

**MESSAGE No 5.**

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The Officer administering the Government transmits to the House of Representatives the Financial Statement, and the Estimates referred to in his Message, No. 4.

**R. H. WYNYARD,**

Officer administering the Government.

Government House, Auckland,  
September 4th, 1854.

In presenting a statement of the financial position of the Colony, it is necessary to refer to the receipts of the period subsequent to the 30th of September, 1853, and to the amount of expenditure maintained in carrying on the many important branches of the public service. I have accordingly directed a comprehensive statement of the whole of the receipts and Expenditure, of the Colony, for the period alluded to, to be prepared; and it will be laid on the table of the House as soon as printed.

Although the prosperity of the Colony is such that we might confidently trust on the increase of its revenues. I have not thought it advisable, in preparing the Estimates, to assume any increase of the ordinary revenue, over that estimated, for the year ending the 30th of September, 1854.

It will be seen from the annexed statement—which for all practical purposes may be taken to be correct—that the estimated public balances, in hand on the 31st July last, were as follows:—

At Auckland.....	£35,671
Wellington.....	18,000
Canterbury.....	31,000
Nelson.....	600

Amounting altogether to..... £85,271

Deducting from this Balance the “Deposits unavailable,” the New Zealand Company’s Fourth, and the Loans to be repaid out of the first receipts of the Land Fund at Wellington, there remains the sum of £50,000 available for the Current Expenses of the Government.

The net Revenue for the year, after deducting the costs of collection, is estimated at £146,315, and the Expenditure, exclusive of the costs of collection, at £37,329,—leaving a balance of receipts over expenditure of £108,986.

If to this balance on the year now estimated for, be added the available balance on hand on the 31st of July last, there will be a total sum of £159,067 unappropriated.

Out of the unappropriated Balance of £159,067 it will, however, be necessary to set aside a considerable sum for future land purchases; but I have not included any sum for this purpose in the Estimates, as I wish to take the recommendation of the House as to the amount. During the last twelve months large sums of money on this account have been disbursed; but the late increase of the Land Deposits at Auckland has enabled the Government to complete the purchases without disarranging the finances of the Colony.

I need not dwell on the benefits which arise to the country from the extension of the Public Demesne. Nothing indeed could have justified the Government, if it had overlooked the pressing necessity of extinguishing the native title to large tracts of lands in the vicinity of our settlements. Altogether the sums expended on this service during the last year amount to about £40,000. Five million acres of native lands at Otago have been purchased for £2,600. At Wellington about two million acres have been purchased at an expence of about £24,000, of which sum £18,000 have already been paid to the natives, and the liquidation of the balance provided for in yearly instalments, to be completed in the month of May, 1858. At Auckland £16,000 on this account have been expended.

These extensive purchases have been made without any important increase of the Land Purchase Department; and so far from their having disarranged in any way the finances of the Colony, the Government has been able to fulfil the whole of the undertakings to which it was pledged in the Civil Secretary’s Circular Letter of the 8th of August, 1853.

For instance, at Auckland there as been paid into the Provincial Chest out of the General Revenues, on account of the three quarters ended the 30th of June last, the sum of £32,020 13s. 4d., including £5,690 12s. for Immigration purposes. The total appropriation of the Province for the whole year being £32,262 1s. 9d. the advances issued out of the General Chest on account of the year ending 30th September, 1854, exclusive of those for Immigration, will greatly exceed the sums required to meet the Provincial appropriations.

At Wellington, the quarterly payments of two-thirds of the net Customs’ Receipts averaged about £4,300; so that the sums paid into the Provincial Chest on the termination of the year in accordance with the terms of the Circular letter alluded to, will exceed £17,000. Estimating the Provincial Receipts from other sources of Revenue at £2,000, the balance of receipts in excess of the Provincial appropriation will be about £1,000.

At Canterbury, the sums appropriated by the Provincial Legislature amount to £19,000. The Land Fund receipts now lying in the General Chest at Canterbury exceed £30,000, of which £22,500 would be payable into the Provincial Chest under the Government regulations, had the Superintendent been prepared to give the guarantee, that the money should be appropriated in accordance with the scheme of the Canterbury Association. Putting out of consideration the Land Fund Receipts and the appropriations of the Provincial Legislatures for Public Works, and Immigration—which appear to have been made in the anticipation of the available balance of the Local Land Fund Receipts being paid into the Provincial Chest,—the remaining appropriations will be fully met by the sums provided by the General Government.

It is impossible indeed to have anticipated a more favourable state of the Public Finances.

In reference to the distribution of the Land Fund, it will be seen by the regulations of Governor Sir George Grey, dated 8th August, 1853, that after certain deductions have been made, the balance of the Land Fund is to be divided into two equal parts, one for Immigration purposes, the other for Public Works; both being payable into the Provincial Chests. With the exception of the Province of Canterbury, this regulation has been carried out in each instance where a surplus has arisen.

By the provisions of the Constitution Act, however, the whole of the proceeds of the Land Fund are chargeable with the expenses of the General Government, in the same manner as any other portion of the Queen's Revenues in New Zealand. But the House will perhaps agree, that there is no fairer mode of apportioning the amount of general contribution to be furnished by each Province, than making it depend on the respective amounts of the Customs collection. These are a tolerably good exponent of the wealth, and number of inhabitants of each Province, and the share of the general burden ought to be mainly dependent on these two conditions. It has moreover been the tendency of Legislation in these Islands to appropriate the Land Revenues as much as possible for the benefit of the locality in which they were raised; and I do not think the House can legislate more beneficially for the Colony in respect of them, than to appropriate as large a portion as possible of the net receipts to Provincial purposes.

In reference to that part of the arrangement detailed in the Civil Secretary's letter of the 8th of August, 1853, in which allusions are made to the probability that the proportion of the Customs' Revenue payable to the Provinces, would eventually exceed two-thirds of the collections, it is necessary to remark that the annual expenses of the General Government were estimated by the Governor, on the 8th of August, 1853, to be about 21,000, including the expenditure on account of the Civil List. Had this calculation proved correct, a considerable addition to the proportion of two-thirds of the Customs' Receipts would have been available for Provincial purposes. But the Civil List alone being £16,000, this calculation allows only £5,000 for defraying the other expenses of the General Government; a sum quite inadequate for the purpose. The expenses of the General Assembly, exclusive of the Building of the House, are estimated at £5,000; the Interest on Debentures, exclusive of that on the Wellington Land Debentures, amounts to £2,225 17s. In fact, the charges on account of the Civil List and the Departments of the General Government amount to £37,329 3s. 10d. inclusive of all expenses on account of the Aborigines. Of this sum £13,000 are exclusively required for departments of the General Government not provided for in the Civil List. Even this, I think, will be found insufficient to conduct efficiently the present establishments. Since the passing of the last Appropriation Ordinance, on which the present expenditure has principally been based, the prices of the necessaries of life have nearly doubled. Pressing applications have been received from nearly every Department of the Public Service, calling the attention of the Government to the extraordinary increase of the cost of living, and the difficulty of retaining the services of the present holders of subordinate offices on the existing scale of remuneration, when those employed in other pursuits are so exceedingly well paid and are enabled from their savings to make comfortable provisions for the future. Looking, therefore, to the probability that the more meritorious and experienced officers may be induced to leave the services of the Government, unless some addition be made to the present rates of salary, it will be consistent with a proper regard to the public interests, in a time of great prosperity, to satisfy the urgent claims which have been made for a fitting remuneration of those employed in the public service of the Colony. I have made no addition to the Estimates on this account, as I prefer leaving these claims to the justice of the House.

The proportion which the General charges, as shewn in the Estimates, bear to the net ordinary Revenue of Customs is as 1 to  $2\frac{1}{2}$  nearly, instead of 1 to 3. It is evident, therefore, that instead of the proportion of the Customs' Revenues at present paid to the Provinces

being increased, it will be necessary to decrease it, unless a portion of the General charges especially those on account of the part-maintenances of Hospitals and other aboriginal expenses not included in the civil List, should be made a charge on the General Land Fund of the Colony.

On reference to the Estimates it will be found, that the sum of £2,223 15s. has been included for the land purchase Department, It was proposed to increase the cost of this Department considerably. At present, however, nothing can be gained by unusual exertions on the part of the Government to hasten the extinguishment of the Aboriginal Titles to land. The native mind is disturbed by the extent of territory which has lately been added to the Crown Demesne, and the Commissioner is of opinion that these feelings of alarm should be allowed to subside by abstaining for a time from active negotiations.

A portion of the purchase money for native lands, partly situated in the Province of Canterbury and obtained by the Government in the month of August, 1853, equivalent to that portion of the lands belonging to the Province of Canterbury, is ultimately to be paid from the Land Fund of the Province of Canterbury into the Land Fund Chest at Nelson. I propose at once adjusting this claim out of the large proceeds of Land Sales now lying in the General Treasury at Canterbury, and to devote the sum payable into the Nelson Chest in part payment of the expense of completing the extinction of the Native Titles to lands in the Province of Nelson.

The contributions towards the expence of the "Nelson" steamer, which have been guaranteed by the Provincial Governments, will be placed on the Supplementary Estimates as soon as the House has signified its wish that the amount should be defrayed out of the General Funds of the Colony.

I have called upon the Commissioner of Crown Lands, at Wellington, to furnish a full report on the arrangements made in concurrence with the New Zealand Company's Agent, for the purchase of Scott's grant, by which Debentures for the sum of £3675 16s., bearing interest at the rate of eight per cent., have been issued to the Trustees of Scott's Estate. It having been left for future adjustment whether the Debentures should be a charge on the Colonial Revenues of New Zealand, or form a deduction from the New Zealand Company's Debt.

The interest of these Debentures is borne on the estimates; and I am of opinion that until the question of debt is settled, it should be defrayed out of the Land Fund of the Province of Wellington.

A Despatch from the Secretary of State, dated 29th December, 1853, will be laid on the table of the House, together with one from Sir George Grey, in which his Excellency reported to the Home Government that in pursuance of instructions conveyed by Lord Grey in his Despatch of the 19th of March, 1851, he had incurred an Expenditure of £10520 18s. 11d., on account of the fulfilment of the contracts of the New Zealand Company towards the Wellington settlers; and that he had called upon the Officer in charge of the Military Chest to advance to the Colonial Treasurer the sum of £7620 9s. 8d. part of that amount.

On reference to the Secretary of State's Despatch it will be seen that Her Majesty's Government disown any liability on account of the advance of £7620 9s. 8d., and has directed, that one-sixth of the Land Revenue which may have accrued in the several New Zealand Company's Settlements, since the date of Sir George Grey's Despatch, and which may not have been absorbed by their current expenses, should be applied to the reimbursement of the Commissariat Chest for this advance.

There has also been laid on the table of the House a copy of the Despatch of the Secretary of State, enquiring whether any further payments have been 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. The expenditure on account of this service was incurred principally for the purpose of reducing the Military expenditure in the Colony, and at the same time of benefitting the Colony by giving an increased value to the Crown Lands in the neighbourhood of the Pensioner Settlements. A demand amounting to £6113 5s. 8d. made upon the Colonial Treasury has been discharged, as being the portion of the claim which is fairly chargeable for Immigration purposes, and therefore the only claim to be made on the Revenues of the Colony for the increased value given to land in the neighbourhood of the Pensioner Settlements.

R. H. WYNYARD.

## ESTIMATE OF THE AVAILABLE BALANCE ON HAND, JULY 31, 1854.

Deposits available . . . . .	£3,600	0	0	Cash @ Auckland . . . . .	£35,671	10	11
New Zealand Company's One- Fourth—				Canterbury . . . . .	31,000	0	0
@ Auckland . . . . .	9,690	0	0	Nelson . . . . .	600	0	0
Canterbury . . . . .	7,700	0	0	Wellington . . . . .	18,000	0	0
Wellington . . . . .	7,000	0	0				
Loans to be repaid out of first receipts of Land Fund @ Wellington . . . . .	7,200	0	0				
Balance available . . . . .	50,081	10	11				
	85,271	10	11		£85,271	10	11

No. 71. Financial

Government House,  
Wellington, June 24th, 1853.

MY LORD DUKE,

I have the honor to state that Lord Grey in his Despatch No. 32, of the 19th of March, 1851. informed me in reference to the Nelson Settlement, that Her Majesty's Government, in the opinion of the Law Officers of the Crown, stood to the settlers, in the same relation as the New Zealand Company did before the surrender of its Charter; and his Lordship instructed me to create for the purpose of carrying on the functions of the Company an establishment similar to that created by the Company for the purpose of fulfilling its Contracts with its settlers, the expenses of which establishment, being thrown upon Her Majesty's Government, I was informed was also to be borne by it.

2. In his Lordship's despatch No. 33, of the same date, he pointed out to me that Her Majesty's Government was placed in the same position with respect to the settlements of Wellington and New Plymouth, as it was to that of Nelson; and he directed me to consider the instructions issued by me in relation to the Nelson Settlement, as being applicable also to the Settlements of Wellington and New Plymouth.

3. In the same despatches Lord Grey instructed me to draw for the necessary expenses on the Commissariat chest, and to pay into it from time to time any monies that might be received for lands sold, and His Lordship further directed me to keep the expenses of the Settlements by all reasonable endeavours within the amount of one sixth of the sums realized from the sale of Lands, which were under the arrangements of the Company chargeable with such expenses, and the Lords Commissioners of the Treasury in their letter No. 319, of the 13th March, 1851. directed to the officer in charge of the Commissariat in New Zealand to carry out these arrangements, by receiving such sums as might be tendered on account of the several Settlements of New Zealand, and in making such payments as might be directed by the Governor under Lord Grey's instructions.

4. I now beg to enclose for your grace's information a comparative statement of the expenditure on fixed establishments created by the New Zealand Company in their several Settlements, and of the expenses of the Local Government on the same Establishments in those Settlements, together with explanatory remarks thereon by Mr Bell, Commissioner of Crown Lands, formerly the New Zealand Company's Resident Agent at Nelson, from which it will be seen, that the Establishments I created under Lord Grey's instructions, were on a much more frugal scale than those created by the New Zealand Company, and that I in this respect effected a considerable saving.

5. I then beg to state to your Grace that in the case of the Settlement of Wellington, I continued from time to time to pay from advances from other funds at the disposal of Government, or from advances from the Commissariat Chest, the expenses incurred in completing the contracts of the New Zealand Company, and that I hoped that I might ultimately from the sale of Crown Lands under the Regulations established by the New Zealand Company, as also from the proceeds handed over to the Government by the Company's Agent, have replaced the advances thus made.

6. I regret however to state, that whole proceeds received from the New Zealand Company's Agent in this settlement, amounted to no more than one hundred and twenty five pounds,

and that no statement of the Amount the Company would have to pay was furnished until recently, and that owing to the nature of the Land Regulations of the Company, not one acre of Land was sold up to the time when I was permitted by instructions from Sir J. Pakington to alter those Regulations:—that is up to the 4th of last March.

Since that date a considerable quantity of Land has been sold. The Government will henceforth, I hope, have from the Land Sales the means of defraying the Expenses of fulfilling the Company's Contracts, and as the lands have now come under the control of the Colonial Government, I presume that it is intended, in assuming the control of the lands, it should also assume the charges to which they are subject.

7. I have therefore had prepared the enclosed account, shewing the expenditure and receipt by the Local Government of New Zealand, in fulfilling the Contracts of the New Zealand Company in the Settlement of Wellington, from the fifth of July, 1850, to the 4th of March, 1853, from which it will be seen that the Amounts received amounted to £393. 10s. whilst the expenditure for the same period of time amounted to £10,520. 18s. 11d, leaving a balance of £10,127 8s. 11d, due to the Local Government. I think it right to add, lest any surprise should be created at the smallest of the proceeds of the Sales of Land in the Settlement of Wellington, that for the three years preceding the dissolution of that body, they only realized the sum of £642 for the sale of lands in Wellington.

8. Of the above balance of £10,127. 8s. 11d, it will be found from the enclosed letter from the Commissioner of Crown Lands, that the sum of £7,620 9s. 8d, is to be deferred from the Commissariat Chest under Lord Grey's Instructions; but in the hope that the whole amount might not, for the reasons I have before stated, be required from the Military Chest, I thought it better during the preceeding year to apply for an advance in excess of the Parliamentary Grant for that year of £2,000. and during the present year a further advance of the sum of £1,000. has been made from the Military Chest, making a total sum of £3,000. thus advanced, and leaving a balance of £4,620. 9s. 8d, due from the Commissariat Chest to the Local Government of this Colony.

9. I have therefore requested the Officer in charge of the Military Chest to pay over to the Colonial Treasurer the sum of £7,920. 9s. 8d, to enable him to repay the advances of £4,920. 9s. 8d, which they have made from other funds.

10. I trust that with care and economy the Local Government will under the New Land Regulations be able to defray the large amount still to be found for the fulfilment of the Company's Contracts in this Settlement, and I see every reason to hope that they will be able to do so, as land is now again being readily sold. Your Grace will observe from the papers I have enclosed, that whilst only a sum of £7,620. 9s. 8d, has been drawn for the purpose of repaying the expenses for the fulfilment of the Contract of the New Zealand Company in the Wellington Settlement alone, it is estimated that those expenses will not fall below the sum of £10,000.

I have, &c.,

( Signed ) G. GREY.

His Grace

The Duke of Newcastle, &c. &c.,

No. 98.

Downing-street,  
29th December, 1853.

SIR,—

I have to acknowledge your despatch No. 71 of the 24th of June last, in which you report that in pursuance of the instructions conveyed by Lord Grey in his despatches of the 19th of March 1851, you had incurred an expenditure of £10,520 18s. 11d, between the 5th of July 1850 and 4th of March 1853, on account of the fulfilment of the contracts of the New Zealand Company towards the Wellington settlers; and that you had called on the Officer in charge of the military chest to pay over to the Colonial Treasurer the sum of £7,620 9s. 8d, part of this amount.

The despatches of my predecessor to which you have referred, informed you that under the provisions of 10 and 11 Victoria c. 112, p. 19, the Crown took the lands of the Company on the 5th of July 1850, subject to any contracts which might be then subsisting in regard to any of the said lands. And thereupon he instructed you that the ordinary land expenses of the settlements must be borne by Her Majesty's Government, with as much regard to economy as practicable, Government receiving the one-sixth on Land Sales which according to the terms of purchase constituted the Vendor's Fund.

Accordingly I find from the account enclosed in Mr. Bell's letter of June 22nd (enclosure No. 2 of your despatch) that £2,295 · 9 · 3 had been expended in accordance with those instructions, within the period named, on "general charges" on account of the Settlement: and I am glad to learn from that gentleman's report that considerable reductions had been made in the scale of establishments previously maintained by the Company.

The remainder of expenditure, making up the total sum of £10,520 · 18 · 11, consists of items for which, as far as the correspondence now before me shews, you had received no authority whatever.

Of this sum £3,140 · 0 · 2 is charged to a re-survey of the Wellington District, and the purchase of land at Rangitikei. You have given me no explanation respecting these amounts, and I can only conjecture that their expenditure was considered necessary in order to fulfil some contracts for compensation of disappointed land purchasers, which had been entered into by the Company, or by its Agents in New Zealand. All that I am told respecting them is, that in Mr. Bell's opinion they were exclusively chargeable to the fulfilment of the contracts of the Company.

The further expenditure of £5,087 · 9 · 6 has been incurred in respect of payments for the acquisition of the Ahuriri District, "in order to satisfy contracts for re-selection and compensation entered into by the Company with its purchasers in its Agreement of the 6th of October 1849, which could not be fulfilled fairly within the Districts attached originally to the "Wellington Settlement:" as to which Mr. Bell reports that "in his opinion, it must to a considerable extent be charged to the fulfilment of those contracts."

The Agreement of the 8th of November 1849 was made subsequently to the Act of 1847, and therefore subject to the approval of Her Majesty's Commissioner, and I cannot find that Her Majesty's Commissioner signed anything beyond an arrangement by which the Company offered 75 acres out of their own Estate at Wellington, on every 150 originally bought. I am not aware of any sanction whatever having been given by Her Majesty's Government to the acquisition of a new tract of land, part of its own demesne, (for the purchase was made after the 5th of July 1850,) in order to fulfil an engagement thus limited in its origin. If that purchase was made under the authority of the Legislative Council, this furnishes no additional reason for fixing any liability on Her Majesty's Government in respect of it.

In all these cases, (except the maintenance of the land establishment, as to which you had definite instructions,) the question, whether a particular engagement made by the Company's Agents in the Colony, was, or was not a "contract" for which the Crown was rendered liable under the Act, was obviously a legal one, and involving questions to which it was absolutely necessary that legal considerations should be applied. It was therefore plainly the proper course for you, before defraying any liability in respect of such supposed contracts out of the Commissariat Chest, to apply for instructions from home. If the exigencies of the question rendered such a reference impossible, (although I am not aware that this was the case in any of the instances before me) you were at least bound in prudence to fortify yourself with the opinion of the Law Advisers of your own Government.

Instead of this, you appear to have been guided in these appropriations by nothing whatever except the opinion of Mr. Bell, and the grounds on which that gentleman had formed his judgment are not stated in his letter or in your despatch.

By this course of proceeding you have placed Her Majesty's Government in considerable difficulty, as I understand Mr. Bell's letter, he estimates the total expense of the "fulfilment of the Company's Contracts" himself being the judge of what falls properly under the designation of Contracts,) at £10,000, over the realized and probable receipts, for which he credits Her Majesty's Government. And however this may ultimately turn out, it appears at all events, that you had drawn on the Commissariat Chest for £7,620 · 9 · 8 at the date of your despatch; by far the greater part in respect of expenditure, for which you had no instructions, and for which Her Majesty's Government, on the scanty information as yet before it, can acknowledge no liability.

My first instruction must necessarily be, to stop all demands whatever on the Commissariat Chest in respect of supposed contracts of the Company, either at Wellington, or in any of their other settlements specified in Lord Grey's despatch of 19th of March, 1851, except for the maintenance of the ordinary land establishments, as distinctly pointed out in those despatches.

In the next place, to apply the sixth of the land revenue which may have accrued in the several Settlements since the date of your despatch, and which may not have been absorbed by their current expenses, to the reimbursement of the Commissariat Chest for these advances.

And lastly, to furnish me with a full statement of the grounds on which these unauthorized items of expenditure have been regarded by you as chargeable to Contracts of the Company which Her Majesty's Government were bound to fulfil, in order that I may obtain if possible a clear legal understanding of the liabilities thus created, and may ascertain whatever it is competent to Her Majesty's Government to charge them, or any portion of them, on the sum payable under the 10th and 11th Victoria ; Cap. 112, to the New Zealand Company.

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

( Signed )

NEWCASTLE.