

General colonial military charges, say	20,000
British extraordinary expenditure on troops (say)	500,000
	£629,000

—of which the Colonial portion is £129,000.

The expenditure proposed to be incurred for introducing such a system of Government amongst the natives, may be stated at (say) £50,000, when the proposed plan is in full operation; but by that time a considerable part of its cost will be defrayed by local taxation. Ultimately, it should not only defray its own cost by local taxation, but leave a considerable sum in aid of the Revenue, applicable for the Administration of justice, local improvements, or such like charges. Upon the whole I think it may be safely calculated that in about seven years it will defray its own cost, and yield some surplus revenue, besides giving a stimulus to the productive energy and to the development of the resources of the colony, which will largely increase its commerce, trade, and general revenue.

I consider it so essential for the safety of the colony, and for the prevention of the impending general war, that this plan should be brought into operation without further delay, that I will incur, as I have already stated to Ministers, the responsibility of foregoing, on behalf of the Imperial Government, the cost of half the expense of the proposed plan, whatever that may be, from the colonial contribution of £35,000 towards the cost of maintaining British troops this colony, a reduction being made in this sum contributed by the Home Government, as the revenues raised under the proposed plan so increase as to defray a part of the whole expenditure incurred on account of it.

This arrangement appears to be mutually advantageous to the Home Government and to the colony; as being likely to effect a considerable reduction in the enormous expenditure in which each of them would be involved in the case of a general war, which it is hoped that the proposed plan will be one great means of averting.

It must be borne in mind, however, that it cannot be hoped that this plan will, unaided by other means, prove sufficient to avert a general war. Other large expenses must be incurred for this purpose. For instance, after the excitement in which the country has been involved, and which has led the Natives to assume so defiant a tone and to exhibit such confidence in their own strength and power, it will be necessary that a large military force should for some years be maintained in the country: in order that the Natives may see that our adoption of pacific measures does not arise from a sense of weakness, and that we have the means and are prepared to compel those who rebel against our authority, to conduct themselves as orderly and well behaved subjects ought to do.

I also believe that the Government will find it impossible in some parts of this Island, without the presence of an armed military police force, to afford to the out settlers that protection and sense of security which is essential to enable them profitably to occupy their farms; such a force will therefore hereafter probably have to be organized.

It will also, I feel assured, be essentially requisite for the purpose of occupying the Native mind, and of withdrawing many of their enterprising young men from the influence of the more turbulent chiefs, to open up some parts of the country by roads, upon which working parties of troops and natives may be employed as was done at the close of the war of 1846 and 1847: and as a part of this plan, as also with a view to the protection of the out settlements, it will be requisite to occupy the great lines of communication by military posts, on a plan which I will hereafter discuss.

It need hardly be added that the total annual expenditure upon all these objects, which expenditure will last but for a short period of time, will not nearly equal the mere annual interest of the capital which would be sunk without producing any return whatever, in the first year of a general war; which would then probably last for several years, and at the close of which, when the out settlements had been swept away, and the settlers had been ruined, it would still remain necessary to take such measures for the permanent peace of the country, as it is now proposed to take at once.

With regard to the means which should be taken for raising ultimately from local sources the funds which would be required to defray the cost of the proposed system of magistrates and police, I think the following are the principal sources from which such funds should be derived.

1. The fines and fees levied in the several courts of the Civil Commissioners and Resident Magistrates.

2. A local tax to be raised in each Civil Commissioner's district, for Magistrates, Police, Schools, and medical attendance in each district. I would levy this in the form of a house and land tax, which in two or three years, it will be found, there will be no difficulty in inducing the Natives to pay. All those paid by the Government cannot refuse to pay it. It would merely form a small income tax upon their Government salaries. They will soon form an influential part of the community, whose example would be readily followed. The principal chiefs will soon use all their influence in favor of a plan of taxation upon which they will see their own position and income depend. They will judge rightly that an increase of the revenues of their respective districts will not only render secure the incomes they have, but will certainly lead to an increase of these, proportioned to the augmented wealth of their people and districts. It also seems right and just that a people should pay for their own good government, and for the protection of their lives and properties.