue and commerce. The fact is, that a large population rapidly becoming civilized, and capable of immediately affording a considerable commerce and revenue, already exists here: but no establishments have been formed for the protection of life, property, or commerce, or for the collection of revenue; or indeed for the control and government of this large population, who, if their energies are not directed into proper channels, and if they are not governed and kept under control, will certainly attempt to set up the government of various ambitious chiefs, and will keep the country in a constant state of disturbance and war.

It appears therefore absolutely necessary that a considerable annual expenditure in excess of the revenue should be sanctioned for a few years by the British Parliament, to provide for the formation of the public buildings, roads, and establishments which are absolutely requisite for the assertion and preservation of British supremacy, for the control of the turbulent, the protection of life, property, and commerce, and the security of the revenue which the country can at once yield.

The advantages which justify such an expenditure are, the impetus which will be given to the interests of humanity and civilization, the ultimate saving which will be effected to the country by the prevention of expensive internal wars, which would require the constant presence of a large naval and military force, the extension afforded to British commerce and industry, and the great increase of the revenues of the colony, which will shortly enable it to defray the whole of its own expenses.

The amount of such expenditure in excess of the revenue need not at any time be very great. It may, I think be fairly deduced from the following estimate:—

	£.	s.	d.
Probable general ordinary annual expenditure of local government	27,000	0	0
Probable extra expenditure on account of natives, police, roads, &c., &c.	31,000	0	0
Total Expenditure	58,000	0	0
Probable revenue from this date, but rapidly-increasing in amount	22,000	0	0
Immediate annual deficiency, yearly decreasing in amount	£36,000	0	0

Thus leaving the sum of about £30,000, in addition to the present Parliamentary grant, to be provided from some extraneous source. It should however, be observed that this additional grant would decrease in amount from year to year, exactly in proportion to the progress of the colony.

I beg to assure your Lordship that after having now visited almost all the important portions of the colony, I feel quite satisfied that the Government cannot be efficiently conducted for a lower amount than that which I have above stated, and that any attempt to do so will ultimately only result in great disaster, and eventually in a much greater expense to the British Treasury than that which will be incurred under the system I have detailed, and upon which I intend to act until your Lordship's further instructions can reach me. It is probable that I may have stated the estimated revenue at too small an amount, and I think that I have done so: but I have thought it better to incur the

risk of erring upon this side than of leading your Lordship to form too favourable an opinion of the present financial state of New Zealand.

The next question that arises for consideration is the probable expenditure that must ultimately be incurred for the naval and military protection of this colony. So soon as there is an adequate military force in the country, I think that the naval force can be very considerably reduced, possibly to one steamer, and one vessel of war; but the presence of a steamer will certainly be always indispensable upon these coasts. I will, upon the arrival of a sufficient military force, lose no time in communicating with the senior naval officer upon these subjects, and in reporting my final determination to your lordship.

I propose to address another Despatch to your lordship upon the subject of the military force which I at present think requisite for the maintenance of British supremacy in these islands. But I may state here that I have no doubt that the local revenue will shortly afford the means of supporting so considerable and efficient a police force, partly composed of natives, that it will be in the power of the local government in three or four years to dispense with the presence of a considerable portion of the military force which recent occurrences have rendered it necessary temporarily to station here.

I have, &c.,

(Signed) G. GREY.

The Right Hon. Lord STANLEY,
&c., &c.

(No. 32.)

COPY OF A DESPATCH FROM THE RIGHT HON. EARL GREY TO LIEUT.-GOVERNOR GREY.

Downing-street, 1st February, 1847.

Sir,—I have to acknowledge the receipt of your despatch, (No. 46) of the 12th May last, containing a report upon the general financial arrangement of New Zealand, and the principles upon which you consider it will be proper that they should be conducted, and adverting likewise to the means of securing the future order and tranquility of the settlement.

It has been a source of satisfaction to me to receive in the clear and comprehensive form in which it has been brought under my notice,—the favourable account you have there given, of the financial condition, present and perspective, of the colony committed to your government. In the views you have expressed on this subject generally, as well as the line of policy pointed out by you as the best calculated in your opinion for securing a permanent and progressive increase in the local revenue, I entirely concur, and you may depend upon my support in carrying out the measures by which this end is sought to be accomplished.

I also approve of the proposed enlistment of the Natives as a Police Force, and of the immediate execution of those public works, which are necessary for the promotion of peace and order, and with them, of wealth and social improvement.

I now proceed to advert to your statement respecting the probable amount of Revenue and Expenditure of the colony during the present year: and from the calculations on which that statement is made, I have inferred that the total amount of aid which will be required from the Imperial Treasury, to enable you to carry on the service of your government, for the year 1847, is £38,865 15s. 0d., thereby covering your estimated deficiency of £36,000, and allowing you a probable surplus of £2,865 15s. 0d.

On this subject I have purposely delayed addressing you until I should have transmitted to you the instruments by which the intended change in the form of Government of New Zealand will be effected, in order that I might at the same time explain to you the bearing of that measure upon your financial arrangements. Those instruments were conveyed to you in my despatch of the 23rd ultimo; it now therefore remains for me to acquaint you that an estimate to the extent of £38,865 15s. 0d., will be submitted to Parliament in the present session, for the service of New Zealand; and it is scarcely necessary to add, that I place a firm reliance on your availing yourself of every practicable opportunity which an augmentation of the colonial revenue may offer, for economising the application of that amount, you will moreover bear in mind that, except the small sum to be retained for the Civil list, the revenue will, when the new constitution shall come into operation, be placed at the disposal of the Legislature; but that no grants are to be made not recommended by yourself. It must likewise be explained to those bodies that they are expected to provide for the public service of the colony, to the full extent of their power, and that having the advantage of self government, they must not calculate upon the continuance, for more than a very brief period, of the Parliamentary grant.

With reference to your Despatch (No. 34), of the 16th April last, relative to the present state of the Southern settlements, and the means of holding possession of the territory between Port Nicholson and Taranaki, I have to signify to you my approval of the steps you have taken for opening the land communication between Wellington and Porirua, and of the sanction of Her Majesty's Government for the expenditure incurred for that purpose.

I have, &c., &c.,

(Signed)

GREY.

To Governor Grey, &c., &c.,
New Zealand.

MILITARY.

(No. 47.)

No. 12.

COPY OF A DESPATCH FROM LIEUT.-GOVERNOR GREY TO THE RIGHT HON. LORD STANLEY.

Government House,
Auckland, May 14th, 1846.

My Lord,

Upon the 12th instant I addressed a Despatch to your Lordship (No. 46,) in which I stated I would take an early opportunity of reporting upon the strength of the military force which I considered at present requisite for the maintenance of British supremacy in these islands.

I have now the honor to transmit copies of the correspondence which has passed between the Lieut.-General commanding the forces in New South Wales and myself upon this subject.

Your Lordship will find, from this correspondence, that I consider that a force of 2,500 troops of the line should for the present be stationed in New Zealand.

I find that my predecessor, in his despatch No. 27, of the 9th of April, 1845, stated it as his opinion that two regiments were required for the maintenance of these islands, which would amount to a force of about 2000 men; but after having now visited many portions of the islands, I should recommend that the force here should be increased to 2,500 men.

I make this recommendation under the belief that in four or five years' time this force might be reduced to a single regiment, and that it would be advantageous to continue as rapidly as possible the formation of a local police force, composed in a great measure of natives; which force I am now organizing with apparent success. The expenses of this force could, at the end of a few years, be defrayed from the revenues of the colony, and it would be one in every way suited to the service of this country. Indeed, I think it would in New Zealand be found more advantageous than any European force.

I beg to state that the force which Her Majesty's Government may be able to place at my disposal, I will do my utmost to conduct the service in such a way as to merit Her Majesty's approbation; but my fear is, that if a sufficient force is not at once stationed in the country, sanguinary and expensive, yet petty wars may take place, which will entail on Great Britain, a large and useless expenditure of blood and money, and retard the advancement of this country almost indefinitely; whilst on the other hand, should a sufficient force be at once sent here, I feel satisfied that no further disturbance of any consequence will take place, and that in a few years the country will be able to defray the expense of its own establishments.

I have, &c.,

(Signed) G. GREY.

The Right Hon. Lord Stanley,
&c., &c.

(No. 4.)

COPY OF A DESPATCH FROM THE RIGHT HON. EARL GREY TO LIEUT. GOVERNOR GREY.

Downing Street, 24th November, 1846.

- No. 6, 19 Jan. 1846.
- 26, 8 Mar. "
- 27, 11 Mar. "
- 29, 7 Apr. "
- 30, 9 Apr. "
- 36, 22 Apr. "
- 47, 14 May "

SIR,

I HAVE had the honour of receiving your Despatches of the dates and numbers noted in the margin, and in which, after giving an account of the events which have recently taken place in New Zealand, you state that a military force considerably larger than that which is now stationed there will in your opinion for some years to come be required to guard against the recurrence of petty but expensive wars with the native tribes, and that you consider not less than 2500 men to be necessary for this purpose.

I have too much reliance upon your judgment to doubt that you have good grounds for your demand for this large increase of force, and therefore though the no less urgent demands from various other quarters for the services of Her Ma-

esty's troops render it a matter of some difficulty, measures will immediately be adopted for supplying, with no more delay than is inevitable, the additional troops you have called for. It will not, however, be in the power of Her Majesty's Government to supply the whole of this reinforcement from the regular army. A part of it will consist of a force of a different description to be formed for this purpose, as to which in another Despatch of this date you will find all necessary information. This force will be designated as the Royal New Zealand Fencibles; will consist of about 500 men, and will be sent direct from this country to Auckland. The additional regular troops to be employed in New Zealand will be 900 men from the regiments now serving in New South Wales. Orders will be sent at the same time with this Despatch to the Governor, and to the Lieut.-General commanding in that Colony, to forward to Wellington with the least practicable delay detachments of the above strength, for whose reception you will therefore lose no time in making the best preparations in your power by taking measures to provide them upon their arrival with the necessary supplies, and with such quarters as you can obtain at the different places at which you may consider it most advisable that they should be stationed. By the above arrangement, as detailed in the margin, the amount of force you have named as being required will for the present be provided; but you will not fail to recollect that it is impossible permanently to keep so many as 2000 men of Her Majesty's regular army in New Zealand without very great inconvenience. I have therefore to instruct you to direct your most serious attention to the means which should be adopted to enable you as soon as possible to dispense with a portion of this force. With that view the formation of a well-organized Militia, and of a force composed of Natives in the service of Her Majesty, would appear to be the measures most likely to be successfully adopted.

I have, &c.

(Signed) GREY.

P.S.—I have instructed the Master-General and Board of Ordnance to send to you, by a vessel which is appointed to sail on the first December direct to Wellington, or by another vessel which will depart in a fortnight from that date, an adequate supply of such tools, nails, hinges, and small stores, as may in their judgment be required for the more ready construction of the buildings for the Fencibles.

To Lieut.-Governor Grey,
&c. &c. &c.

Auckland:—Printed by J. WILLIAMSON, for the New Zealand Government.

Now in New Zealand, according to the last Returns from N. S. W. N. Zealand Fencibles