

residue, he says, "are contained the disappointed land claimants, the aliens, and various persons arriving from islands in the Pacific and other places who, having led a lawless life, and being frequently Americans, bear no attachment to the British Government, or perhaps to any Government whatsoever." Whether this disparaging picture has its reality in any part of New Zealand we cannot pretend to say. That it is in any respect true as a representation of any part of the society of the southern settlements we respectfully but most emphatically deny. Disappointed applicants for employment possessing any influence we believe to be fewer in number than those who have rejected Sir George's overtures of official advancement because they disapproved of his attempts to govern without constitutional forms; of disappointed land claimants we know not one; while the whole of the foreigners in the province only amount to 224 souls, nearly the whole of whom are naturalised Germans, true colonists and honest subjects of the British Crown. But the best refutation of this statement, if intended to apply to the southern province, is Sir George's own assertion, made on a previous occasion, and which he has never attempted to explain away, "that of all the colonists he had ever known those in Cook Strait were the best fitted for self-government, and that no reason existed [three years ago] for delay in its introduction."

8. In paragraph 8 Sir George says, "It is to be remembered," as if he were announcing a well-ascertained and undisputed fact, "that by far the greater portion of the total sum raised by taxation is contributed by the military officers and men, by the naval force, and by the large Native population; and that it may, therefore, perhaps be doubted whether the giving to the population above stated the power of governing the country and of appropriating its revenues is not, in fact, something very different from giving them the power of self-government and of appropriating funds raised from themselves." This assumption of Sir George's, unsupported as it is by any evidence, we might meet by a simple denial; but it is better to prove to your Lordship, by a careful calculation, how far from the truth his statement is; and we undertake to show that, instead of the classes named by Sir George contributing "by far the larger part" of the revenue, they do not contribute more than one-fourth. In the first place we will take the military class. In the year terminating with the date of Sir George's despatch there were paid between £4,000 and £5,000 for duties on spirits consumed by the soldiers of the two regiments in both provinces of New Zealand. But as this amount was immediately refunded by way of drawback to the commissariat chest, and as since that date no duties have been levied on their spirits, the item forms no part of the net revenue, and has no bearing on the question under discussion. The only other duty of any consequence paid by them which we are able to discover is on flour. Supposing that all they consumed was imported, and that each man was allowed 10 lb. per week—which is over the actual quantity—this would only produce to the revenue £750 a year. There is no duty on any sort of provisions consumed by them, nor on any military stores, clothing, or the like; their private expenditure is altogether inconsiderable, each soldier having about three halfpence a day to spend, or £3,600 a year in both regiments, affording a contribution to the revenue (if all spent in consumable articles) of only £360. Then as to the officers: taking them at forty to each regiment, which it is believed will include staff, commissariat, Artillery, Engineers, and all sorts; considering how many of them are lieutenants and subalterns, and how quietly and inexpensively they live in colonial quarters, they cannot be estimated to expend in the colony more than an average annual income of £250 a year each. Of this (their wine and spirits being duty free by a local Ordinance), certainly not more than £50 a year each is expended on customable articles. [Every article imported into New Zealand is subject to an *ad valorem* duty. The writers of this letter have omitted all indirect taxation. My statements were quite correct.—G. G.] This would give a contribution to the revenue of from £400 to £500. These figures may at first appear low, but the Military receiving duty free nearly all the principal articles of consumption on which civilians pay duty, we do not doubt the accuracy of the estimate. Here then is the whole amount of the contribution of Military, officers, and men: On flour, £750; soldiers' pocket money, £360; officers' expenditure, £500: total, £1,610. If we allow for the navy as much as makes up that amount to £2,000, we are confident that we are not at all below the proper estimate. (*Vide* Appendix II.) We will now ascertain the probable amount of contribution by the Natives. In a recent very careful return made by Mr. Kemp (*vide* Appendix III.), the Native Secretary of this province, he estimates the expenditure of the Natives on articles of British manufacture in the district, which has Wellington for its emporium, and where they, no doubt, consume a much larger proportion than in more remote places, at £1 5s. per annum. This, for the 9,202 Natives of the southern province, would give about £1,100 contributed to a revenue of about £21,000. It is certain that the Natives in the northern province, most of whom live far apart from any European settlement, consume a very much smaller amount of customable goods per head. But taking them at 80,000 souls (which we believe is much over the mark), and allowing them to expend £1 per head on imported articles (which also we believe excessive), it would give £8,000 as their contribution to a net revenue of about £24,000. Nearly the same result is arrived at by another process. The net revenue of the northern province, after deducting the drawbacks paid to the commissariat chest and the amount of military and naval contributions for that province, as fixed by the above estimate, would be £23,323 contributed by Natives and European civilians. Now of this sum, £7,863 was levied on spirits (exclusive of those consumed by the military, allowed for above), and as the Natives drink none, that item is to be placed entirely to the credit of the European civilians. Add only half the duty on tobacco (£1,907), and half the *ad valorem* duties (£6,232) and we have a total of £16,003, which, deducted from £23,323, leaves £7,320 as contributed by the Natives, somewhat less than the result by the other process; but approximating sufficiently to prove the general accuracy of both. We will take the medium between the two—£7,660. This will complete the calculation: Military and naval contributions, £2,000; Natives in south province, contributions, £1,100; Natives of north province, contributions, £7,660: total, £10,760. The entire revenue raised in New Zealand in 1848, excluding a small sum on the Land Fund, was: Northern province, £26,223; southern province, £20,973. Deduct military duties on spirits as before, say, £5,000: net total, £42,196. And of this sum of £42,196 the military, naval, and Natives contributed but £10,760, or rather more than one-fourth, instead of "by far the larger part," as boldly