

I apprehend, be assumed at less than 30,000*l.* last year. There has been no notice yet that I am acquainted with, of the renewal this year of the allowance of bounties; but it appears from the preceding statement that the continuance of the expenditure under this department alone will be enough, according to the data of the Governor's calculation, to absorb by the end of this year the accumulated balance of former periods, and to leave the revenues afterwards deficient.

It is proper to observe, however, that there are not wanting reasons to hope that the general decline of the revenue in New South Wales may have been, at any rate to the extent to which it had gone, temporary. I have understood that a law was in contemplation, at the latest dates, to check illicit distillation, which had materially impaired the spirit duties. Again, the depression of the wool market at home in 1837, is pointed out by the Governor as one probable cause of diminution in the sales of land in the colony in 1838; and so far as a judgment may be formed from the unexampled numbers of settlers who have been setting out of late for New South Wales, with the view of buying land, it can hardly be anticipated that the receipts from that source will not be as high this year as they have been at any period before.

Making every allowance, however, for these considerations, the state of affairs at the time when the Governor wrote has brought distinctly into view the possibility of a deficiency in the revenue, and the question of the measures which in that case would become advisable in regard to emigration.

Under these circumstances, great uneasiness, as Lord Normanby is aware, has been excited amongst gentlemen interested in the welfare of the colony. Several deputations have waited upon his Lordship, and have deprecated a stoppage in the supply of labour, at a moment when an annual course of emigration has just been set into steady operation, and when capital is proceeding into the colony faster than ever; and they suggest that, instead of having recourse to that alternative, the Government should rather raise whatever funds might be wanted upon the credit of the land revenue, on which security, it is stated, money could be procured in the city of London without difficulty, and on moderate terms.

So far as my opinion may be required on this proposal, I would state that I entirely concur in the inconvenience of putting a check to the newly-created flow of emigration to New South Wales, and in the event of the proper funds proving inadequate to its maintenance at its present rate, I feel no doubt that the best remedy, both in regard to the interest of the colony, and to the ultimate good of the revenue itself, would be, not to curtail the amount of emigration, but to borrow the necessary funds for its continuance on the credit of the future receipts from land. But having submitted this opinion in general terms, I am unwilling to proceed further at present, because I believe a report of the Council on the whole subject of emigration, probably including this topic, may be daily expected from the colony.

In the meanwhile it may be observed, that whether or not the revenue should prove ultimately defective, and whatever may be the decision taken on the project of a loan, there seems sufficient reason not to diminish the rate of emigration this year; for the excess of expenditure would only, on the most unfavourable assumption yet considered, accrue towards the end of the year, and could be very easily balanced, even if the plan of borrowing funds should not be adopted, out of the first proceeds of the land revenue next year. Postponing then, for the further information expected from the colony, the question of a loan, I beg leave to apply at once, very earnestly, for authority to carry on the emigration of this season to the full extent of that of last year; so that, while time is taken to deliberate on the larger proposal raised by the highly respectable deputations which have waited on Lord Normanby, the supply of labour to the colony will not in the interval undergo any abatement, and thus their chief object will for the present be secured.

I have, &c.

*T. Fred. Elliot.*

Sir,

Treasury Chambers, 21 May 1839.

WITH reference to your letter of 30th ultimo, and the report from the agent general for emigration therein enclosed, urging the expediency of encouraging emigration to New South Wales this year, to the same extent as during the last year, I have it in command, from the Lords Commissioners of Her Majesty's Treasury, to request you will acquaint the Marquess of Normanby that, adverting to the representations against any present diminution of the expenditure for promoting emigration, which are stated to have been submitted to his Lordship, and to the consideration that from the large accumulation which had occurred of funds applicable to that purpose the means of meeting emigration expenditure during the greater part of the present year, to the same extent as last year, are already provided, My Lords conceive that it may be advisable that emigration to that extent should be continued for the present year; but I am to request you will further observe to his Lordship, that this concurrence of My Lords in the suggestion of the agent general is given without any reference to the loan which has been suggested for this object, any proposition respecting which must necessarily be accompanied by very explicit information as to the arrangements the local government would feel enabled to make for securing a due payment of interest, and liquidation of the principle.

I am, &c.

(signed) *G. J. Pennington, Pro. Sec.*