

change took place, allowing for the portion of the year during which the measurement system prevailed. I have had returns compiled to enable the Committee to see at a glance the non-progressive character—notwithstanding the unprecedented prosperity of the Colony—of the revenue collected under the *ad valorem* system. A few comparisons will demonstrate the position. In the year ending

Table Y. June, 1875, during the whole of which the 10 per cent. *ad valorem* duties were in force, the revenue derived from this source was £364,558. For the year ending June, 1878, the revenue from the same duties was only £330,770, a falling off of £33,788. During the same period all the other great items of revenue showed a large increase, presenting a remarkable contrast to those subject to the *ad valorem* system. The duty on tea, for instance, increased in the same time from,

Table Z. in round numbers, £68,000 to £80,000; on sugar, from £114,000 to £131,000; and on goods by weight from £63,000 to £77,000.

We may, or may not, accept the theory, that these different results are to be only accounted for by a large proportion of fraudulent entries at the Customhouse, for which the *ad valorem* system gives superior facility; but the figures I have stated, of themselves point to the necessity for reform, and justify the Government in proposing a change, even though necessarily incomplete, in the present Session. The object we have in view is to change the *ad valorem* into specific duties; but we cannot, with the data and time at command, do more than make a beginning this year. It is no part of our proposals to increase the total revenue, but to make the specific duty yield as near as possible the amount derived under the *ad valorem*. The following are the articles on which the change will take place:—Wool-packs, corn-sacks, flour-bags, carbonate of soda, cream of tartar, tartaric acid, fish, potted and preserved, jams, &c., bottled fruits, mustard, pickles, sauces, starch and blue, lead piping, naphtha, nails, wrapping paper, and paper bags. Naphtha was formerly on the free list, but we have included it because of its relation to other dutiable articles.

The total Revenue received from these articles last year was £23,291, and we anticipate about the same amount under specific duties. To complete the list we propose to include boots and shoes, the revenue from which last year was £18,295, and the specific duties on which are fixed on a scale well understood in the trade. Papers showing the proposed duties will be laid on the table. The effect of these changes is calculated to relieve trade from some of the opprobrium it was certain to incur under a system which has been condemned in nearly all commercial countries; while care has been taken that the young and growing industries of the colony are not injured but rather fostered. The tariff at present comprises two hundred and fifty specified headings, of which ninety-one are fixed rates, and one hundred and fifty-nine *ad valorem*. If our proposals are adopted, twenty headings will be taken from the *ad valorem* list and added to the fixed; and if the remission of duties be carried out, thirty-eight headings will be altogether removed from the tariff.

TAXATION.

I now approach the question of taxation.

The House has decided, and the country has endorsed the decision, that our taxation bears with unequal pressure on different classes of the community, and that the time has arrived when we should address ourselves to the task of readjusting the burden which the colony is called upon to sustain. In one respect the time for accomplishing this object could hardly be more favourable than it is at this moment. It is in periods of prosperity we are freest to consider what, in questions of taxation, is just, as well as what is expedient, and when changes can be effected with least apprehension of unfavourable results. The colonialization of the Land Revenue has placed in the hands of the Government and the House a powerful reserve force, capable of immediate expansion in emergencies; but we must also recognize that it is a force which may be easily abused. The Government accept the position that this great source of income should not possess entirely the character of ordinary revenue, or be dealt with as if it were a fountain never to be exhausted. Attached to the revenue from land sales there are obligations which we cannot overlook in the changes we intend to propose. It might be