

No. 9.

Copy of a Letter from the Hon. E. W. STAFFORD to His Honor F. WHITAKER.

(306)

Colonial Secretary's Office,
Wellington, 20th September, 1866.

SIR,—

With reference to my letter No. 19, of the 18th January last, I have to state that the question referred therein is under the consideration of the Government, and that it will be necessary to satisfy the General Assembly that the Province of Auckland will be able to bear the proposed additional burthen of £20,000, the interest and sinking fund on the proposed loan of £250,000.

I have accordingly to request your Honor to be good enough to furnish me with detailed statements, showing out of what fund it is anticipated that this additional charge can be defrayed, after the interest on existing loans and the administrative expenses of the Province have been provided for.

It is also understood that, whilst authority to raise two hundred and fifty thousand pounds is desired, the past and contemplated expenditure on account of the Confiscated Lands in question, is only £213,000, thus leaving a balance unaccounted for amounting to £37,000, some further explanation on this point is requisite.

It is also desirable that the Government should be supplied with additional information on the following points:—

1. Amount of ordinary Provincial Expenditure particularized and compared with amount of Local Revenues.

2. Specifications and estimates of proposed Public Works (given in detail approximately).

3. Proposed currency of Debentures.

4. Amount of Local Revenues received by the Provincial Government for the last three years, stating heads of Revenue.

5. Estimated annual proceeds from sale of Confiscated Lands, computed from the 1st of March last, the date on which the Provincial administration of those lands commenced.

I have, &c.,

E. W. STAFFORD.

His Honor the Superintendent, Auckland.

No. 10.

Copy of a Letter from His Honor F. WHITAKER to the Hon. E. W. STAFFORD.

Wellington, 22nd September, 1866.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 20th instant, informing me that it will be necessary to satisfy the General Assembly that the Province of Auckland will be able to bear the proposed additional annual burthen of £20,000, the interest and sinking fund on the proposed loan of £250,000; and requesting me to furnish you with detailed statements in reference to the several matters referred to in your letter.

1. The estimate that a loan of £250,000 is required to cover all the contemplated expenditure in reference to the confiscated lands is based upon the data already furnished, to which must be added, of course, the cost of negotiating a loan of the character proposed, which cannot be taken at from less than £25,000 to £30,000, or even possibly more, leaving a very small margin for contingencies.

2. With reference to the fund out of which the annual charge entailed by the loan will have to be paid, I am not able to supply you with the details you require as I have not the documents which it is necessary to refer to; but I can state the present position of the finances of the Province with sufficient accuracy to enable the General Assembly to judge what there is to look to to cover the annual expenditure which would be entailed by the proposed loan.

3. Apart from the question of assets and liabilities resulting from the confiscated lands, it may be assumed, for all practical purposes, that the Province of Auckland is free from any financial embarrassment or difficulty. The revenue of the current year will cover the expenditure entailed by existing loans and administrative expenses, but no more, and I have no doubt that the result of the year 1867 will be the same; but there will be no Surplus Revenue this year, nor can any be expected next year available to meet any extraordinary expenditure, either as interest and sinking fund, or for public works.

I believe that an average of from £20,000 to £30,000 a year may be reckoned on as the proceeds of sales of confiscated lands for some years to come, and this should be wholly applied or set apart to the payment of interest and sinking fund on the special debts entailed on the Province of Auckland by the war and management of confiscated lands. It is reasonable to expect that, under judicious administration of the confiscated lands and of the affairs of the Province in general, that the rate of progress hitherto attained may be maintained, and, if this were so, the extra charge entailed by the proposed loan, met for a time altogether by the sales of confiscated land and eased for some time after from the same source, would be paid probably without difficulty out of Ordinary Revenue, and not severely felt.

It must not, however, be overlooked that there are elements of uncertainty in the matters already referred to, which no foresight or prudence can altogether remove, and, taken in conjunction with other subjects to which I will now refer, it is a question for serious consideration, whether it would not be wiser and more to the advantage of both the Colony and the Province of Auckland that the arrangement came to in reference to the confiscated land should be cancelled.

The existing loan of £500,000, authorized to be raised by the Province of Auckland in 1863, was disposed of to the Bank of New Zealand. A considerable portion of the debentures were, only recently, handed over to the Bank under the arrangement made, and it is understood that they are now on the market, and no doubt will be for some time to come. The debentures of other Provinces are also saleable with difficulty, and only at a large discount. Under these circumstances it is very questionable in my mind whether a new loan by the Province of Auckland would be saleable at all in the present state of the money market, and at all events an almost ruinous discount would have to be submitted to, and the result would entail much damage to the credit of all Provincial loans, and even a serious depreciation in the value of the securities of the Colony.