

proved that the market value was above the assessed value. It will not be forgotten that in September and October, 1888, the rise in the price of grain and other produce caused first a firmness and then an advance in land values; and had it not been for this improvement there must have been a serious shrinkage in the assessment of real estate. It may be fairly assumed that during the past twelve months the actual value of landed property in New Zealand was decidedly higher than at the 1st October, 1888, the date of the assessment. This is generally true, but of course in some districts there has not been an advance. There have been from time to time the usual complaints of over-valuing, but they have no foundation in fact. The large increase in the Wellington and Hawke's Bay Districts, and the smaller increase in Taranaki, are to be accounted for by settlement.

The apparent increase in personal property, which includes mortgages, is in round numbers three millions; but this is not in property that was included in owners' statements and other property upon which tax was levied, the sums of these for the two periods being practically the same—namely, £74,709,424 and £74,928,210. There is a decrease of £777,051 in live stock; a slight decrease in produce; an increase of about a million in the total value of stock-in-trade, merchandise, machinery and plant, &c.; a trifling decrease in furniture, household goods, musical instruments, and plate, &c.; an increase of over two millions in cash returned; a decrease of nearly one million in mortgages returned for assessment; a decrease of nearly £270,000 in debts, and of nearly £750,000 in other personal property. This last item includes £6,562,713, the balance of the assets over the liabilities of the banks doing business in the colony, taken from the gazetted returns. This is not the sum on which the banks pay tax, as they are taxed in a special way. On page 8 is an account of some personal property not included by owners in their statements, and from this it would appear that the cash returned, including cash deposited with banks, &c., is £6,718,000 less than the total deposited in banks, added to the note circulation. This shows a serious loss of revenue, and it does seem unjust to other taxpayers that those who have their property in cash should so largely escape taxation. At present the department is powerless in the matter, there being no authority given by law to obtain any information from banks; and, in fact, there are grave difficulties in the way of securing evidence even when proceedings have been taken against defaulters, it being necessary to get an order of a Judge of the Supreme Court to inspect a defaulter's account and to enable bank officers to give evidence. The knowledge that it is almost impossible to detect fraud has the effect of tempting many people to omit from their statements money deposited with banks and companies. This short return of cash is a grave scandal.

A reference to Table No. 3 will show the marked improvement that has taken place in indebtedness since the previous assessment. In 1885 the total of mortgages was £31,821,109, and in 1888 £30,502,231, a decrease of £1,318,878. The other debts deducted by taxpayers decreased from £20,365,593 in 1885 to £16,661,466 in 1888, being £3,704,127 less at the later date.

A classification of owners of personal property is now published for the first time. This table includes the personal property of banks and financial companies, and the twenty-three in the class above £200,000 consist of these. Those who return less than £100 number 27,479, and between £100 and £200, 11,866, making a total of 39,345 under £200 out of 65,306, the whole number stated in the table, and 57,381 return not more than £1,000.

Table No. 7 is of special interest as showing the number of persons who pay tax, and the number in each class. In using this table as one giving the distribution of wealth, £500, the amount of the exemption, must be added to the taxable value of each person's property. It appears that 3,028 pay on less than £100, that is, they pay less than 8s. 4d. a year; 2,870 pay between 8s. 4d. and 16s. 8d.; and 2,324 pay between 16s. 8d. and £1 5s. Those who pay less than £2 10s. a year number 13,035, and 3,463 pay between £2 10s. and £4 3s. 4d. a year; then 4,077 pay between £4 3s. 4d. and £8 6s. 8d.; 4,606 pay between £8 6s. 8d. and £41 13s. 4d.; 630 pay between £41 13s. 4d. and £83 6s. 8d.; leaving 516 who pay above the larger amount. From this table many calculations as to the effect of varying the incidence of the tax may be made. The