

22. The means of meeting this expenditure are now to be considered. The Ordinary Revenue of the Colony for the last three years may be stated as follows :—

1854	...	...	...	...	...	...	...	£108,739
1855	...	...	...	...	...	...	...	109,222
1856	...	...	...	...	...	...	...	107,698

to which may be added about £14,000 annually, for Provincial receipts not paid into the General Chest, shewing in round numbers an annual Ordinary Revenue averaging £123,216.

23. The cost of the Civil Government of New Zealand may therefore, (exclusive of the interest of existing debts and the sum required for the extinction of Native Titles) be taken as entirely absorbing the Ordinary Revenue.

It is true that there is a Territorial Revenue arising from the sales and leasing of Crown Lands: the gross receipt from this source were, in

1854	...	...	...	...	...	...	...	£182,886
1855	...	...	...	...	...	...	...	63,852
1856	...	...	...	...	...	...	...	82,382

from which must be deducted, for costs of collection and management, New Zealand Company's Fourths, and Land Purchases the sums of £104,281, £59,031, and £44,404, respectively ; and, as these charges are fixed by the Constitution Act, the balance averaging about £44,680 annually is all that remains available to be appropriated to public purposes ; and there does not appear any sufficient reason for expecting any material increase for some time to come.

24. Whatever also may be the receipts from this source, it is submitted that they are not properly applicable to the ordinary expenses of the establishments, Civil or Military, necessary for the colony. To treat receipts from land sales as Revenue, would be vicious in principle and ruinous in practice. Land Revenue is properly an annual profit received from the land, but not the peculiar money derived from the sale of it. A colony can only legitimately treat its land as so much capital, which, by continuous sales will become exhausted ; and it would be as erroneous to spend that capital, when converted from land into money, in the ordinary expenses of Government, as for a private proprietor to sell his estate to pay the annual expense of his establishment.

The only legitimate purposes to which receipts from Land sales can be applied are such as amount to a conversion from one description of capital to another. The introduction and settlement of population ; public works, including roads for rendering accessible the Waste Lands beyond those already sold ; and improvements of a similar character, are the objects to which the receipts from the sale of the public Lands of a Colony can alone be legitimately applied. Accordingly these receipts are at present treated as Provincial Revenue, applicable to the requirements of the localities wherein they arise.

25. Such being the state of the Revenue and expenditure, it may be asked, whether the Colony should not be subjected to additional taxation. During the last session of the Assembly an alteration was made in the Tariff, principally with a view to the simplifying the mode of raising this branch of the revenue ; but which would also, it was calculated, increase the Customs Revenue by about 10 per cent. The highest duty is now fixed on Spirits and Tobacco, which it is presumed they are calculated to bear without so increasing smuggling, that, with the great facilities afforded by the peculiar nature of the Coast, (especially in the Northern Districts,) the Revenue would rather lose than gain by any addition to the duties now levied on these articles. On almost every article of luxury and of necessity a duty is imposed, equal, upon an average, to about 8 per cent ; the free list comprising only a very few items, of a character, such as implements and raw materials, admitted free almost everywhere.

It will be found, on a comparison of the Customs Duties levied in New Zealand with those raised in the Australasian Colonies, that the former is far more heavily taxed than the latter ; and the small additional duties imposed by the recent alteration have already been made a subject of comparison and complaint. It is not therefore practicable to raise the duties of Customs, with a view to the increasing the Revenue of the Colony.

26. Direct taxation has been at different times attempted in New Zealand ; on one occasion in substitution of Customs Duties, and frequently for Local purposes. Experience has proved that the raising of a large amount for any purpose by direct taxation would be impossible ; and there is no doubt that, apart from the question of the expediency of such a course, an attempt to raise any amount in this manner for the general purposes of the Government, beyond that which can be obtained for local improvements, would certainly end in failure.

27. The foregoing considerations, it is respectfully submitted, present a claim which it is neither just nor expedient to disregard.

The Colonists are in no way responsible for the state of affairs existing in New Zealand ; and it would be a false reasoning to take a course which would cripple the Colony and retard its progress ; and thus for a lengthened indefinite period render necessary the presence of so considerable a military force as is now required. A few years more of peace and prosperity will place New Zealand in a position which will no longer make it necessary, or proper, for the Colony to appeal on the same grounds to the justice or liberality of the Mother Country ; but will enable it, without detriment to the peace or progress of the Country, to forego any claim for Military protection against internal commotion, as it has already been able to forego pecuniary assistance towards the maintenance of the Civil Establishment of the Colony.

28. It is therefore respectfully urged upon Her Majesty's Imperial Government that the time has not yet arrived when New Zealand should be required to contribute towards the Military Establishments