

earnings. The tax on farming property falls, therefore, with exceptional severity on the taxpayers, the more especially that the House refused the moderate exemptions upon machinery and agricultural improvements proposed to it last year.

A reduction of the rate of property-tax and a small increase of the Customs duties would benefit every class and every interest in the colony, for the community is closely knit together, and the illogical reduction of one kind of taxation and increase of another must be felt by every one. I cannot say that additional taxation is necessary this year, for it is not; on the contrary, I can do with less, and I propose to take off $\frac{1}{16}$ th of a penny of the property-tax, making it $\frac{3}{8}$ ths this year instead of $\frac{4}{8}$ ths. This is equal to a reduction of £24,000, or over 7 per cent. of the estimated yield of the tax. I should have liked to take off more, and I am convinced that in every way the colony would benefit if the House were to sanction the reduction of the property-tax to $\frac{3}{8}$ ths, and substitute moderate increases of duty on articles (other than sugar and tea, and such like necessaries of life) that can well bear the taxation. I dare say I shall be told, as I was in 1884, that the moderate reduction proposed is not worth making. But the property-tax is meant to be adjusted year by year to meet the revenue wants. Some people have argued that the reduction of three-eighths in 1884 was no advantage, because the tax was increased four-eighths in 1885. Putting on one side the fact that the increase last year was not a necessary consequence of the decrease the previous year, I would point out that the taxpayers gained by retaining for a year the use of their money. It is true the joint rates of the two years averaged five-eighths of a penny each year; but the smaller amount was sufficient for 1884–85, for it left a surplus at the end of the year. The larger tax last year was consequent on the refusal to increase the tariff. Had the proposals then made been accepted we should, I think, have been well able to do with five-eighths of a penny this year. Burdening property just now when produce is so low is a mistake, as witness the opinions of the financial authorities who control the fiscal policy of Great Britain and France. I may add that the refusal of the House to grant the exemptions upon machinery and agricultural improvements strengthens the arguments in favour of reducing the property-tax at least for the present.

ESTIMATED REVENUE OF THE YEAR 1886–87.

The estimated revenue of the year, with the reduction of the property-tax, which I have described, is as follows:—

Revenue.	Estimated, 1886–87.	Estimated, 1885–86.	Actual, 1885–86.
	£	£	£
Customs	1,410,000	1,430,000	1,414,825
Stamps, including Post and Telegraph cash ...	617,500	611,900	607,009
Property-tax	312,000	327,000	326,276
Beer duty	55,000	55,000	55,165
Railways	1,150,000	1,050,000	1,044,305
Registration and other fees	36,000	34,000	35,600
Marine	13,000	14,000	12,113
Miscellaneous	44,000	32,000	69,819
	3,637,500	3,553,900	3,565,112
Depasturing licenses, rents, &c.	186,320	195,000	181,834
Debentures for increases of sinking fund ...	251,100	258,000	252,200
Total Revenue	4,074,920	4,006,900	3,999,146

It will be observed that the estimate of accretions of sinking fund is rather less than last year, instead of, as might be expected, showing a considerable increase. The explanation is that Her Majesty's Lords of the Treasury have agreed to allow the interest on the 1856 guaranteed loan to be paid out of the interest received from the accrued sinking fund, which now exceeds the amount of the debt.