

formed the belief that the people of New Zealand were determined to submit to no equitable adjustment with this country, but would, if they possibly could, compel England to quell all native disturbances without themselves bearing a fair proportion of the cost.

I felt that any act of mine which would produce such a result would place the Colony in a false position with Her Majesty's Government, which has rendered it already a large measure of assistance at a smaller cost than was ever dreamt of; and with the people of England, whose good opinion it should be our ambition to deserve. At the same time that I have pledged myself in this matter, I have, as you will have seen, been especially cautious to guard that pledge from being considered in any way binding either upon the Government as a whole, or upon the Colony. I have endeavoured to secure the double object of, on the one hand, doing nothing myself to prejudice the Colony in the estimation of the Government and people of this country; and on the other, of doing nothing which can place the slightest obstacle in the way of the Colonial Legislature taking whatever course it pleases.

I send you a copy of the Act by this mail, which has been introduced into the House of Commons by Mr. Secretary Cardwell, entitled, "A Further Act to Guarantee a Loan for the Service of New Zealand."

I have, &c.,

READER WOOD.

The Honorable the Colonial Secretary, Auckland, New Zealand.

Enclosure 1 in No. 16.

THE HON. THE COLONIAL TREASURER TO THE RIGHT HON. THE SECRETARY OF STATE FOR THE COLONIES.

Westminster Palace Hotel, London, May 24th, 1864.

SIR, --

In compliance with your request, that I should state to you in writing the nature of the security the Government of New Zealand has to offer for the loan which it is proposed to contract, I beg to lay before you the following statement of the actual ordinary revenue and expenditure of the Colony for the financial year which ended June 30th, 1863. The ordinary revenue is the security offered for the loan.

RECEIPTS.

	£.	s.	d.
Customs - - -	439,150	0	0
Postal - - -	26,861	0	0
Judicial - - -	19,177	0	0
Registration of Deeds - -	6,760	0	0
Miscellaneous - - -	8,005	0	0
	<u>£549,963</u>	<u>0</u>	<u>0</u>

EXPENDITURE.

	£.	s.	d.
Civil list - - -	25,000	0	0
Permanent charges - - -	79,000	0	0
Conduct of government, generally charged - - -	91,912	0	0
Conduct of government, provincially charged - - -	94,755	0	0
Surplus paid to provinces and otherwise appropriated - -	259,296	0	0
	<u>£549,963</u>	<u>0</u>	<u>0</u>

I beg also to lay before you the estimated receipts and expenditure of the current financial year ending June 30, 1864.

RECEIPTS.

	£.	s.	d.
Customs - - -	603,600	0	0
Postal - - -	40,000	0	0
Judicial - - -	25,000	0	0
Registration fees - - -	12,000	0	0
Miscellaneous - - -	11,000	0	0
	<u>£691,600</u>	<u>0</u>	<u>0</u>

EXPENDITURE.

	£.	s.	d.
Civil list - - -	27,500	0	0
Permanent charges - - -	130,490	0	0
Conduct of government, generally charged - - -	167,400	0	0
Conduct of government, provincially charged - - -	151,400	0	0
Surplus for distribution to provinces - - -	214,810	0	0
	<u>£691,600</u>	<u>0</u>	<u>0</u>

From this it will be seen that after the expenses of the General Government have been defrayed, there remains a surplus of upwards of £200,000.

I may state for your information that the revenue for the current year is received at a rate considerably beyond the amount at which it was estimated, and there can be no question that, maintaining the present system of appropriation, and continuing to pay to the Provincial Governments the proportion of the customs revenue which has hitherto been annually set apart for their use, there will be, for future financial years, an ample surplus to cover the interest and sinking fund of the loan.

The rate at which the New Zealand revenue has increased during the last few years is as follows:— Prior to the year 1860-61 the ordinary increase of the revenue varied from 10 to 16 per cent.; the year 1861-62 (the year of the gold discoveries) showed an increase of 65 per cent. over the previous year; 1862-63, of 44 per cent.; and 1863-64 is showing an increase at the rate of 30 per cent.

The general progress and advancement of New Zealand may be shown by the following statistics:—