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(PROVINCE OF TARANAKI.)

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GENTLEMEN OF THE PROVINCIAL COUNCIL,—

I was prevented from calling you together at the commencement of the current financial year to provide for the expenditure of that period, by the uncertainty which then existed as to the proportion of the Customs revenue of the colony which would be handed over to the Provincial Government. We now know that the proportion given will be practically the same this year as in former years, and although doubt still hangs over another important source of revenue, it is right that a statement of our financial condition and prospects should now be laid before you by the Provincial Treasurer, and that you should make such provision for the expenditure of the Provincial Government as you may think the circumstances of the Province require.

In the way of legislation the principal measures to be submitted to you this session by the Government will be three, all affecting farming interests, namely, a Sheep Bill, a Cattle Bill, and a Bill to amend the Roads and Bridges Ordinance, 1858. The altered circumstances of the Province require an alteration of the Ordinances relating to all those subjects, some of the provisions of the existing Ordinances, such as those relating to the branding and slaughtering of cattle, being practically inoperative. A more speedy method than the present of abating the nuisance of the wild cattle in some of the bush districts seems also to be absolutely necessary. The Bill to amend the Roads and Bridges Ordinance will introduce the principle of rating on the assessed value of property instead of the acreage rate, and will authorise the raising of small loans by the different districts for local purposes.

The question of the manner in which the confiscated lands in this Province are to be dealt with is not finally settled by the Colonial Government. It appears that the representatives of other Provinces, especially those of the Middle Island, are naturally jealous lest any Province should appear to be deriving pecuniary benefit from the land confiscated from the natives, that confiscation being part of a policy which has involved the colony in a heavy debt. It is of little use to show that if these lands are handed over to the Province on somewhat easy terms, the Provincial Government is ready to bind itself to devote all profits derived therefrom to the purpose of opening up and colonising the country under regulations framed by the Colonial Government. Either the honesty of the intention is doubted, or the obvious consideration that the dreaded defence expenditure will be most surely and economically got rid of by strengthening and rendering self-defensive the weakest parts of the colony, is outweighed by local jealousies and the desire to squeeze a little hard cash out of the confiscated territory.

The Government of the Province has clearly expressed its belief that the true policy of the colony would be to apply the whole of the land fund derived from those districts to the purpose of promoting their speedy occupation by a strong population, trusting to the lessening of defence expenditure and the increase of the Customs and other branches of the revenue, as the surest means of lightening the burthens of the colony. It remains for us now only to await the final decision of the Colonial Government as to the course which shall be adopted. No person doubts

that these lands are wholly the property of the colony, and ought to be disposed of as the true interests of the colony, and not of this particular Province may demand. If, therefore, they should be indiscriminately sold to the highest bidder, without any means being taken to attract population, we cannot complain of any special injustice to this Province having been committed, but can only regret the adoption of what appears to us a shortsighted policy, detrimental to the colony at large as well as to the district in which we live. It is very probable that in this case, as happens in solving so many political problems, the course actually taken will be a compromise, and that the Colonial Government reserving to itself a large share of the land fund will allow a portion to the Province, for the trouble and cost of administering these lands, and for the construction of such roads as may be deemed necessary for the profitable sale of the land and the security of the country.

My negotiations with the General Government with respect to the handing over to the Province of portions of the confiscated territory as an equivalent for the expenditure of the balance of the land purchase fund apportioned to this Province have not yet led to any definite result. The difficulty as to the valuation of the land, which I have already spoken of, is felt also in this question, and finding that a disposition was shown to place upon it a heavier price than under the circumstances the Province could in my opinion afford to pay, I have suggested as a means of altogether avoiding the troublesome question of the value of the land, that the amount standing to the credit of the Province for the purchase of land should be set off against the debt allocated to the Province for public works executed by the General Government. The Province would thus be relieved from a large part at least of the debt which has been fixed upon it, without the risk and delay which would attend the transaction if that debt were to be paid off out of profits to be derived from the sale of land. These two sums would not, however, balance each other. The claim of the Province on the land purchase fund is partly for money to be expended for the Province, for which no interest is to be paid, whilst for the remainder, interest at 4 per cent. and 2 per cent. sinking fund is chargeable. Estimating both these parts together as equivalent to a claim for money subject to no payment of interest to the amount of £19,000, and setting this as far as it will go against the allocated debt, there would still be a balance against us at the present time of £7,000 or thereabouts. I cannot, however, but entertain the hope that, if the Provincial Government were to lay before the

Colonial Legislature at its next session, a clear statement of the circumstances under which the amount charged to us as allocated debt was expended, showing what the Province has got for this expenditure, and that in respect for the same small portion of road to pay for which this heavy burthen has been imposed, an increase of several thousands has been made to our floating debt (by the payment from the Provincial Treasury of compensation to persons through whose land the road was taken) we might procure at least such a reduction of the charge as should admit of the two sums referred to being altogether struck off against each other.

From the estimates, which will be laid before you, you will perceive, that without allowing for payment of interest on the allocated debt, and after making reductions in the salaries of all the public officers, which were previously, I think, very moderate, there is still an excess of expenditure over estimated revenue for twelve months ending in June 30, 1867, of some £1,200, and although there is reason to hope that the Customs' Revenue has been under-estimated, it will be most prudent to look on these figures as representing the actual state of the case.

As regards the interest on the allocated debt, which is not entered on the printed estimates, there is as far as I can see no possibility of meeting that charge out of the revenue this year except by special taxation for the purpose; and the imposition of such taxation is a course which I cannot propose while the settlement is in its present position, nor until an appeal has been made to the Legislature to lighten this unmerited burthen.

But, leaving this charge out of consideration for the current year, I think it is clearly our duty to endeavour to bring the remainder of the expenditure of the Government within the revenue, and as I can see no way of further reducing the expenditure of the different departments, to any extent worth naming, without detriment to the public service, or injustice to the public servants, I would suggest for your consideration whether it would not be possible and right, that the ordinary revenue should be relieved from the very large annual expenditure hitherto charged upon it for charitable aid, that expenditure being provided for either by the establishment of an organised society to collect subscriptions and disburse relief, or, if it be preferred, by levying a rate for the purpose. Some small addition may probably be made to the revenue by adopting as far as possible the principle of making the different departments self-supporting, and charging fees for all services performed by public officers for private individuals.

Although the financial position of the Province is one which will require that you should exercise great prudence and economy, I cannot consent to look only on the darker side of the picture, neither, I think, is it even wise to do so. The great progress which in this one season has been made in the rural districts is most encouraging to those who are interested in the welfare of the Province, and who from the number of years during which its fertile soil has been lying waste have perhaps almost forgotten how great its resources are. It is my firm conviction that unless fresh and unforeseen misfortunes should overtake the settlement, a very few years will see it in a far more flourishing condition than it has ever hitherto reached. I was formerly inclined to suspect my own opinions as to the special advantages of the district in which I have fixed my home of partiality, but am glad to be able to say that those opinions have been frequently and fully confirmed by the views of others well accustomed to judge of such matters, and having no bias in favour of this settlement, who have expressed themselves to me as to the future prospects of this part of New Zealand in stronger terms than I should myself have ventured to use. I believe it has been in a great measure, a well-founded faith in the future prosperity of this district which has enabled the settlers of Taranaki to bear up as they have done under

their singular and protracted trials. Whatever misfortunes we ourselves may undergo, and however slow the progress of events may seem, we feel that we have established ourselves in a place where our families will find a sure field for profitable industry; and as a great part of the anxiety of most people results from the honourable desire to provide for the welfare of their children, this faith in the future of the Province has proved a great support to many in present troubles. But although the good time for Taranaki approaches perhaps rather more slowly than we should wish, I hope and believe that most of us will live to see it ourselves, and need not consider it as deferred until our children fill our places.

The settlement is now recovering from an almost mortal sickness. It is now in the trying period of convalescence, when the patient's temper and spirits are put to a heavy strain. But if this period is passed through with the same fortitude which was displayed by the community during the height of its troubles, I can see no reason whatever to doubt that a more vigorous life than it has yet known will in a few years be the reward of so much endurance.

H. R. RICHMOND,
Superintendent.

