

1887.
NEW ZEALAND.

FINANCIAL STATEMENT

(In Committee of Ways and Means, Tuesday, 10th May, 1887.)

BY THE COLONIAL TREASURER, THE HONOURABLE SIR J. VOGEL.

MR. HAMLIN,—

I venture to hope that honourable members will listen with attention to the information and the proposals it will be my duty to lay before them this evening. The Financial Statement was made last year much earlier than usual, and before the session closed I informed the House that I feared the estimate of the revenue for the year would not be realized. Notoriously this has been the case, and I have not this evening to make the announcement, so pleasant on these occasions, of a surplus. On the contrary, I have to tell the Committee that the transactions of the year just passed leave a deficit.

THE EXPENDITURE FOR THE FINANCIAL YEAR 1886-87.

I have pleasure in stating that the expenditure during the last financial year showed a saving of £98,626 on the amount estimated. The savings of all kinds amounted to £129,880, the excesses to £31,254, resulting in a net saving to the extent I have just indicated. The largest items were Railways £65,511; Public Works (Consolidated Revenue Account), £12,035; Education Department, £11,886; Customs, £10,839; Defence, £8,982; and Mines, £7,411. The excesses in expenditure were principally £14,338 for services not provided for, and £10,023 for the Postal service. The latter chiefly arose through additional cost of sea services because of large premiums earned, and through underestimated expenditure for the maintenance of telegraph lines. There was a saving on the estimate for subsidies to local bodies, but the expenditure will come in during this year. As I shall have occasion to repeat later the Government have in every way exerted themselves to conduct the expenditure on the most economical scale.

THE REVENUE OF THE YEAR 1886-87.

The revenue showed a less amount than estimated of £192,493. The following were the principal items of deficiency: Customs £124,235, Stamps £16,337, and Railways £157,813. The Customs duties I shall again refer to. As there was a saving on the estimate of railway expenditure of £65,511, the net loss on the railway estimate amounts to £92,302. The loss arose principally during the earlier portion of the year. Towards the end the traffic showed a marked increase. The loss on stamp revenue I attribute to diminished business. The Post Office and Telegraph services are considered to have earned about £10,500 over the

returns estimated, but it is difficult to exactly determine the amount of stamps sold for postal and for other purposes. The augmented business of the post and telegraph offices, notwithstanding the large use of delayed telegrams, is one of the most satisfactory features of the year. The depasturing licenses yielded £6,266 more than was anticipated. The miscellaneous revenue shows a large excess on the estimate—no less than £101,231. It arose in this way. The accumulated sinking funds on some of the English loans were much above what was required to meet the respective debts to which they belonged. I asked the Agent-General to call the attention of the Trustees of the Sinking Funds of the loan of 1863 to the fact, and they, in conformity with the law, released £104,749 under the Act of 1868, being the excess accumulated up to 1884, and they released £39,755 under the Act of 1884 on account of the excess since that period. The amount set free under the Act of 1868 reverts to the consolidated revenue; that belonging to the subsequent period is applicable to paying off the debentures created in the colony, and the amount has accordingly been so applied. Some doubt is felt in the Treasury as to whether £9,000 released under the Act of 1868 should not have come under the later Act. I have called the attention of the Agent-General to the circumstance, and possibly the sum in question may have to be transferred. It is perhaps right to add that I have no official control whatever over the Trustees of the Sinking Fund in England. They released the amount under the authority of an Act passed nearly twenty years since—in fact, a year before I first took office. My part in the matter, therefore, consisted of bringing it under their notice and accepting the transfer. As regards the debentures created here on account of the accrued Sinking Fund, I am pleased to be able to state that out of the amount already mentioned as released under the Act of 1884, and from the result of the drawings of the bonds we hold by conversion, we have paid off no less than £302,600 of the debentures created. Out of a total of £750,900 created since 1884, we have paid off already no less than £343,400.

Efforts are so frequently and perseveringly made to discredit the operation by which the revenue is put in funds to the extent of the accruing Sinking Fund that it is desirable I should specially refer to the subject. Statements have been put forth to the effect that New Zealand securities have fallen in value because of what has unwarrantably been termed the seizure of the Sinking Fund. There is not a particle of truth in the allegation. The plan, after it became law in 1884, was explained by the Agent-General to the London market, and did not affect either the loan then negotiated or a subsequent one. To suppose that it affected the third loan is absurd. There is no necessity to justify to this Committee a measure which, in the face of opposition, and after abundant discussion, was accepted and became law by the authority of the present House. As long as it is correctly described, frequent reference to it is immaterial, for no one is justified in taking exception to it. I venture to place the matter once more before you in its true light. Parliament in 1884, having its attention called to the fact that the accumulations of the Sinking Fund were so large as to practically amount to yearly paying off a considerable portion of the public debt, decreed that the consolidated revenue should be recouped by the issue of fresh debentures to the extent of the fresh accumulations of the Sinking Fund. There is no more impropriety in doing this than there is in reborrowing to pay off a loan which is about to fall due. As by the operation of conversions portions of the Sinking Fund have been set free, debentures issued on account of the increases in the fund have been paid off, and the result of three years is that only £407,500 remain outstanding. If the process is truthfully described, it may be proclaimed from the housetops without injuring the credit of the colony.

When account is taken of the Supplementary Estimates brought down after the Financial Statement last year was delivered, my expectations amounted to a small surplus of £1,500. I greatly regret there is instead a deficiency, but, considering the fears which have been expressed of its amounting to a very large sum, honourable members will, I believe, be glad to learn that it

amounts to no more than £92,293. I cannot accept any blame for this result. The circumstances which usually lead to the estimated revenue falling short have been conspicuously present; moreover, I informed the House before last session terminated that I feared the expected revenue would not be realized. This is the first deficit since I resumed office in 1884, and I think I have reason to be gratified that such is the case, and that the present amount is comparatively so small seeing how huge have been the disappointments during this period in other places. The amount of the deficiency can be identified in the statement of the revenue and expenditure of the Consolidated Fund by deducting the credit balance of £186,805 from the outstanding deficiency bills of £279,100.

LAND FUND.

The deficiency in the Land Fund has increased. I shall have to explain later that the change in the land policy is accountable for the result, and that it is necessary to make some permanent provision to meet the altered financial condition of this class of revenue.

THE PUBLIC WORKS FUND, 1886-87.

Last year a new and important departure was made by placing under distinct amounts the residue of the old loans and the amounts to severally arise from the North Island Trunk Loan and from the loan authorized during the session. I took credit in my last Statement for a balance of £768,780 remaining out of the old loans, and said that when recoveries were made on its account from the North Island Trunk Loan there would be more than £800,000 "to be voted as the House pleased on other purposes than railways, such as buildings, purchase of Native lands, roads and other works on goldfields, roading, &c." I added, "We look to its yielding at least two years' provision." Subsequently, in the Public Works Statement, my colleague more particularly described the transfers proposed both for rolling-stock and for the purchase of Native lands. These transfers have amounted to £350,780, and, together with £8,312 realized under "The Consolidated Stock Act, 1884," have raised the amount of the old loans available for expenditure to £1,127,872. The expenditure has amounted to £636,626, so that there is a balance of £491,246 available for expenditure this year.

It will be remembered that exception was taken to my statement that over £800,000 would be available to expend as the House pleased on the purposes named. I have already read the passage. The argument was that there were liabilities exceeding the amount, and that the House would have to find nearly another million if the proposal was to be carried out. I explained that the column of liabilities on public works was always included in the expenditure of the fresh year, and, as those liabilities sometimes extended over more than that period, it was not without precedent that the whole expenditure of a year, including liabilities and new votes, was less than the nominal liabilities left undischarged at the end of the previous twelve months. We took last session fresh votes for the liabilities and many new works in addition, and the whole expenditure has been little more than the amount of the liabilities. We have expended, however, somewhat in excess of half of the amount available for the two years, which I stated would be more than £800,000, and which proved to be over £1,100,000, so that we unquestionably made increased provision for the period. But the increased provision was not made because liabilities were overlooked, and I was only following previous practice in including liabilities in the expenditure for the year. Later on, when I speak of this year's Public Works expenditure, I shall include liabilities in it, and, though we contemplate some fresh votes, we shall not ask for a total provision much exceeding the nominal liability. The North Island Trunk Loan has not been floated yet. Honourable members will recollect that I expressly kept it out of the market until its proceeds were ear-marked by the legislation of last year. There now stands charged against it £325,685, including an expenditure of £70,378 on the purchase of Native land to serve as an endowment for promoting settlement along the line. There is thus about £675,000 of

it still available for expenditure. The loan of £1,325,000 authorized last year was negotiated at a little over £97, a price which is not satisfactory when the condition of the market at the time the loan was emitted is taken into consideration. I shall refer later to the causes that contributed to the low price; but, meanwhile, it is right I should say that the Loan Agents were not responsible for it. Indeed, such were the difficulties with which they had to contend, that I feel their ability and resource were even more called into requisition than on previous occasions when better results rewarded their exertions. In the published accounts it will be observed that the full receipts on this loan had not at the close of the financial year passed to credit in the colony. When all the instalments pass to credit, as since the end of the year they have done, the balance left unexpended will amount to £713,755, the expenditure during the year having been £555,765.

PUBLIC DEBT AND LOAN CONVERSIONS

I have already referred to the issue of the last loan. I need not detain the Committee with any remarks on the loan conversions, as, owing to the unfavourable state of the market, nothing further has been done during the past year in that direction.

FUTURE EXPENDITURE.

The Government have constantly had in consideration the question of reducing the public expenditure. It has necessarily come before them because of the diminished revenue, as also because of the very strong opinion on the subject expressed in Parliament. No excuse need be made for asking honourable members to allow me to go rather fully into the question. It is evident that retrenchment in the public service may be of two distinct characters—one comprising a reduction of the services provided, the other a reduction in the way the services are carried out.

Ministers have not thought themselves justified in depriving the colony of any of the services to which it has been accustomed, and which Parliament has sanctioned. They have, however, in every case which seemed to them practicable, diminished the expenditure without impairing the efficiency. There are three classes of public service—first, the class exclusively engaged in collecting revenue; second, the class which renders services and receives in the aggregate remunerative payment for the same; third, the class which undertakes useful duties for which little or no revenue is collected. The Customs aptly illustrates the first, the Post Office the second, and the Departments of Justice and of Education two kinds of the third class. It is evident that as regards the first of the three classes there is no possibility of abolition, the one object in the interest of retrenchment is to carry on such services as cheaply as is consistent with efficiency. The same remarks apply to the second class, only with regard to that class there arises the question of the extent to which consideration should be given to sparsely-populated districts. The extent and nature of the departments coming within the third category must entirely depend upon the decision of Parliament. No Government has the right to alter their character without the sanction of the Legislature.

It will be understood that, as regards all three classes, I admit there may be economies consistent with efficiency, and of these I will shortly separately speak. At present I am dealing with the questions relating to the extent of the services. When I tell you that the Post Office and Telegraph Department have set up the hard standard, regarding new post offices in the country districts, of requiring such offices not to leave a loss, that, with the desire to avoid spending money, remunerative extensions of the telephone and telegraph have frequently to be refused, and that as regards the Customs several stations are rapidly being closed, the Committee will see that there remains little to be said regarding reducing the services of the departments coming within the two first categories. The third category depends on the will of Parliament, and it would be unconstitutional that their nature should be materially affected by the action of the Government unsanctioned by the wishes of the representatives of the people.

So that there should be no mistake, I will give a list of nearly all the services which come within the range of the third class to which I am now alluding, and which could be curtailed or abolished without apparently direct injury to the revenue—but I do not say without injury to parts of the colony. I shall omit those for which permanent appropriation has been made—such as charitable aid—as evidently the Government could not if they wished reduce them, and I shall add some which apparently come within the class, though I shall afterwards argue that they do not really do so. The list then is as follows: The Legislative, the Audit, the Electoral, the Lunatic Asylum services, and those that come within the Departments of Justice, Education, Native Affairs, Mines, and Defence. I must again remind honourable members that I am merely bringing into a focus the cost of the public service. I would be reluctant indeed to have it supposed that I doubt the necessity of the services alluded to for the peace, order, and good government of the colony. The point at issue is whether the scope and extent of any of the services enumerated can be beneficially reduced. I will briefly remark on each: The Legislative Department is in the hands of the Legislature, and the votes submitted are open to consideration. The view of the Government is that reductions might be made, especially by allowing officers, who can be spared, to follow other avocations during the recess. Some permanent officers are undoubtedly necessary; but, where it can be avoided, it is not right to compel idleness for the major portion of the year. It is proposed to refer the subject to a Select Committee. Meanwhile, the Estimates are presented as sent in by the Speakers.

Although I have included the Audit Department in the class of non-revenue departments, it must not be supposed that this service does not benefit the revenue. Most decidedly it does benefit the revenue, and—which is equivalent to the same thing—it also saves expenditure. The audit and control system of the colony has been built up with consummate labour and ability, and I am convinced honourable members would not be willing to see its usefulness impaired. I well remember the time before the present audit system was established. The session used to be largely occupied by continually-reiterated complaints of the powerlessness of Parliament to control the expenditure. Although the same complaint is occasionally heard now, it is but a faint echo of the dissatisfaction of former times. Besides, the remedy rests with Parliament. It is that body which gives to the Government certain powers of distributing and transferring votes, and it is within the competence of the Legislature to limit the powers. Concerning the Electoral service, there is need only to observe that it is an essential part of the machinery of the government of the country.

I will not affront honourable members by dwelling on the argument that no temporary difficulty should induce us to lessen the accommodation or assistance we render to the unhappy beings who require to be incarcerated in lunatic asylums. The cost does not require justification. The expenditure under the head of Justice is in great measure to provide for an essential part of the machinery of government, as in the case already referred to. The Native Department is similarly necessary to a considerable percentage of the inhabitants of the colony—its reduction would much affect their interests. As regards the Educational Department there are few, if any, persons who fail to recognize that in the interests of the near and of the remote future of the colony it is imperatively necessary its people should be educated. I need not enter into the diversified views of those who think the towns enjoy too much, the country districts too little consideration, or of those who consider that private enterprise is unduly repressed; suffice it that the great majority of the people of this country regard education by whatever means provided as an essential feature of the good government of the colony. Although the Mines Department only directly raises a small revenue, its importance is infinitely great as regards the indirect effect it has both on the public revenue of the colony and the private revenues of the colonists. For example, it notably affects the Customs, the stamp and property duties, and it greatly influences the commerce of the country by its bearing on the earnings of

persons following many different pursuits and occupations. The Defence Department, excepting the police, is one which at first sight appears capable of curtailment. But before arriving at such a conclusion it is necessary to remember that each time that a tolerably well-founded rumour of war circulates an irresistible demand arises for a thorough system of defence. The expense entailed by the hasty provisions demanded in times of emergency is much greater in amount and less useful in result than that which it is necessary to employ to keep up a regular and properly trained force. It would be a false economy, now that this system has been attained, to relinquish it because the air is less full than usual of warlike echoes. Any retrenchment of the kind might, and probably would, be followed by a greater expenditure on a recurrence of warlike prognostications. The Committee will, I think, agree with me that the usefulness of the revenue-yielding departments, and of those that neither directly nor indirectly yield revenue, cannot be reduced, or, in other words, that the public service must be maintained at not less than its present standard of efficiency.

We now come to the question common to all the branches of the public service—Can the same efficiency be obtained at less than the present cost? This opens a wide field of inquiry, and the Government have been unceasingly engaged in studying it since Parliament last separated. The subject involves the consideration of the numerical strength of the Civil servants, of the amount of their salaries, and of the nature and conditions of their engagements. And when a conclusion with respect to the past character of the service has been arrived at there remains the difficult task of determining in what respect there should be a change in the future. In the past the New Zealand, like other Civil Services, was meant to be a profession jealously guarded with privileges. It grew out of the type common to all the English colonies before they became self-governing. Gradually the feeling with regard to the service moved in the direction of freeing it from special privileges and of treating the public servants more as if they were employed in private establishments. The status of the service, however, has as yet far from arrived at that level, and it seems desirable to fix what its condition should be in the future rather than to let it indefinitely drift. To illustrate what I have said, I may point to the various Civil Service Acts, and the gradual abolition of pensions and large allowances.

Last year we passed an Act of great bearing on the future of the service, and it has amazed me to hear it spoken of as a measure of no importance. Probably such was the prevailing impression when the former Civil Service Acts were passed. We have learned to feel their importance, if not to like them, now that we have to pay the pensions and the allowances they entail. I use the word *we* in the sense of the general opinion—for I confess that individually I feel a doubt if it is wise to go the length in reducing the status of the service to which public opinion unquestionably points. We rail against the pensions; do we quite appreciate the long and able services that have been rendered? From the point of view from which I regard the Civil servants—as tried and trusty aids to the good government of the country—it does not seem to me we should grudge a retiring pittance to those whose lives have been devoted to public pursuits. But the decree has otherwise gone forth. The country has determined against the undoubtedly increased expense of a service protected and privileged beyond a reasonable extent. The Government do not, however, precisely understand the wish to be that the tenure of the public servants should be quite on the level with that of private employés, but something approaching to it. The Act of last session, as I have said, was very important in this direction, for it provided that all Civil servants in future appointed shall be entitled to only three months' notice, and, in order to provide that they shall have some means at their command on leaving, five per cent. of their salaries is to be impounded and handed to them improved at compound interest on their retirement. A more radical alteration could scarcely have been decided on; and it was the reflection of the stern determination of Parliament in favour of retrenchment. The Government went into recess with the duty before them of giving effect to

the wish of the Legislature. I have already explained that they were unable to discover that a reduction of the existing services was required. It was their more economical management that was demanded.

Exclusive of small but necessary savings of an extraneous character, to all of which the Government have given their attention, the chief saving to be effected was in the number and salaries of the Civil servants: In studying what could be done of this nature, Ministers were confronted with the consequences of bygone engagements in the shape of pensions and retiring allowances to which Civil servants who might be dispensed with would be entitled. Each case has to be considered on its own merits, for in many instances, where the natural growth of a service is certain, it would be a loss to part with a good man on heavy terms of compensation when fresh assistance would soon be required. But again, in some cases it appeared likely the permanent dimensions of the service could be limited, and consequently could with advantage be at once curtailed. Besides present reductions, the Government have laid the train for large savings of expense in the future. Before detailing these steps, I wish to say that, in my opinion, ten years hence the difference in the cost of the Civil Service, between what it would have been under the provisions prior to last year and under the new conditions, will be equal to a reduction of 20 to 25 per cent., supposing, of course, the new conditions will be maintained.

The reductions the Government have made occur principally under the following heads:—

- (a.) Reduction on travelling expenses.
- (b.) Doing away with offices and dispensing with officers.
- (c.) Amalgamation of offices.
- (d.) Savings in appointments to vacated offices.

Under these heads the alterations already made will result in a considerable saving, and the steps taken to continue efforts in the same direction will lead to yet larger savings in the future. To secure these the Government have determined that when vacancies occur the office vacated shall, if possible, be amalgamated with some other office, or, failing this being practicable, that there shall be a considerable saving in the salary attached to the appointee to the vacant office. The scale of such reductions has been laid down, and many honourable members will appreciate the importance of the further provision made by Ministers (which however is, of course, open to remission by future Governments), that where any departure is proposed from the conditions just mentioned the Cabinet shall be consulted.

A classification list has, moreover, been drawn up. It will be found attached to the tables circulated with the Financial Statement. After the session an endeavour will be made to place each officer in the service within one of the divisions set forth. The classification will confer no claim to yearly increase or to promotion by seniority, but, other things the same, it will tend to more consistent dealing with the Civil servants. Hitherto, owing to the disparity of their positions and the difficulty of comparing them, there has existed more or less dissatisfaction at supposed inequality of treatment. Departmentalism, if I may use such a word to express the exclusiveness of departments, places difficulty in the way of amalgamation of services, especially in the kind of amalgamation suitable to country districts, where one officer might act for several departments. The Government are averse to assigning separate salaries for special duties. As a means of breaking down the walls of division, the Committee will see by the Estimates that we have amalgamated under the one head of Treasury and Inland Revenue the several departments of the Treasury, Customs, Marine, Stamps, Property-tax, Lands and Deeds Registry, and Post Office and Telegraphs. The chief officer of each branch and the Minister or Ministers will form a Board, which will sit periodically with the view to find means of enabling the employés of the different branches to act interchangeably. It will not be necessary that one Minister only should preside over all the branches. If the members of the present or a future Government desire to re-divide the departments over which Ministers at present preside, it will still be open to them to maintain the consolidation of this great department.

The Government have very carefully considered whether it was desirable that a rateable reduction should be made in the salaries of the Civil servants. They felt reluctant to adopt this course, because of its wearing the appearance of specializing one class of the community for subjection to an income-tax. But the House has indicated its resolve that the cost of the service should be reduced. One of two courses only was open: either to arbitrarily lessen the salaries of some officers, trusting to their not being in a position to refuse to accept the lower salary offered, or to make a fairly-graduated reduction all round. The latter seemed the more considerate course, because of its probably proving of a temporary character. This year there will be large retiring allowances to pay; besides that, the effects of the new conditions which I have explained will only be partly felt. A reasonable rateable deduction need not be permanent. Moreover, the Civil servants must be aware that there has of late been a general fall in the rate of salaries outside the Government service, and they must also know that the cost of living and commodities has become so much less during the last few years that any amount they receive now represents as compared with the same salary a few years back a larger purchasing power. The reduction contemplated is not of an extent to fall heavily on the officers, especially those receiving low rates of remuneration. Salaries up to £150 will not be affected.

On over £150 and not exceeding £200, a reduction of 3 per cent. is proposed.

"	£200	"	£300,	"	4	"
"	£300	"	£400,	"	5	"
"	£400	"	£500,	"	6	"
"	£500	"		"	7½	"

The deductions in any one class are not to make the salaries smaller than the last salary in the class preceding. The plan will not apply to the officers in the Agent-General's Department, as they are subject to the English income tax, neither will it include policemen or men in the Permanent Militia, nor men on wages, whether weekly or monthly, in any department, nor gaol or lunatic warders. It will not apply to persons whose salaries are permanently fixed by Acts. Ministers, however, accept it as regards their own salaries. It will rest with members to apply it to their honorarium if they see fit. They may desire that a percentage shall be deducted corresponding with that levied on similar amounts. The total amount the deductions are expected to yield is about £20,000.

PROPOSED EXPENDITURE THIS YEAR.

The estimates of proposed expenditure this year are as follows:—

—	Estimated, 1887-88.		Voted, 1886-87.	Expended.
ORDINARY REVENUE ACCOUNT.				
Civil List	£ 29,750	£	£ 29,750	£ 31,015
Interest and Sinking Fund	1,764,793		1,654,500	1,642,876
Under Special Acts	232,867		231,054	232,189
		2,027,410		
			1,915,304	1,906,080
Legislative Departments	17,000		17,810	17,626
Colonial Secretary's Department	130,515		163,236	162,940
Treasury and Revenue Departments	407,838		457,323	455,609
Justice Department	110,170		118,084	118,571
Education Department	381,509		383,489	371,603
Native Affairs Department	17,828		22,830	26,836
Mines Department	28,983		40,104	32,693
Working Railways Department	748,000		761,282	695,772
Public Buildings and Domains Depart- ments	35,850		40,210	27,961
Defence Department	186,201		191,551	182,569
		2,063,894	2,195,919	2,092,180
		4,091,304	4,111,223	3,998,260
Services not provided for ... ..	...	...	...	14,338
Deduct from Salaries ... ..	..	20,000	...	...
		4,071,304		4,012,598

After deducting the item of interest from both Estimates the votes we submit this year are less than those of last year by the large sum of £150,212. The amount for interest has increased by £110,000. It will be remembered that in connection with the loan conversions I stated that of the reduction of £240,524 (which was the result of the operations as between the two respective years 1883-84 and 1885-86), there was some £45,000 which represented interest for a broken period, and which would be thrown on to the expenditure of this year. For the three years 1883-84-85-86 there was a net saving of £454,024. The £45,000 added to the interest on the new loan £62,712, and the interest on the District Railway purchases, which is, however, partly recouped by railway profits and by collections from the rate-payers, represent about the amount of additional interest this year. I say about, because it is impossible to exactly compute the interest payable as part of it depends on the time during which the deficiency bills are current within the year. Some of it depends on the ability to avoid interest by keeping a portion of the Public Works Fund invested. The saving of interest during the year just passed amounted to £11,624.

Honourable members will wish me to run through the Estimates and to explain some of the savings that are proposed. I am sorry to say the Government do not see their way to making the new subsidies to Local Bodies at more than half the rate of last year, and with the same conditions as to payment. The full amounts due on the liabilities of last year will be paid, but including them a reduction of £20,000 appears in the estimate of consolidated revenue, and in that of the public works. The subsidies altogether from both sources will be £110,000 instead of £150,000. The estimate of charitable aid subsidies coming in for payment shows an increase of £14,000. In the Permanent Charges there is a new item under the Rabbit Nuisance Act of last session of £7,500. But in the Stock Estimates there is a reduction of £10,000 in the item expenses of working cattle, Rabbit, Sheep, and Brands Acts, and of £2,000 for a number of Inspectors dispensed with. The Stamp and Deeds Branches show reductions of nearly £3,000. There are large reductions in the Treasury Miscellaneous and Property-tax Estimates, but they are due to services not required, such as the London Exhibition and cost of property-tax valuations. In all these departments savings have been made wherever feasible. The same remark applies to the Post Office. Savings have been made on the vacancies occurring, and as further vacancies occur, they will be filled by reducing other offices where the extent of business will justify it. But the total postal and telegraph business has largely increased. We reckon the returns last year to have been nearly £10,500 in excess of the estimate, and we expect a larger revenue this year by several thousand pounds. The telegraph work has greatly increased, and it is necessary to enlarge the vote for "extra labour and materials for repairs" by £5,000. On account of the expense I was deterred last year from bringing the inland parcel post system into force; it is, however, so much needed that I shall introduce it this year as soon as the necessary arrangements can be effected. On conveyance of inland mails we have made a saving of nearly £2,000. There is one reduction I regret we find it desirable to make. The island service performed by the "Janet Nicol" comes to an end next month. It costs £4,200, and we do not propose to renew it; we take a vote to June only. I am trying to make arrangements with the London Post Office to sort the mails by the American route, so as to enable me to dispense with sending mail agents by the San Francisco route. In the Customs I have effected material reductions amounting to no less than £5,630. They may be considered genuine annual reductions of a permanent nature, arising from officers retiring and dispensed with, and from promoting junior officers to vacancies at small salaries. The dismantlement of the "Hawk" schooner forms part of the reduction. I regret to announce that Mr. Seed retires by his own wish in June. It is due to him to remind the Committee of the many years of able and arduous service he has given to the colony, and of the excellent organization into which he has brought the Customs Department. In the marine branch several substantial departmental reductions have been effected. I have to announce that the Government have determined to lay up one of the Government steamers for the remainder

of the year, and to use only one vessel. The Marine Department will show a reduction altogether of nearly £11,000. In the Justice Department there is a saving of £8,000. In the department of Education the amount is about the same as last year. The public library vote has been lessened by £2,000, and 1s. of the 5s. extra capitation allowance has been deducted. There is a substantial reduction in the Native Department of £5,000, of which £3,000 may be deemed departmental. In various items and rearrangements there is the large reduction of over £11,000 in the Mining Department, of which a considerable portion may be set down as savings on expenditure.

In the Railway Department the estimated expenditure is £13,300 less than was estimated last year. I need scarcely say the railway expenditure depends very much on the revenue, if careful vigilance is exercised, as was the case last year. We anticipate a better net revenue from railways this year. The Defence Department estimate of expenditure is less by over £7,850. Fifteen thousand pounds of the cost of the Permanent Militia will be charged to the Harbour Defence Vote, instead of £12,500 as last year. This is thoroughly legitimate, as the Permanent Militia are to complete the defence works, as stated in the Speech from the Throne, and their labour will add to the capital value of the works more than the amount stated. With these remarks, I think I may leave the further study of the Estimates to honourable members. It would certainly have been impossible for any Government to frame them with a greater regard to economy or a more lively sense of the good old maxim "economy is itself an income."

FUTURE REVENUE.

There may not this year be much material natural increase in any item of revenue; whilst, with the same causes still at work, quite independent of the prosperity of the country, there may be less collected on some items. So that, with Estimates of expenditure, such as I have explained, and similar revenue, and without the £100,000 unexpectedly obtained, there is obviously likely to be a considerable deficit for the year, independent of the deficit of the past year. Viewing the large deficits in almost every country and every colony in the world, and the complacent manner in which they have been held over until a return of better times, we might regard the adoption of a similar course as one not without ample precedent. But, essentially, I do not recommend this mode of action. The depression existent in this colony is nothing compared with what other countries have had to contend, and although it has undoubtedly affected our revenue to some extent, the cause of a considerable portion of the loss of revenue has nothing to do with the depression, but is consequent upon circumstances of a quite satisfactory nature. We have not, therefore, I think, any good excuse for postponing the equalization of revenue and expenditure, were there even no especial reason for its being desirable to avoid postponement.

Honourable members have heard a great deal about the depreciation in the value of New Zealand stocks, and the harsh things which have been said about the colony. Without going into the often-discussed question of who is responsible for the statements, it is beyond doubt they have been used to "bear" New Zealand stocks. The price has considerably recovered, but the market is still sensitive. In ordinary circumstances accumulating a deficiency, as has been done on a large scale by other colonies, would excite little or no remark, much less disapproval. But, after all that has been said of New Zealand, it is, in my opinion, expedient that the colony should show that it can make its revenue meet its expenditure. The Government urge this consideration on honourable members as a duty demanding their attention.

The Customs revenue last year was £124,235 less than the estimate, and that estimate was less than the actual receipts of the previous year by some £4,000, so that the Customs revenue for 1886-87 is less by more than £129,000 than the receipts of 1885-86. It is still more deficient when we consider that the Customs is the main branch of revenue, and that it ought to show a natural increase corresponding with the increased population and the increased services necessary to meet its wants. The Customs revenue in 1882-83 was £1,494,000, whilst for 1886-87 it was only £1,289,000.

I draw particular attention to the following return :—

STATEMENT OF DUTY COLLECTED ON SPIRITS DURING THE UNDER-MENTIONED
FINANCIAL YEARS.

Financial Year.	Rate of Duty.	Quantity.	Duty.
		Gallons.	£
1882-83	21/, 14/, 12/	585,462	410,506
1883-84	"	576,232	403,500
1884-85	"	539,692	377,696
1885-86	*21/, 14/6	500,545	359,780
1886-87	"	468,241	339,710

* From the 20th June, 1885.

Honourable members will observe there has been a continued falling off each year compared with the previous one, as follows :—

1883-84 ... ..	...	...	...	...	...	£ 7,006
1884-85 ... ..	...	...	...	...	...	25,804
1885-86 ... ..	...	...	...	...	...	17,916
1886-87 ... ..	...	...	...	...	...	20,070

So that the duty for the year just past, notwithstanding that its rate has been increased, is £70,796 less than the duty collected in 1882-83, with a tendency still downwards, whereas under ordinary conditions we might have looked for £100,000 increase. The use of beer has also greatly fallen off: during 1882 the consumption was 8·7 gallons per head, during 1883 it was 8·1, during 1884 it was 7·3, during 1885 it was 7·0, and during 1886 it was 6·7. It has been said that the reduced use of strong drinks is as much due to the depression as to the growth of temperance habits, because an increased consumption of tea and coffee is not simultaneously visible. A few years since the Revenue Commissioners of Great Britain took a similar view, though I believe they have since modified it. I may be wrong, for I am unable to speak from experience, and I submit myself to correction from those who have a larger knowledge of the subject; but it seems to me that, because a person in the self denial of temperance habits consumes less alcohol, there is no reason to conclude that he will fly to tea for comfort. With a diminished use of ardent spirits the human frame can do with less liquid nourishment. If the falling-off were really only the consequence of less power of expenditure, and not due to the spread of temperance, I should expect to see a considerable increase in the consumption of beer. On the other hand I would look to the use of beverages like ginger beer and fruit syrups rather than to tea as a proof in the direction of temperance. We are not able to gauge the consumption of these delicacies, and however large it may be it is not a financial compensation for the revenue lost on alcohol. Surely no one will declare that there is reason other than for rejoicing that the colonists have been spared the absorption of a quantity of fiery liquid that, put into one receptacle, would make a small lake. I really think the Colonial Treasurer is the one unfortunate being in the colony who has to grieve over what should rejoice him, for he has to make up for the deficiency, and is met with insinuations that he is increasing the taxation of the colony. The falling-off in duties is not confined to spirits. There is a deficiency as between 1885-86 and 1886-1887 of close on £25,000 on cigars, tobacco, wine, and beer; of over £19,000 on goods by weight (excepting sugar, on which there is an increase of £7,000); of £65,000 on *ad valorem* goods, and of £6,000 on other duties.

On a considerable portion of these goods the consumers have saved a great deal more than the duties, in the diminished prices at which the commodities have been landed in the colony. I have had some particulars collected showing the smaller values of 1886 as compared with 1880. Had the prices of 1880 ruled during 1886, the value of imports during the year, which amounted to £6,759,013, would have been £8,060,198, so that people saved last year, because of the fall in the prices compared with 1880, no less a sum than £1,301,185

I should observe that on goods paying duties by quantity, exact particulars as to the value were procurable in the department, but with regard to other commodities, the information has been obtained by careful investigation.

The Government deem it necessary to strongly urge an immediate increase in the Customs duties, and they wish to record their opinion that the tariff, with the increases proposed, will not be so severe on the colonists as the tariff in force in years past. The alterations we propose are for revenue purposes. Each item is more or less calculated to add to the returns. The Committee, however, should be glad to learn that many of the changes are of a character likely to stimulate local production.

People are in the habit of comparing New Zealand with other colonies, without remembering the difference in its position. It has not the land revenue of those colonies, and it started in the race handicapped with large expenditure, consequent upon Native affairs. Some idea of the difference with regard to land revenue may be gathered from the following, which is as correct a return as I can obtain of the land revenue of the Australasian colonies during the last six years. It will be seen New Zealand stands fifth on the list:—

			£
New South Wales	....	....	12,008,572
Victoria	....	....	4,699,714
South Australia	....	....	3,307,789
Queensland	....	....	3,290,163
New Zealand	....	....	2,560,492
Tasmania	....	....	385,710
Western Australia	....	....	362,071

I shall have something else to say about the financial results consequent upon the land policy pursued in the colony, but, in connection with the present topic, it is only necessary to point out that we have much less use of this sort of revenue than the other colonies; in fact the expenditure exceeds the revenue. It means, of course, leaving a large source of revenue to the future, and as regards its effects on our loans I do not know that lenders of money, who ponder over the question should think worse of a colony that reserves its capital and does not use it for yearly revenue purposes.

An increase in the Customs revenue naturally brings us to a consideration of the system of direct taxation, by means of the property-tax. Had I, as Colonial Treasurer, a fresh field to start on I should recommend a land-tax and an income-tax in lieu of a property-tax, though I am not blind to the fact that there is a great deal to be said on each side. The chief objections to a property-tax are that it taxes unproductive property, discourages investment, and leaves untouched incomes upon which savings are not made. The chief objections to a land and an income-tax are, that the first leaves unaffected a really beneficial owner in the soil—the mortgagee; and that the second would, in a large number of cases, leave real incomes to escape, and would mainly reach those whose incomes arose from that uncertain commodity—brains. There is, of course, a vast deal more to be said about all these questions, and especially it may be urged in favour of the present system that people are accustomed to it, that contracts have been made depending on it (such as those between mortgagors and mortgagees), and that an alteration should not be lightly made. At any rate, as the Government do not now propose a substitution, I need not discuss it; but, clearly with the contingency of increasing the property-tax before us, we are bound to consider its present operation from various points of view.

A favourite alteration of the property-tax, and one frequently mentioned, is repealing the exemptions. It often happens with public affairs that something becomes fixed almost by accident, and that round it grow so many interests as to make any alteration impossible which ignores them. The exemptions now granted are a case in point. On whatever principle they were first framed they have grown into an adopted custom, the alteration of which involves considerations not taken into account at the outset. They act as a much larger

means of relief to poor people than to rich. To the person who pays on £100 or less it means that if he owns £600 he pays on only a sixth of that sum. If the exemption were removed he would pay six times the present amount for which he is liable. On the other hand, to the man paying on, say, £50,000, there would be an addition of only 1 per cent. to his taxation. I have had some calculations made which show how materially the exemptions work in the direction I have indicated. The removal of the present exemption would mean that 21,591 taxpayers would pay an average increase of 83·1 per cent. on their present taxation, whilst it would also mean that 6,235 of the richer taxpayers would increase their payments by only 3·8 per cent. It was not, I believe, intended that the exemptions should operate in the nature of a progressive tax, but it cannot be overlooked that this has been the effect, and it must be taken into account in any changes made.

The Government consider that, together with an increase in the Customs duties, there should be a larger revenue raised by the property-tax. There is more relation between the two taxes than at first sight appears. The Customs tax affects most severely the men who spend the whole of their incomes, whilst the property-tax affects most those who save and are thrifty. Whilst admitting these facts it does not follow that the property-tax is amenable to such an amount of condemnation as to forbid its use. In dealing with theoretical questions there is often left out of sight the necessity of comparing and of attaching to each tendency the proper strength that belongs to it. It may be argued justly enough that the tendency of a tax on property is to discourage thrift and the accumulation of capital, but may it not be the case that its tendency in these directions is of an infinitesimal character? I am not now discussing the question of the amount taken from income or capital, but the discouragement that the tax may give to thrift. As regards the incidence of the tax on income or capital there is, I think, little room in a young country, in which realized wealth is comparatively small, to make the distinction or to base anything on it if made. A generally received authority has indeed said, "To provide that taxation shall fall entirely on income, and not at all on capital, is beyond the power of any system of fiscal arrangements. There is no tax which is not partly paid from what would otherwise have been saved, no tax the amount of which if remitted would be wholly employed in increased expenditure, and no part whatever laid by as an addition to capital. All taxes, therefore, are in some sense partly paid out of capital." If, then, we leave the incidence on one side and come to the presumed evil tendency of a tax that appears to punish thrift and therefore discourages it, I ask what is the tendency or the discouragement worth? May it not be of imperceptible weight. Can we imagine one person out of ten thousand, or a hundred thousand, who, because the tax-gatherer asks him for less than a half of one per cent. on his wealth, would say, "There is such discouragement to me to be thrifty and saving that I will squander the other ninety-nine and a half per cent." We can fancy that many taxpayers may consider it necessary to save because of the tax, but that the tendency to discourage thrift should find its effect in the tax leading to extravagance is a theory of a microscopically attenuated nature. I am far from saying that the consequence may not be to drive capital into a different direction, and that the tax does not operate mischievously as a burden on industry. These are not points I am discussing, and it is useless to raise them in a House which summarily rejected our proposals for exempting agricultural improvements and machinery. Members may ask why, then, am I so pursuing the point of the tax not tending to discourage thrift? The reply is, that I want to dispose of the argument that the State is not justified in asking from the rich a larger contribution than from the comparatively poor. As far as I understand the authorities who adopt this conclusion, they chiefly base their arguments on the mischief of discouraging saving habits. You actually punish the man for being wealthy, they say, and discourage his exercise of thrift. They go so far, indeed, as to point to the conclusion that the poorer classes should be taxed proportionately in excess of the rich. I have endeavoured to show that the discouragement is more imaginary than real, and that, paradoxically, it acts in the way of inducing, rather than diminishing saving.

On the other hand there is a grim indirect reality in the theory that the persons who live on their incomes and do not economise should suffer in taxation more than those who save part of their annual revenues. It is not through the same source of taxation they suffer, but from a different one—the Customs. Beyond question the operation of the tariff is such as to punish more severely the man who spends than the property-tax punishes the man who saves. Suppose two men with families with an income of £1,000 each, and that one spends it all, the other puts half by, and pays a property-tax of 1d. on £500, equal to £2, 1s. 8d.; it is a moderate estimate that the other man in Customs duties will pay 5 per cent. on the £500 he does not save, equal to £25. Really therefore our system of taxation deals with the men of moderate means through the Customs, and with those better off through the property-tax. Now we propose to increase the Customs duties, and we think the property-tax should be simultaneously increased. I have already shown to the Committee how the exemptions work in diminishing the percentages of payments of the poorer taxpayers. In making a change in the direction of diminishing the exemptions, it would be grossly unfair to refuse to take into consideration the effect of the alterations on the possessors of different means. Close attention has been given to many varieties of modification. We desire to avoid raising the tax beyond a penny to anyone, and to take into account the weight with which any change will fall on the contributor. The conclusion we have come to is to propose that properties worth not exceeding £2,500 shall enjoy the same exemption of £500 as at present, and be subject on the balance to the present tax of thirteen-sixteenths. But we propose that there shall be no exemption allowed on properties exceeding £2,500 in value, and that the tax on them shall be one penny.

ESTIMATED REVENUE OF THE YEAR 1887–88.

With the additions I have asked to the Property-tax and Customs, I estimate the following revenue for the year :—

Revenue.	Estimated, 1887–88.	Estimated, 1886–87.	Actual, 1886–87.
	£	£	£
Customs	1,460,000	1,410,000	1,285,765
Stamps, including Post and Telegraph cash ...	615,000	617,500	601,162
Property-tax	385,000	312,000	310,897
Beer duty	54,000	55,000	53,494
Railways	1,100,000	1,150,000	992,187
Registration and other fees	38,500	36,000	37,034
Marine	16,500	13,000	13,071
Miscellaneous	38,000	44,000	145,232
	3,707,000	3,637,500	3,438,842
Depasturing licenses, rents, &c.	191,000	186,320	192,586
Debentures for increases of sinking fund ...	258,184	251,100	251,000
Total Revenue	4,156,184	4,074,920	3,882,428

In justice to myself I must point out that these anticipations are made under circumstances of peculiar difficulty. In the first instance they are arrived at long before the usual time. Scarcely a month has passed since the commencement of the year, while generally three months elapse before the Statement is made. Again, apart from the early period, circumstances render it particularly arduous to come to an accurate conclusion this year. The amount of public expenditure, the price of produce, the contingency of peace or war, and the prosperity or depression of the neighbouring colonies more than usually affect the results of the revenue during the year on which we have entered. I count on the consideration of honourable members should it prove that my calculations are

greatly disturbed ; but, so far as I am now permitted to judge, I think they will prove correct. The Customs and Property-tax estimates are based, as I have already said, upon the increases I propose. I have set down a little more to the stamp duties than the actual revenue of last year on account of the increased postal business. The other items scarcely call for remark, excepting that each has been carefully considered. The reason for the disparity between the actual Miscellaneous last year (which included the £100,000 already explained) and the estimate for this year is apparent.

RESULTS OF THE YEAR.

The proposed expenditure being £4,071,304, and the anticipated revenue £4,156,184, a surplus of £84,880 is the result. As regards the £92,300 deficiency of last year, although I hope to be able to pay it off this year out of the surplus and the savings on votes, I do not like to undertake to do so. I propose asking that it stand over until after the end of next session. If the year's transactions enable it to be sooner extinguished, as I hope may be the case, I shall be glad to pay it off.

THE LAND REVENUE AND EXPENDITURE.

I now come to the subject which is the most difficult of all the topics with which I have had or shall have to deal to-night. I have already pointed out that the land finance is getting into a condition that makes it necessary to place it in a settled position without delay. The cause is not unsatisfactory, and the House cannot think it so, since it enjoys Parliament's own sanction. We are making efforts to settle people on the soil after a systematic plan or plans of which there is no example in the previous history of the colony. The importance of doing the work has always been represented. Surveying the last quarter of a century, I can never remember a time at which the necessity of promoting settlement was not recognized. There were at an early period the homestead and pensioner systems adopted in Auckland ; there were the negotiations to carry out Godefroi and Company's scheme ; there was the absolute trial of Domett's military settlements, which by the way added another to the many proofs history has already afforded that warlike and peaceful pursuits do not march well together ; there were a number of miscellaneous special settlements of Germans and Scandinavians ; and the last Government gave [attention to pushing a system of special settlement on a small scale. Immigration, too, has occasionally been conducted with an especial view to settlement, as witness the Tauranga settlements and the shipload of farmers which was despatched out when I was Agent-General. But all these attempts have been more or less desultory compared with the organized enthusiasm, if I may use such an expression, with which systematic efforts are now being made to place the people on the land in large numbers. The present work is not confined to trying to bring settlers out, but its main weight is directed to settling on the land people already in New Zealand, including that very valuable class the young men born in the colony, who are growing up to an age at which they can take charge of their own future. It may be asked, How is it that more is being done now than formerly ? I do not believe that greater weight is attached to the progress of settlement than during the many years of the past. I do not recollect any public man who has refused to recognize its importance. The solution of the query is to be found in the fact that in the past the difficulties surrounding the question have stood in the way of its being disposed of. The greatest of these difficulties has always been the infinite variety of opinion on the subject of how the waste lands should be dealt with. I cannot say whether there is now a less difference of opinion, or what really amounts to the same, a larger concentration in one direction. Be that as it may, extraordinary efforts are being made, such as hitherto have only been talked of. Even those who are doubtful of the results would scarcely have

the courage of their opinions sufficiently to wish that so vigorous an attempt in a direction fraught with innumerable advantages should be arrested without ample trial. At any rate it is embarked in with the full knowledge and approval of the House. The system involves not only a virtual suspension of cash sales, but also the necessity of spending much money in giving an impetus to settlement by roading, clearing, and general aid. My opinions are well known that no great principle is involved in the leasing system. I regard it as a temporary arrangement, subject, sooner or later, to that complete title in the land the desire for which is an implanted instinct in man. At present, however, or in the near future, it matters little whether the tenure is a lease or a freehold—conditional on future payments—either way money requires to be found for the aid which is being given to settlers. It is of no use to allow deficiencies to accumulate, and to regard them as unexpected, when we deliberately adopt a policy to lead to them. The Government think that for a term of years, until the increasing revenue will permit otherwise, the deficiency between the land revenue and the land expenditure should be made up by charges on the land supplied by such local borrowing as may be required. The rents arising from the land are consolidated revenue, and out of them it is proposed that the interest of any amounts borrowed shall be paid, and the principal recouped by yearly allocations. Under this proposal, the cost of the Land Department, including roading and special aids, will go on the one side, the receipts on the other, and in a very few years they should be equalized. When the Bill is introduced I shall be able to explain the details more exactly. Included either in the same or in a separate Bill we propose to make similar provisions for acquiring and dealing with Native lands.

PUBLIC WORKS EXPENDITURE.

There was a balance on the 31st of March, as already stated, to the credit of the old loans account, of £491,245. This amount may be swelled by the produce, if they be negotiated, of the debentures or the inscribed stock which the local bodies were authorized by the Act of last year to give in exchange for the debentures they had issued under the Roads and Bridges Construction Act. Of the loan of last year there was, on the 31st of March (including an amount still to come in, and since received), a credit balance of about £713,055; and there was left of the North Island Trunk Loan, after deducting the advances made on its account about £675,000, which, however, will be reduced by the cost of raising the loan when it is negotiated. The Estimates are not finally decided, but I shall not be much out when I state that the proposed expenditure (apart from authority to incur liabilities) out of the North Island Trunk Loan, will amount to about £180,000, and out of the loan of last year to about £487,400. As regards expenditure out of the old loans account, it will partly depend on whether we pass the measure dealing with the cost of roads and roading to which I have referred, and to whether early effect can be given to it. It will also, in part, depend on whether we pass another measure we propose to introduce to enable public buildings to be erected by means of short-dated annuities. We think the system of borrowing in anticipation large sums for public buildings, has led, and is calculated to lead, to extravagance. On the other hand, it appears to us that if the cost of interest and redeeming the principal has each year to appear as part of the estimates of the respective departments, it will result in less ambitious expenditure. If these measures become law, and speedy effect can be given to them, they will lighten the charge on the old loans account. Otherwise the proposed expenditure for the year will absorb fully the amount remaining to credit of the old loans account, and the balance, about £79,000, coming to it from the commuted securities under the Roads and Bridges Construction Act. The Minister for Public Works will, in due time, furnish the House with further details. Members will, however, be able to conclude, from what I have said, that the Government consider that it is expedient to limit the issue of loans in the London market, and that for the present it is not desirable to undertake fresh railways beyond those already in hand.

STATE OF THE COLONY.

Before I conclude, honourable members will permit me to say something regarding the state of the colony. I gather from the speeches of several public men, and from articles in some of the newspapers, that the opinion prevails in various quarters that the colony has serious financial difficulties with which to contend. I will assume that party feeling has less to do with these opinions than genuine conviction, and I will take leave to discuss them. As regards the deficit of last year, and the extra taxation required, I deny that these are evidences of want of means on the part of the colony. We have already seen that the chief failure of revenue has arisen through causes that are of benefit to the people, such as the less cost of goods on which *ad valorem* duties are collected, and the less use of intoxicating drinks. There is again a reduction of revenue owing to the more thrifty habits of the people. There cannot be any doubt that less money is spent in luxuries and keeping up appearances. The failure then of the revenue to come up to the amount anticipated is significant only to the extent, if any, that the reductions already mentioned, and others not alluded to, may arise not from a less inclination to spend, but from a less power to do so. This we will discuss directly. I believe it is a small and not large element of the loss in revenue, and if, for the moment, we eliminate it, we are able to say that the reduced revenue is in every way most satisfactory, because of the causes from which it arises, and that it is entirely free of a suspicion of financial difficulty. If the revenue of New Zealand is too little, or its expenditure too great, neither necessarily evidences any embarrassment. I assert positively that its people are able, if required, to add to the revenue such amount as may be requisite. That to have to do so is unpleasant goes without saying. New Zealand is not so highly taxed per head now as it was when it was destitute of the great railways, roads, and bridges, that add probably an average of 25 per cent. to the value of its produce to the producers. Let us go back to that period of 1870, when the colony was really in an alarming condition. It was handicapped with great liabilities on account of Native affairs, its population was small, and the want of means to open up the country was driving colonists away. There was nothing to be done then but to mortgage the credit of the colony, and to borrow money to bring out immigrants, and to construct public works. Do honourable members think there was any doubt of the necessity when I remind them that the largest measure, as compared with the smallness of the population, which has, I believe, ever been passed in any country was made law by a moribund Parliament on the eve of a general election with the hearty approval of the people. The country is now comparatively opened up, and there is room, as it at present exists, for some millions of population, if they are accompanied with adequate capital to pursue the industries to which the resources of the country invite them. The taxation now means that, as the capital of the colony in the shape of its waste lands is no longer being converted into revenue, it has to depend for its annual expenditure on other sources. It is in the position in which most of the old countries have been when they had small populations. Consider the taxation to which Great Britain was subject when it had only a few millions of people, and how the money had to be found when there were none of the great adjuncts to civilization which science has placed at the command of the present young communities. We might, it is true, save other taxation by making heavier charges on the railways, but we should do so at the expense of injuring the producing interests. As to the capacity of the people to meet the taxation required there is not any doubt.

But I must now consider that element I eliminated when speaking of the revenue, the extent, if any, from which the revenue suffers on account of the diminished power of expenditure of the people. I believe there is a diminished power of expenditure arising from several causes. One of these is, that in past times money was so easily obtainable that people were led into borrowing it for the purpose of speculating in land. By this means land was forced up beyond its intrinsic value—that is to say, beyond the capitalized value of what would represent a rack rent. I need scarcely say that, whilst these colonies

were founded on the basis of their absorbing the spare population and spare capital of older States (the Mother - country especially), nothing could be more undesirable than that capital should be borrowed for the purpose of land speculation. A moment's consideration will show that obtaining capital for such a purpose means one of two things—either a loss of some of the money, or that the interest on it whilst the land remains unproductive falls more or less on the whole population until an individual comes forward to recoup the cost of the years during which the capital has remained unproductive. Again, the colony suffers from the smaller individual profits of all classes of the community. Not only does the interest on the speculative purchases still held in suspense weigh on the people, but competition is much larger in business and the profits are less, besides being shared by more people. This is another way of saying that the producing and manufacturing industries have not increased commensurately with the number of persons who live on the profits of interchange. Let us gauge the extent of these evils. They mean, probably, that some losses have to be shared between a comparatively few individuals and a few capitalists. They are in process of being written off, and when the task is completed, money will be available for the legitimate purpose of improving land, instead of for transferring liabilities from one person to another, with improvements delayed. The diminished profits will be remedied as a larger variety of means of employing industry and capital become available, and as the population increases. Smaller nominal profits even now partly represent in purchasing power the larger profits of former days; notwithstanding the taxation, the cost of living has materially decreased, and probably will continue to do so. The same nominal sum gives perhaps 20 to 25 per cent. more purchasing power than formerly. I do not say this is better. It is in part a result of the gold appreciation, and at any rate is a symptom of it, and it tends to discourage enterprise, but we are not to say a thing is bad because we might wish it better. I am pointing out that affairs are not in some respects so advantageous in New Zealand as they were; but, if it is any consolation, I might add that the falling off here is fractional to the falling off in other countries. It seems to me to be opposed to all the teaching of experience to consider that the depression which has existed or still exists is likely to be permanent. The recuperative power of communities is marvellous, and to some extent it is in the inverse ratio to the ill to be overcome, just as the convalescence of an individual is more wonderful in proportion to the severity of the malady from which he has suffered. If New Zealand's recovery appears less striking than that of other countries, it will be because it has much less from which to recover. To me it seems the problem lies in a nutshell. Either the whole world is to continue stagnant and stationary, which is an impossibility, or the favoured countries must progress. That is all New Zealand requires to know, for then it can rely on the unquestionable fact that in climate, in fertility of soil, in mineral wealth, in manufacturing capabilities, and in vast and varied resources by land and sea it possesses such a multiplicity of advantages as are not excelled, if even equalled, by any portion of the globe.

THE WEALTH OF THE COLONY.

It will be seen from my remarks that I consider the colony is, to some extent, in a transition state as regards the occupations of the people and the remuneration they enjoy. Profits have either become less or are more widely divided. The rate of salaries and of wages is also showing a tendency to reduction. The falling-off is partly compensated by the less cost of commodities, which enables the same income to have a larger purchasing power, but the net result is not pleasing to those who have to submit to it. The larger purchasing power is altogether lost sight of; the diminished earnings remain an abiding cause of complaint. When we survey, however, the aggregate position of the colony, it would be difficult to find much reason for complaint. The property-tax assessment lately made was much more exhaustive and accurate than those previously compiled. A copy of the principal results will be circulated with the other papers connected with the Statement. The results of previous assessments also appear. The information

thus obtained is very interesting, but not so much by way of comparing the present and past valuations as that the one now prepared may be accepted as a reliable return of the assets and liabilities of the colony.

The value of all real property in the colony, exclusive of Native land situated beyond five miles of any road suitable for horse traffic, is £116,376,659, and the value of the personal property is £82,540,315, making together £198,916,974, which is exclusive of the value of public works. The amount is thus represented :—

	£
Crown lands	13,675,516
Native lands within five miles of a road suitable for horse-traffic	5,847,105
Education, municipal, and other reserves, exclusive of church reserves which are included in taxable real estate	7,252,273
Taxable real estate	47,277,142
Non-taxable real estate	42,324,623
	<hr/>
	£116,376,659
Personal property—	£
Taxable	43,505,538
Non-taxable	25,139,277
Allowed for exemptions at present, but which, by our present proposals, will be somewhat eliminated	13,895,500
	<hr/>
	£82,540,315

The gross return shows an increase on the 1882 assessment of £15,376,659 real property, and of personal property £18,540,315. I do not, however, consider that there has been altogether this increase of wealth. The assessments, as I have said, have been more careful and searching. The taxable real property shows an increase on the assessment of 1882 of £2,277,142, and there is an increase on the similar returns of personal property of £3,505,538, together making an increase of taxable property amounting to £5,782,680. Personal property in produce, agricultural implements, bank deposits, and vessels—steam and sailing—amounting to £7,830,891, is not included in owners' statements. Public property to the amount of £19,377,985 is recorded, but many millions expended on roads and bridges are altogether omitted. The Government property making up the amount I have just mentioned is as follows :—

	£
Railways, cost	13,453,363
Telegraphs, &c., cost	523,727
Lighthouses, cost	150,895
Buildings	2,250,000
Harbours	2,500,000
Water-supply, goldfields	500,000

There are 27,826 property-tax payers, and as no one pays who has less than £500, it follows that there are that number of persons possessed of £500 and over. I find that the 27,826 tax-payers include 5,998 widows, spinsters, trusts, absentees, and companies; the balance of 21,828 represents the male taxpayers. There are 157,503 adult males in the colony by the late census, so that an average of one male adult in a little over seven is the possessor of at least £500. The calculation is liable to slight rectification to meet the separate returns of firms, which cannot be distinguished. I do not think, however, it would much affect the result. First in the list of callings come the taxpayers under the head of graziers, sheep-farmers, farmers, settlers in country, dairy-men, &c.; their number is 9,747. Next come tradesmen (wholesale and retail shopkeepers, storekeepers, carriers, &c.), 4,330. Widows, wife trustees, spinsters, &c., come in third, with 3,049. We

all, I think, would like to see them more forward in the race for wealth; and the same remark applies to the next in order—working storemen, mechanics, labourers, shepherds, miners, sailors, &c., who are enumerated at 2,088. Professional men, including authors and editors, number 1,226; merchants, importers, warehousemen, contractors, &c, 1,231, of whom 282 are firms; and agents, auctioneers, clerks, book-keepers, teachers (not under Educational Board), merchants captains, &c., 1,134. I need not quote the other numbers excepting, perhaps, to state that the Civil servants, officers of local bodies, teachers under Board of Education, &c., number 649.

I have had a return very carefully prepared, showing the assets and liabilities of the colony; it does not include such works as roads and bridges. It shows, under the head of assets, real property, £116,376,659; personal property, £82,540,315; Government property, £19,377,985: making a total of £218,294,959. On the other side—liabilities: Debt of the colony, less sinking fund, £31,688,349; debts of local bodies, £5,616,273; debts represented by mortgages, £31,821,109; indebtedness, exclusive of mortgages, £20,365,593: amounting in all to £89,491,324, and leaving a surplus of £128,803,635, or divided amongst the population, exclusive of Maoris, it shows a surplus of £223 for each man, woman, and child in the colony. It has also to be remembered that Native lands outside the five-mile limit are not included in the assets.

I ask honourable members to ponder over these facts themselves. It is unnecessary for me to draw deductions from them. I cannot, however, resist reading a few extracts from the remarks of the expert, Mr. Proctor Baker, who was appointed by the Royal Commissioners to report on the grain sections in the late Colonies and Indian Exhibition:—

“The average produce of over twenty-six bushels per acre of wheat, and over thirty-two bushels of barley, places New Zealand in the position of being among the most prolific countries in the world. . . . The samples of wheat shown in sheaf by the Canterbury Association are so remarkable as to deserve to be placed on record. . . . In fact nothing finer than these wheats has probably ever been seen. The wheats of commerce which are shipped to England do not approach in quality these fine specimens. . . . The samples of barley were simply magnificent, and such barleys as the Chevalier would bring in enormous prices in England. If anything like the quality exhibited can be produced in quantity and delivered in England in good condition a ready market would be found for it, and (supposing the produce in beer be equivalent to the appearance of the barley) at very high prices. . . . In the quality of its oats again New Zealand is in the front rank. . . . The samples of potato oats are unsurpassable. . . . Whether such splendid grain as is here exhibited is common and can be obtained in quantity is doubtful. But still the fact remains that in all the chief grains New Zealand has shown by these samples a production of superb quality and in prolific quantities.”

No one, I hope, can have listened to this criticism, without feelings of pride, that such a magnificent encomium can be passed on the colony by a competent and unprejudiced judge. Remarks like these should prove strong incentives to those interested in New Zealand, and inducements to persons in other countries, who are looking out for “fresh fields and pastures new.” *A propos* of our agricultural capabilities, a few words should be said concerning the lately-compiled statistics. They record an increase of 647 freehold, 420 rented, and 502 part freehold and part rented holdings of over an acre in extent, or what may be considered an addition of 1,569 settlers. The average yield per acre of wheat, oats, barley, and potatoes, has in every case increased. Excepting in barley, there was also a larger production of these articles, amounting in net value to £680,000.

CONCLUSION.

I have occupied honourable members' attention at such length that something in the form of an epitome of what I have said may be convenient. After taking into account the various savings in expenditure and the losses and gains of revenue, there was a deficit in the transactions of last year of £92,300. Additions

to the Customs and Property-tax will enable the revenue to meet the expenditure of this year, and leave a surplus of £85,000. Exclusive of the permanent charge for interest, the Estimates disclose reductions amounting to £150,000, and steps have been taken which will lead to still larger saving in the public service. I have explained also that we propose to lessen future borrowing in England; and that we recommend that the railways in hand should be further proceeded with before undertaking fresh responsibilities. The Public Works Department is sufficiently provided with means to meet the expenditure of the financial year ending March next, and to leave a surplus for a portion of the works in progress. The falling off in revenue has arisen from the spread of temperance habits, and from the reduced cost of commodities affecting the *ad valorem* duties. I have referred to the efforts of the Government to aid the attachment of settlers to the land on small farms. The property assessment lately taken discloses a large increase in the total gross value and in the taxable value of real and personal property. One out of every seven male adults in the colony is proved by the property-tax returns to be worth property of a value exceeding £500. A carefully prepared balance-sheet proves that the assets of the colony are fully worth £218,000,000, whilst the liabilities, exhaustively considered, amount to only £89,000,000, showing a surplus of £128,000,000, or equivalent on the Census return to £223 to every man, woman, and child in the colony, exclusive of the Maoris, whose land, excepting a small portion, is not included in the assets.

In other respects I have discussed the prospects of the colony, and endeavoured to prove that the depression which has affected it is less than that from which other countries have suffered, and that it must pass away. Some honourable members whom I am addressing may, in the old days, when steam was less in use, have passed through the experience of being on board a ship becalmed in the tropics, surrounded by numerous sailing vessels in like difficulty. For days the unhappy passengers remain beneath a burning sun and cloudless sky, gazing on the motionless sea,

“As idle as a painted ship upon a painted ocean.”

At last on the distant horizon a tremor is observed on the waters, and, as the welcome wind comes up, the sails fill out and vessel after vessel gaily continues on her course. The great and small countries of the world have been becalmed for a long while, but at length there are signs of the favouring breeze. In America, England, and elsewhere commerce and production are beginning once more to speed onward, and I cannot think that the movement will stop short of this colony.

I have the honour to submit the following resolutions:—

Resolved, That, in lieu of the duties of Customs now charged on the under-mentioned articles, the following duties of Customs shall, on and after the eleventh day of May, one thousand eight hundred and eighty-seven, be charged thereon on importation into New Zealand, or on being cleared from any warehouse for home consumption, namely :—

Articles.					Rate of Duty.	
					£ s. d.	
Acid, acetic	...	...	...	...	0 0 1	per lb.
" tartaric	...	...	...	...	0 0 2	"
Apples, dried	...	...	...	...	0 0 2	"
Candles, stearine	...	...	...	...	0 0 1½	"
" paraffin or wax	...	...	...	...	0 0 2	"
" not otherwise enumerated	...	...	...	...	0 0 2	"
Cement	...	...	...	...	0 2 0	per barrel.
Chocolate, confectionery, and all preparations of cocoa or chocolate other than for use as a beverage	...	...	...	...	0 0 3	per lb.
Fish, dried, pickled, or salted	...	...	...	...	0 5 0	per cwt.
Fruit, pulp, and boiled fruit	...	...	...	...	0 0 2	per lb.
Fish, preserved	...	...	...	...	0 0 1½	"
Iron, galvanized, plain, sheet	...	...	...	...	0 1 6	per cwt.
Maccaroni, vermicelli, sago, tapioca, and semolina	...	...	...	...	0 0 2	per lb.
Maizena and cornflour	...	...	...	...	0 0 1½	"
Mustard	...	...	...	...	0 0 2	"
Paints and colours ground in oil	...	...	...	...	0 2 0	per cwt.
" mixed ready for use	...	...	...	...	0 4 0	"
Rice (including ground rice)	...	...	...	...	0 0 1	per lb.
Starch	...	...	...	...	0 0 1	"
Varnish	...	...	...	...	0 1 0	per gallon.
Cordage and rope, including houseline, marline, ratline, hambroline, spunyarn	...	...	...	...	0 7 6	per cwt.
Pickles	...	...	...	...	0 1 3	per doz. pints.
Sauces	...	...	...	...	0 2 6	"
Glue	...	...	...	...	0 0 1	per lb.
Barbed-wire (fencing)	...	...	...	...	0 1 6	per cwt.
Paper bags	...	...	...	...	0 7 6	"
Honey	...	...	...	...	0 0 1	per lb.
Doors, plain	...	...	...	...	0 3 0	each.
" glazed	...	...	...	...	0 6 0	"
Sashes, unglazed	...	...	...	...	0 3 0	the pair.
" glazed	...	...	...	...	0 6 0	"
Matches, of all kinds	...	...	...	...	...	1s. per " gross of boxes containing in each box 100 matches or under, and so on per gross of boxes for each additional 100 matches or part thereof.
Spirits, under proof	...	...	...	...	0 14 6	per liquid gallon.

Fruits, fresh	...	...	...	...	...	...
Carriage- and cart-shafts, spokes, felloes, and naves, and bent carriage timber	...	...	...	...	...	...
Calico, white and grey, in the piece	...	...	...	...	...	...
Coloured cotton and union shirtings	...	...	...	...	...	...
Cotton dress-prints, the invoice value of which does not exceed 5d. per yard	...	...	...	...	...	...
Rough brown hollandas	...	...	...	...	...	...
Gas pipes and machinery	...	...	...	...	...	...
Water-pipes	...	...	...	...	...	...
<hr/>						
Vegetables, fresh	...	...	...	...	...	...
Sheep-dip	...	...	...	...	...	...
Leather not otherwise enumerated	...	...	...	...	...	...
<hr/>						
Aërated and mineral waters	...	...	...	...	...	...
Twine of all kinds	...	...	...	...	...	...
<hr/>						
Basket and wickerware	...	...	...	...	...	...
Boots and shoes	...	...	...	...	...	...
Marble and stone, wrought	...	...	...	...	...	...
Paper-wrapping	...	...	...	...	...	...
Earthen drainage-pipes, garden-tiles, and fire-bricks	...	...	...	...	...	...
Iron bridges and girders, and columns for buildings, and other structural ironwork	...	...	...	...	...	...
Iron castings	...	...	...	...	...	...
Forged or worked iron, of whatever shape or in whatever stage of manufacture, not otherwise enumerated	...	...	...	...	...	...
Ornamental iron-work and wire-work	...	...	...	...	...	...
Iron doors for safes and vaults	...	...	...	...	...	...
Gates and gate-posts	...	...	...	...	...	...
Lamp-posts	...	...	...	...	...	...
Wheelbarrows of iron	...	...	...	...	...	...
Crab winches, cranes, and capstans	...	...	...	...	...	...
Chaff-cutters	...	...	...	...	...	...
Corn-crushers	...	...	...	...	...	...
Horse-rakes	...	...	...	...	...	...
Lifting-jacks	...	...	...	...	...	...
Crowbars, picks, and mattocks	...	...	...	...	...	...
Pumps and other appliances for raising water	...	...	...	...	...	...
Fittings for pumps, engines, and machinery	...	...	...	...	...	...
Steam-engines (other than for agricultural purposes), not exceeding thirty-horse power, and parts of same	...	...	...	...	...	...
Brass cocks, valves, unions, lubricators, and whistles	...	...	...	...	...	...
Calendars, show-cards, and other pictorial lithographs and prints	...	...	...	...	...	...
Perambulators	...	...	...	...	...	...
<hr/>						
All articles not otherwise enumerated which are now chargeable with duty at 15 per cent.	...	...	...	...	...	...
<i>ad valorem</i>	...	...	...	...	...	...
<hr/>						
Patent and proprietary medicines and preparations	...	...	...	...	...	...
<hr/>						

}

5 per cent. *ad valorem.*

}

10 per cent. *ad valorem.*

}

15 per cent. *ad valorem.*

}

20 per cent. *ad valorem.*

}

20 per cent. *ad valorem.*

Resolved, That, in the event of any of the duties hereby imposed not being confirmed, or of reductions being made in the rates specified above, the amounts levied, collected, and paid in excess of the duties, as may be imposed by the Customs Act based on these resolutions, shall be refunded to the persons who paid the same.

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No. 1.

CONSOLIDATED FUND for the Financial Year ended 31st MARCH, 1887.
ACCOUNT.

EXPENDITURE.					£	s.	d.	£	s.	d.	£	s.	d.
Permanent Appropriations,—													
Civil List	..	..	..	..	31,015	2	6						
Interest and Sinking Fund	..	..	..	..	1,642,876	2	1						
Under Special Acts of the Legislature	..	..	..	..	161,134	15	5						
Moiety of Subsidies payable under "The Local Bodies Finance and Powers Act, 1885"	..	..	..	..	49,806	9	2						
One-fourth of Rents paid over to Local Bodies under "The Land Act 1877 Amendment Act, 1884"	..	..	..	..	284	19	3						
Endowments,—													
New Plymouth Harbour Board	..	..	..	..	206	4	1						
Greymouth Harbour Board	..	..	..	..	10,328	11	8						
Westport Harbour Board	..	..	..	..	10,427	18	3						
Annual Appropriations,—								1,906,080	2	5			
Class I.—Legislative	..	..	..	..	17,626	3	3						
" II.—Colonial Secretary	..	..	..	..	162,727	6	9						
" III.—Colonial Treasurer	..	..	..	..	54,690	17	3						
" IV.—Minister of Justice	..	..	..	..	118,570	19	7						
" V.—Postmaster-General	..	..	..	..	290,046	2	7						
" VI.—Commissioner of Trade and Customs	..	..	..	..	80,751	4	0						
" VII.—Commissioner of Stamps	..	..	..	..	30,120	2	11						
" VIII.—Minister of Education	..	..	..	..	371,602	11	11						
" IX.—Minister of Native Affairs	..	..	..	..	26,836	0	6						
" X.—Minister of Mines	..	..	..	..	32,693	7	4						
" XI.—Minister for Public Works	..	..	..	..	723,945	19	7						
" XII.—Minister of Defence	..	..	..	..	182,568	17	5						
Services not provided for								2,092,179	13	1			
Redemption of Debentures issued under,—								14,337	19	7			
"The Consolidated Stock Act, 1884" (colonial issue)	..	..	..	..							4,012,597	15	1
Redemption of Deficiency Bills as per contra											150,000	0	0
Deficiency Bills outstanding on the 31st March, 1886, redeemed											75,000	0	0
Balance on 31st March, 1887,—													
Cash in the Public Account	..	..	..	..				158,176	6	9			
Advances in the hands of Officers of the Government,—													
In the Colony	..	..	..	..	8,502	13	7						
In London	..	..	..	..	20,126	17	4						
								28,629	10	11			
											186,805	17	8
Total											£4,588,503	12	9

ACCOUNT.

Balance on 31st March, 1886,—													
Cash overdrawn	..	..	..	..				25,457	3	2			
Less advances in the hands of Officers of the Government,—													
In the Colony	..	..	..	..	4,961	7	10						
In London	..	..	..	..	111	14	8						
								5,073	2	6			
Permanent Appropriations,—											20,384	0	8
One-third of proceeds of Land sold on Deferred Payments paid over to Local Bodies					14,568	4	2						
Amount paid under Section 7 of "The Local Bodies Finance and Powers Act, 1885"					122	1	3						
Amount paid under clause 40 of "The Special Powers and Contracts Act, 1886"					394	17	11						
New Plymouth Harbour Board Endowment					3,852	7	9						
								18,937	11	1			
Annual Appropriations,—													
Class XIII.—Minister of Lands	..	..	..	..	97,836	13	4						
" XIV.—Rates on Crown Lands	..	..	..	..	36,156	0	6						
								133,992	13	10			
Services not provided for								1,004	3	1			
											153,934	8	0
Total											£174,318	8	8

STATEMENT of the RECEIPTS and EXPENDITURE of the

STATE FORESTS

RECEIPTS.	£	s.	d.	£	s.	d.	£	s.	d.
Balance on 31st March, 1886,—									
Cash in the Public Account			379	6	1			
Advances in the hands of Officers of the Government,—									
In the Colony			108	6	7			
							487	12	8
Rents from Lands set apart			109	10	4			
Miscellaneous			3,764	5	1			
							3,873	15	5
Balance on 31st March, 1887,—									
Cash overdrawn			1,478	11	2
Total			£5,839	19	3

ACCOUNTS OF

Balance on 31st March, 1886,—									
Cash in the Public Account .. .. .	..			7,357	18	2			
Advances in the hands of Officers of the Government,—									
In the Colony .. .. .	..			9	4	3			
							7,367	2	5
Revenue appropriated to Local Bodies,—									
Fees, Fines, &c. .. .. .	..			2,375	16	11			
Endowments of Land, &c. .. .. .	..			8,438	9	5			
Goldfields Revenue .. .. .	..			14,319	19	3			
Gold Duty .. .. .	..			22,583	1	8			
							47,717	7	3
Counties Separate Accounts,—									
Revenue of Counties in which "The Counties Act, 1876,"									
is not in full operation .. .. .	..			80	4	0			
							47,797	11	3
Total .. .. .	..			..			£55,164	13	8

DEPOSIT

Balance on 31st March, 1886,—									
Cash in the Public Account .. .. .	..			41,965	6	2			
Advances in the hands of Officers of the Government,—									
In the Colony .. .. .	..			100	0	0			
In London .. .. .	..			16,022	15	5			
							16,122	15	5
							58,088	1	7
Lodgments,—									
Armed Constabulary Reward Fund .. .. .	..			80	11	0			
Armed Constabulary Reward Fund Investment .. .. .	..			2,000	0	0			
Emigrants' Deposits .. .. .	..			8,800	0	0			
General Assembly Library Fund .. .. .	..			110	0	0			
Miscellaneous .. .. .	..			40,675	19	7			
Moeraki Harbour Board Fund .. .. .	..			1,725	0	0			
Moeraki Harbour Board Fund Investment .. .. .	..			1,200	0	0			
Native Land Act, 1878 (No. 2) .. .. .	..			162	10	0			
Native Land Purchases .. .. .	..			1,778	9	0			
Nelson Rifle Prize Fund .. .. .	..			66	0	0			
New Zealand University Endowment, Canterbury .. .. .	..			150	0	0			
New Zealand University Endowment, Westland .. .. .	..			15	5	0			
Thermal-Springs Districts Act, 1881 .. .. .	..			266	5	3			
Westland Loan Act, 1873, Redemption .. .. .	..			133	11	3			
							57,163	11	1
Total .. .. .	..			..			£115,251	12	8

Treasury, Wellington, 16th April, 1887.

Examined and found correct as regards the railway receipts.

J. P. MAXWELL,

General Manager, New Zealand Railways.

No. 1—continued.

CONSOLIDATED FUND for the Financial Year ended 31st MARCH, 1887.
ACCOUNT.

EXPENDITURE.	£	s.	d.	£	s.	d.	£	s.	d.
Annual Appropriations,— Class XV.—Minister of Lands	5,769	19 11			
Permanent Appropriations,— Interest on Debentures, £1,500	69	19 4			
							5,839	19 3	
Total	£5,839	19 3	

LOCAL BODIES.

Revenue paid over to Local Bodies,— Fees, Fines, &c.	2,363	1 0							
Endowments of Land, &c.	8,903	18 4							
Goldfields Revenue	15,118	9 2							
Gold Duty	23,104	6 1							
					48,889	14 7			
Counties Separate Accounts,— Amount distributed amongst Road Boards where "The Counties Act, 1876," is not in full operation .. .. .	..	..	..	..	246	1 9			
Advance Accounts,— Net amount paid on behalf of Local Bodies .. .. .	..	..	..	..	512	12 5			
							49,648	8 9	
Balance on 31st March, 1887,— Cash in the Public Account .. .. .	..	..	..	..	..	..	5,516	4 11	
Total .. .. .	..	..	..	..	..	..	£55,164	13 8	

ACCOUNTS.

Withdrawals,— Armed Constabulary Reward Fund .. .. .	..	..	..	..	2,351	15 8			
Auckland Museum Endowment .. .. .	..	..	..	..	23	6 3			
Emigrants' Deposits .. .. .	..	..	..	..	8,800	0 0			
General Assembly Library Fund .. .. .	..	..	..	..	110	0 0			
Miscellaneous .. .. .	..	..	..	..	23,397	4 2			
Moeraki Harbour Board Fund .. .. .	..	..	..	..	225	0 0			
Moeraki Harbour Board Fund Investment .. .. .	..	..	..	..	1,725	0 0			
Native Land Act, 1878 (No. 2) .. .. .	..	..	..	..	112	10 0			
Native Land Purchases .. .. .	..	..	..	..	1,281	18 9			
Nelson Rifle Prize Fund .. .. .	..	..	..	..	66	0 0			
Thermal-Springs Districts Act, 1881 .. .. .	..	..	..	..	327	7 9			
Westland Loan Act, 1873, Redemption .. .. .	..	..	..	..	147	18 9			
							38,568	1 4	
Balance on 31st March, 1887,— Cash in the Public Account .. .. .	..	..	..	..	..	62,657	13 8		
Advances in the hands of Officers of the Government,— In the Colony .. .. .	..	..	..	..	3	2 3			
In London .. .. .	..	..	..	..	14,022	15 5			
						14,025	17 8		
							76,683	11 4	
Total .. .. .	..	..	..	..	..	..	£115,251	12 8	

JAMES C. GAVIN,
Secretary to the Treasury.

JAMES B. HEYWOOD,
Assistant Secretary and Accountant.

Examined and found correct, except as regards the railway receipts, which are not examined by the Audit Office.

JAMES EDWARD FITZGERALD,
Controller and Auditor-General.

STATEMENT of the RECEIPTS and EXPENDITURE of the PUBLIC

Part I.—Chargeable to the Unexpended

RECEIPTS.	£	s.	d.	£	s.	d.	£	s.	d.
Balance on 31st March, 1886,—									
Cash in the Public Account				174,075	7	9			
Advances in the hands of Officers of the Government,—									
In the Colony	16,602	15	9						
In London	60,853	11	4						
				77,456	7	1			
Investments				517,247	19	5	768,779	14	3
Debentures created for purchase of District Railways,—									
Duntroon and Hakateramea Railway	61,100	0	0						
Thames Valley and Rotorua Railway	40,187	7	11						
Waimate Railway	33,900	0	0						
Waimea Plains Railway (proceeds of £34,000)	31,000	0	0						
				166,187	7	11			
Sinking Funds released, under “The Consolidated Stock Act, 1884,”—									
In respect of “The Wellington Loan Act, 1866”				8,311	17	9			
Amounts transferred, in respect of expenditure of previous years,—									
From Part II., for Construction and Permanent-way									
Material	137,779	15	1						
From Part III., for Permanent-way Material	213,000	0	0						
				350,779	15	1	525,279	0	9
Total							£1,294,058	15	0

Part II.—Chargeable to the £1,000,000 authorized to be raised

Temporary advances from Part I.				331,383	15	10
Total				£331,383	15	10

Part III.—Chargeable to the £1,325,000 authorized to

“New Zealand Loan Act, 1886,”—						
Part proceeds of Loan in 4-per-cent. Inscribed Stock						1,176,500 0 0
Total						£ 1,176,500 0 0

No. 1—continued.

WORKS FUND for the Financial Year ended 31st MARCH, 1887.

Balance on the 31st March, 1886.

EXPENDITURE.					£	s.	d.	£	s.	d.	£	s.	d.
Annual Appropriations,—													
Class	I.—Immigration	..	..	..	12,453	17	11						
"	II.—Public Works, Departmental	..	..	..	12,895	12	3						
"	III.—Railways	..	..	..	16,728	14	7						
"	IV.—Roads	..	..	..	264,716	19	10						
"	V.—Waterworks on Goldfields	..	..	..	7,665	7	8						
"	VI.—Purchase of Native Lands, North Island	..	..	..	18,457	5	10						
"	VII.—Telegraph Extension	..	..	..	18,951	14	8						
"	VIII.—Public Buildings	..	..	..	89,498	5	1						
"	IX.—Lighthouses, Harbour Works, and Defences	..	..	..	143,705	4	3						
"	X.—Contingent Defence	..	..	..	12,500	0	0						
"	XI.—Rates on Native Lands	..	..	..	25,138	18	1						
"	XII.—Thermal Springs	..	..	..	7,813	14	5						
								630,525	14	7			
Services not provided for					..			6,100	0	0			
Purchase of District Railways,—													
	Duntroon and Hakateramea Railway	..	..	..	61,100	0	0						
	Thames Valley and Rotorua Railway (balance)	..	..	..	40,187	7	11						
	Waimate Railway	..	..	..	38,900	0	0						
	Waimea Plains Railway	..	..	..	31,000	0	0						
								166,187	7	11			
Balance on 31st March, 1887,—											802,812	2	6
Investments					..			587,643	12	3			
Advances in the hands of Officers of the Government,—													
	In the Colony	..	..	..	4,727	1	9						
	In London	..	..	..	44,298	3	4						
								49,025	5	1			
Temporary advance to Part II..					..			331,383	15	10			
								968,052	13	2			
Less cash drawn against Investments					..			476,807	0	8			
											491,245	12	6
Total					..			..			£1,294,058	15	0

under "The North Island Main Trunk Railway Loan Act, 1882."

Annual Appropriations,—													
Class	I.—Public Works, Departmental	..	..	..	..			2,772	14	4			
Class	II.—Railways	..	..	..	..			252,533	16	2			
Class	III.—Purchase of Native Lands	..	..	..	..			70,378	12	4			
											325,685	2	10
Balance on 31st March, 1887,—													
Advances in the hands of Officers of the Government,—													
	In the Colony	..	..	..	..	..		..			5,698	13	0
Total					..			..			£331,383	15	10

be raised under "The New Zealand Loan Act, 1886."

Annual Appropriations,—													
Class	I.—Railways	..	..	..	..			543,495	4	3			
"	II.—Charges and Expenses of raising Loan, and Contingencies	..	..	..	..			12,270	11	8			
											555,765	15	11
Balance on 31st March, 1887,—													
Cash in the Public Account					..			463,546	17	5			
Advances in hands of Officers of the Government,—													
	In the Colony	..	..	..	..	4,541	8	7					
	In London	..	..	..	..	22,587	7	2					
								27,128	15	9			
Investments					..			130,058	10	11			
											620,734	4	1
Total					..			..			£1,176,500	0	0

Table

STATEMENT of the RECEIPTS and EXPENDITURE of the PUBLIC
CONVERSION

RECEIPTS.						£	s.	d.	£	s.	d.	£	s.
Balance on 31st March, 1886,—													
Cash in the Public Account									11,499	10	0		
Advances in the hands of Stock Agents						254,761	16	5					
Advances in the hands of Crown Agents						55,300	0	0					
									310,061	16	5		
												321,501	6 5
Proceeds of Sale of 4 per cent. Inscribed Stock									1,064,775	0	0		
Debentures issued under "The Consolidated Stock Act, 1884" (Colonial issue).. .. .									13,500	0	0		
												1,078,275	0 0
Total												£ 1,399,776	6 5

LOANS TO LOCAL

"The Government Loans to Local Bodies Act, 1886,"—													
Debentures created												50,000	0 0
Total												£50,000	0 0

Treasury, Wellington, 20th April, 1887.

No. 1—continued.

WORKS FUND for the Financial Year ended 31st MARCH, 1887.**ACCOUNT.**

EXPENDITURE.						£	s.	d.	£	s.	d.	£	s.	d.
Debentures issued under "The Wellington Loan Act, 1866,"														
redeemed						13,500	0	0						
Five per cent. 5-30 Debentures called in for payment on 15														
January, 1885						300,800	0	0						
Four and a half per cent. 5-30 Debentures called in for pay-														
ment on 1 August, 1886						819,400	0	0	1,133,700	0	0			
Expenses Account,—														
Discount						26,500	0	0						
Commission						14,322	6	2						
Brokerage						1,520	1	7						
Stamp Duty						24,569	17	6						
Office Expenses						7,749	6	9	74,661	12	0			
Balance on 31st March, 1887,—												1,208,361	12	0
Cash in the Public Account									89,874	15	6			
Advances in the hands of Stock and Crown Agents,—														
Stock Agents						15,239	18	11						
Crown Agents						86,300	0	0	101,539	18	11			
												191,414	14	5
Total												£ 1,399,776	6	5

BODIES' ACCOUNT.

Payments to,—														
Counties,—														
Manawatu						2,000	0	0						
Patangata						5,000	0	0						
Waipawa						3,500	0	0						
Wairarapa North						4,170	0	0	14,670	0	0			
Road Board,—														
Taratahi-Carterton									600	0	0			
Balance on 31st March, 1887,—												15,270	0	0
Cash in the Public Account												34,730	0	0
Total												£50,000	0	0

JAMES C. GAVIN,
Secretary to the Treasury.

JAMES B. HEYWOOD,
Assistant Secretary and Accountant.

Examined and found correct:
JAMES EDWARD FITZGERALD,
Controller and Auditor-General.

Table No. 1—continued.
GENERAL BALANCE-SHEET AND SUMMARY OF TRANSACTIONS—continued.
SUMMARY of BALANCES on the 31st MARCH, 1887.

FUNDS.	—	BALANCES.	—	CONSOLIDATED FUND.	PUBLIC WORKS FUND.	SUSPENSE ACCOUNT.	TOTAL.
	£ s. d.	£ s. d.		£ s. d.	£ s. d.	£ s. d.	£ s. d.
CONSOLIDATED FUND:—							
Ordinary Revenue Account ..	186,805 17 8			168,631 19 4	111,344 12 3	1,688 7 1	281,664 18 8
Land Fund Account ..	Dr. 54,263 3 1			44,652 0 4	188,892 12 9	..	228,094 13 1
State Forests Account ..	Dr. 1,478 11 2			..	717,702 3 2	..	717,702 3 2
Accounts of Local Bodies ..	5,516 4 11						
Deposit Accounts ..	76,683 11 4						
		213,263 19 8					
PUBLIC WORKS FUND:—							
Part I. ..	491,245 12 6						
" II. ..	Dr. 325,685 2 10						
" III. ..	620,734 4 1						
Conversion Account ..	191,414 14 5						
Loans to Local Bodies Account ..	34,730 0 0						
		1,012,439 8 2					
SUSPENSE ACCOUNT ..	..	1,688 7 1					
Total ..	..	1,227,391 14 11	Total ..	213,263 19 8	1,012,439 8 2	1,688 7 1	1,227,391 14 11

Table No. 3.
The PUBLIC DEBT of NEW ZEALAND on 31st March, 1887.

	AMOUNT OUTSTANDING.		DUE DATE.	SINKING FUNDS ACCRUED (estimated).	NET INDEBTEDNESS.	ANNUAL CHARGE.			REMARKS.	
						Rate.	Amount.	When payable.		
										Int.	S.F.
New Zealand Loan Act, 1856	£ 300,000	£	1 Jan., 1888	£	£	%	%		{ The accumulations of the sinking fund of this loan now enable the Trustees not only to dispense with further contributions from the Treasury, but to pay the interest of the loan.	
	25,000		1 Oct., 1888			..	..	..
	50,000	500,000	1 Jan., 1889	512,296	Cr. 12,296	..	..	..
	50,000		1 July, 1889			..	..	..
	50,000		1 Oct., 1889			..	..	..
New Zealand Loan Act, 1860	..	74,100	1 July, 1891	70,563	3,537	6	2	1 Jan. and 1 July		
	378,800		15 July, 1914	72,495	306,805	5	1	15 Jan. "		
	500,000		1 Nov., 1915	182,606	317,394	4	1	1 May " 1 Nov.		
New Zealand Loan Act, 1863	154,800	1,295,800	15 Mar., 1891			6	2	15 Mar. "		
	188,400		15 June, 1891	318,383	98,617	6	2	15 June "		
	73,800		15 Dec., 1891			6	2	15 June " 15 Dec.		
	..									
Consolidated Loan Act, 1867 Immigration and Public Works Loan Act, 1870 .. .. .	..	3,210,600	Ann. drawing	1,937,900	1,272,700	5	1	Quarterly, 15 Jan., &c.	Sinking Fund payable 13 Mar. and 13 Sept.
	..	1,000,000	1 June, 1907	143,577	856,423	4	2	1 June and 1 Dec.		
Auckland Loan Act, 1863 Lyttelton and Christchurch Railway Loan, 1860 Canterbury Loan Ordinance, 1862 Otago Loan Ordinance, 1862 .. .. .	..	31,600	1 June, 1896	17,157	14,443	6	2	1 April " 1 Oct.	*6% on £7,283,100 = £436,986 Less Interest at 5 % on £4,072,500, re-presenting bonds converted .. 203,625 £233,361
	..	77,700	30 years	54,617	23,083	6	2	30 June " 31 Dec.		
	..	22,800	50 years	4,548	18,252	6	1	30 June " 31 Dec.		
	..	116,700	1 July, 1898	52,074	64,626	6	1	1 Jan. " 1 July		
Ordinance of Legislative Council Consolidated Loan Act, 1867 .. .. .	..	6,329,300		3,366,216	2,963,084				
	..	311	Presentation	..	311	..	..	..
	..	77,000	1 Jan., 1893	..	64,000	5	..	1 Jan. " 1 July		
Immigration and Public Works Loan Act, 1870			15 April, 1913	..	13,000	4	..	15 April " 15 Oct.		
	372,100	400,000	15 April, 1913	..	372,100	4	..	15 April " 15 Oct.		
	27,900		15 April, 1913	..	27,900	4½	..	15 April " 15 Oct.		
Defence and Other Purposes Loan Act, 1870	25,000		1 July, 1910	..	25,000	4½	..	30 June " 31 Dec.		
	75,000	100,000	15 April, 1913	..	75,000	4	..	15 April " 15 Oct.		
Carried forward .. .. .	..	6,906,611	..	3,366,216	3,540,395	..	..	422,870	

Table No. 3—continued.
The PUBLIC DEBT of NEW ZEALAND on 31st March, 1887—continued.

	AMOUNT OUTSTANDING.	DUE DATE.	SINKING FUNDS ACCRUED (estimated).	NET INDEBTEDNESS.	ANNUAL CHARGE.			REMARKS.
					Rate.		When payable.	
					Int.	S.F.		
Brought forward	£ 6,906,611	..	£ 3,366,216	£ 3,540,395	%	£ 422,870	15 May and 15 Nov.	
General Purposes Loan Act, 1873	12,300	15 May, 1914	..	12,300	4	492	15 June "	15 Dec.
	49,500	15 Dec., 1888	..	49,500	5	2,475	15 April "	15 Oct.
	18,500	15 Oct., 1913	..	18,500	4	740	15 May "	15 Nov.
	54,700	28 Nov., 1914	..	54,700	5	2,735	15 April "	15 Oct.
Westland Loan Act, 1873	50,000	15 April, 1894	..	50,000	5	2,500	15 April "	15 Oct.
Nelson Loan Act, 1874	15,000	23 Mar., 1896	..	15,000	7	1,050	1 Mar. "	1 Sept.
New Zealand Loan Acts, 1876-77	2,207,300	1 Mar., 1918	..	2,207,300	5	110,365	1 Mar. "	1 Sept.
New Zealand Loan Act, 1879	388,000	1 Nov., 1889	..	388,000	5	19,400	1 May "	1 Nov.
Colonial Inscribed Stock Act, 1882	250,000	1 Nov., 1888	..	250,000	5	12,500	1 May "	1 Nov.
District Railways Purchasing Act, 1885	114,687	1 April, 1905	..	114,687	4	4,587	1 April "	1 Oct.
Public Revenues Act, 1886	100,000	10 Oct., 1891	..	100,000	4½	4,500	10 April "	10 Oct.
	50,000	10 Oct., 1891	..	50,000	5	2,500	10 April "	10 Oct.
Consolidated Stock Act, 1877	22,495,255	1 Nov., 1929	..	22,495,255	4	899,810	1 May "	1 Nov.
Consolidated Stock Act, 1884—	4,214,100	1892	..	4,214,100	5	210,705	Quarterly, 15 Jan., &c.	Convertible into stock at 107.
	43,600	1892	..	43,600	5	2,180	15 Jan. "	15 July
Colonial Issue	313,100	28 Nov., 1891	..	313,100	4½	14,089	28 May "	28 Nov.
	275,900	28 Nov., 1891	..	275,900	5	13,795	28 May "	28 Nov.
Totals	37,558,553	..	3,366,216	34,192,337	..	1,727,293		

The whole of the Imperial Guaranteed Loan of 1870 is included herein, although only £200,000 has actually been raised; the unsold debentures are used for the purpose of obtaining temporary advances from time to time. Deficiency bills are not included.

Table No. 4.

STATEMENT of the ESTIMATED LIABILITIES chargeable on the CONSOLIDATED FUND outstanding on the 31st March, 1881, 1882, 1883, 1884, 1885, 1886, and 1887.

—	31st March, 1881.	31st March, 1882.	31st March, 1883.	31st March, 1884.	31st March, 1885.	31st March, 1886.	31st March, 1887.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
ORDINARY REVENUE ACCOUNT.							
Permanent Appropriations,—							
Civil List	300 0 0	168 0 0	165 0 0	421 0 0	350 0 0	383 0 0	430 0 0
Interest and Sinking Fund .. .. .	..	24,000 0 0	4,470 0 0	..	..	..	2,719 12 11
Under Special Acts of the Legislature	225 0 0	..	957 0 0	584 0 0	684 0 0	490 6 10	9,069 13 6
Moiety of Subsidies .. .. .	..	..	..	..	..	25,868 0 0	34,695 0 0
" Endowments .. .. .	..	..	..	..	..	4,049 7 0	..
" Land Act, 1885 .. .. .	..	..	..	..	..	1,311 13 6	..
	525 0 0	24,168 0 0	5,592 0 0	1,005 0 0	1,034 0 0	32,102 7 4	46,914 6 5
Annual Appropriations,—							
Class I.—Legislative .. .. .	..	25 0 0	719 0 0	..	..	..	112 15 8
" II.—Colonial Secretary	22,490 0 0	14,881 0 0	16,604 0 0	19,802 0 0	17,174 0 0	16,314 18 1	9,160 16 0
" III.—Colonial Treasurer	2,164 0 0	767 0 0	6,480 0 0	1,765 0 0	1,295 0 0	12,461 10 6	971 13 8
" IV.—Minister of Justice	5,110 0 0	3,305 0 0	3,016 0 0	2,610 0 0	3,111 0 0	2,686 6 6	3,172 12 5
" V.—Postmaster-General	8,166 0 0	12,939 0 0	9,920 0 0	3,856 0 0	5,862 0 0	10,134 8 2	5,352 10 1
" VI.—Commissioner of Customs	4,334 0 0	1,849 0 0	3,394 0 0	4,310 0 0	2,689 0 0	3,925 17 4	4,043 3 4
" VII.—Commissioner of Stamps	521 0 0	1,150 0 0	1,326 0 0	1,871 0 0	2,122 0 0	2,307 6 7	540 6 7
" VIII.—Minister of Education	3,550 0 0	2,340 0 0	2,500 0 0	4,686 0 0	3,578 0 0	2,251 0 0	5,780 0 0
" IX.—Minister of Native Affairs	1,267 0 0	2,737 0 0	1,939 0 0	1,415 0 0	700 0 0	1,000 0 0	657 0 0
" X.—Minister of Mines	7,820 0 0	8,550 0 0	6,805 0 0	2,437 0 0	3,270 0 0	6,284 0 0	5,977 5 10
" XI.—Minister for Public Works	86,596 0 0	71,754 0 0	82,735 0 0	103,169 0 0	106,244 0 0	87,797 10 5	86,294 19 1
" XII.—Minister of Defence	22,971 0 0	19,578 0 0	35,500 0 0	19,831 0 0	14,888 0 0	13,013 5 10	12,474 18 8
	164,989 0 0	139,875 0 0	170,938 0 0	165,752 0 0	160,933 0 0	158,176 3 5	134,538 1 4
Services not provided for .. .. .	..	351 0 0	..	..	..	5 7 10	..
Totals, Ordinary Revenue Account	165,514 0 0	164,394 0 0	176,530 0 0	166,757 0 0	161,967 0 0	190,283 18 7	181,452 7 9
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
LAND FUND ACCOUNT.							
Annual Appropriations,—							
Class XIII.—Minister of Lands	8,956 0 0	11,805 0 0	13,331 0 0	16,072 0 0	12,362 0 0	11,937 8 3	3,454 5 3
" XIV.—Colonial Treasurer .. .. .	..	..	..	7,610 0 0	23,258 0 0	18,700 0 0	8,556 19 0
	8,956 0 0	11,805 0 0	13,331 0 0	23,682 0 0	35,620 0 0	30,637 8 3	12,011 4 3
Special Appropriations,—							
Subsidies paid to Local Bodies, 1890-81	100 0 0	..	..	..	..	..	..
One-third of Land Sales on Deferred Payments	12,620 0 0	13,384 0 0	14,109 0 0	9,895 0 0	10,495 0 0	12,129 16 9	10,527 16 5
New Plymouth Harbour Board	15,619 0 0	..	..	..	2,054 0 0	1,582 19 7	1,498 13 9
Ellesmere and Forsyth Reclamation and Akaroa Railway Trust	267 0 0	..	..	..	1,830 0 0	244 14 3	..
Local Bodies' Finance and Powers Act, 1885, section 7 .. .. .	..	..	..	..	..	122 1 3	..
	28,606 0 0	13,384 0 0	14,109 0 0	9,895 0 0	14,379 0 0	14,079 11 10	12,026 10 2
Totals, Land Fund Account	37,562 0 0	25,189 0 0	27,440 0 0	33,577 0 0	49,999 0 0	44,717 0 1	24,037 14 5
STATE FORESTS ACCOUNT.							
Annual Appropriations,—							
Class XV.—State Forests .. .. .	..	..	..	..	..	..	850 0 0

Table No. 5.

STATEMENT of the ESTIMATED LIABILITIES chargeable on the PUBLIC WORKS FUND outstanding on the 31st March, 1881, 1882, 1883, 1884, 1885, 1886, 1887, and 1887.

—		31st March, 1881.	31st March, 1882.	31st March, 1883.	31st March, 1884.	31st March, 1885.	31st March, 1886.	31st March, 1887.
		£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
ANNUAL APPROPRIATIONS.								
PART I.								
Class	I.—Immigration ..	664 1 6	110 8 3	20,565 0 0	51,000 0 0	8,000 0 0	7,000 0 0	5,000 0 0
"	II.—Public Works, Departmental ..	647 18 3	255 11 1	902 7 5	619 6 9	778 14 3	718 16 11	56 8 2
"	III.—Railways ..	428,687 1 8	320,019 11 10	533,243 16 7	728,955 12 5	496,593 3 11	386,345 8 9	1,364 17 11
"	IV.—Surveys of New Lines of Railway ..	406 6 8	234 15 0	1,600 14 6	8,197 10 9	931 15 11	1,246 12 9	..
"	V.—Roads ..	74,411 2 5	117,840 15 2	186,365 15 8	144,397 8 7	214,124 3 2	254,350 0 11	173,680 12 6
"	VI.—Land Purchases ..	997,725 0 0	338,876 10 3	309,299 0 0	285,400 0 0	173,200 0 0	238,600 0 0	120,144 0 0
"	VII.—Waterworks on Goldfields ..	11,029 17 8	6,665 16 9	16,659 14 2	7,382 13 0	7,369 0 0	14,363 0 0	1,485 10 1
"	VIII.—Telegraph Extension ..	..	3,500 0 0	9,000 0 0	..	6,000 0 0	3,700 0 0	3,983 0 0
"	IX.—Public Buildings ..	33,249 18 5	84,457 9 1	82,862 2 3	41,752 10 10	10,424 1 7	23,255 5 9	55,161 2 9
"	X.—Lighthouses and Harbour Works ..	100 0 0	7,554 11 8	10,661 17 2	15,138 2 4	119,220 6 11	164,410 10 3	80,724 0 0
"	XI.—Rates on Native Lands ..	..	..	..	..	..	..	10,668 0 0
"	XII.—Thermal Springs ..	..	761 0 9	..	..	..	..	2,500 0 0
"	Contingent Defence ..	..	..	..	..	..	..	..
"	Miscellaneous Public Works ..	38,591 8 10	..	..	..	..	..	..
Totals ..		1,585,512 15 5	880,276 9 10	1,171,160 7 9	1,282,843 4 8	1,036,641 5 9	1,094,589 15 4	454,767 11 5
PART II.								
Class	II.—Railways ..	..	..	..	..	..	..	158,360 5 9
"	III.—Land Purchases ..	..	..	..	..	..	..	29,621 0 0
Totals ..		..	..	..	..	..	..	187,981 5 9
PART III.								
Class	I.—Railways ..	..	..	..	..	..	..	326,290 6 0
"	II.—Costs and Contingencies ..	..	..	..	..	..	..	360 13 6
Totals ..		..	..	..	..	..	..	326,650 19 6

Table No. 6.

MEMORANDUM OF CLASSIFICATION OF THE CIVIL SERVICE.

1ST DIVISION.

£450 to £800. Classes to be arranged subsequently.

2ND DIVISION.

				£
Class A.—Salary	....	....	....	440
„ B.	„	....	....	415
„ C.	„	....	....	390
„ D.	„	....	....	365

3RD DIVISION.

				£
Class A.—Salary	....	....	....	340
„ B.	„	....	....	320
„ C.	„	....	....	300
„ D.	„	....	....	280

4TH DIVISION.

				£
Class A.—Salary	....	....	....	265
„ B.	„	....	....	250
„ C.	„	....	....	235
„ D.	„	....	....	220

5TH DIVISION.

				£
Class A.—Salary	....	....	....	210
„ B.	„	....	....	200
„ C.	„	....	....	190
„ D.	„	....	....	180

6TH DIVISION.

				£
Class A.—Salary	....	....	....	170
„ B.	„	....	....	160
„ C.	„	....	....	150
„ D.	„	....	....	140

7TH DIVISION.

				£
Class A.—Salary	....	....	....	130
„ B.	„	....	....	120
„ C.	„	....	....	110
„ D.	„	....	....	100

8TH DIVISION.—CADETS.

- Class A.—Fourth year, £75 per annum, and if living away from home £15 extra.
 „ B.—Third year, £60 per annum, and if living away from home £20 extra.
 „ C.—Second year, £45 per annum, and if living away from home £25 extra.
 „ D.—£35 per annum, and if living away from home £25 extra.

Table No. 7.
ASSETS AND LIABILITIES OF THE COLONY.

31ST MARCH, 1886.

ASSETS.						£	£
Real Property	...	...	...	...	...	...	116,376,659
Personal Property	...	...	...	...	...	...	82,540,315
Railways	...	...	...	...	...	13,453,363	
Telegraphs	...	...	...	...	...	523,727	
Lighthouses	...	...	...	...	...	150,895	
Buildings	...	...	...	...	...	2,250,000	
Harbours	...	...	...	...	...	2,500,000	
Water-supply, Goldfields	...	...	...	...	...	500,000	
							<u>19,377,985</u>
Total	...	...	...	...	...	...	<u>£218,294,959</u>
LIABILITIES.							
Debt of the Colony, deducting Sinking Fund	...	...	...	...	...	31,688,349	
Debts of Local Bodies	...	...	...	...	...	5,616,273	
Mortgages	...	...	...	...	...	31,821,109	
Indebtedness, exclusive of Mortgages	...	...	...	...	...	20,365,593	
Total	...	...	...	...	...		<u>£89,491,324</u>
Surplus	...	...	...	...	...	...	<u>£128,803,635</u>
European Population, March, 1886,	...	...	...	...	...	578,482	
Surplus per head	...	...	...	...	...	£223	

J. SPERREY,
Commissioner.

Property-Tax Department,
Wellington, 5th May, 1887.

Table No. 8.

RETURNS RELATING TO PROPERTY AND TO PROPERTY-TAX.

RETURN No. 1.

RETURN showing the VALUE of all REAL PROPERTY in NEW ZEALAND (exclusive of Native land situated beyond five miles of any road suitable for horse traffic), VALUE of all PERSONAL PROPERTY, and VALUE of PUBLIC WORKS.

	Assessment, 1882.	Assessment, 1885.
Real Estate, exclusive of Native lands situated five miles beyond a road suitable for horse traffic	£101,000,000	£116,376,659
Personal Property	64,000,000	82,540,315
	<u>£165,000,000</u>	<u>£198,916,974</u>
Crown Lands	£8,500,000	£13,675,516
Native Lands within five miles of a road suitable for horse traffic	5,750,000	5,847,105
Education, Church, Municipal, and other Reserves	11,750,000	7,252,273*
Taxable Real Estate	45,000,000	47,277,142
Non-taxable Real Estate	30,000,000	42,324,623
	<u>£101,000,000</u>	<u>£116,376,659</u>
Personal Property—		
Taxable	£40,000,000	£43,505,538
Non-taxable	11,000,000	25,139,277
Allowed for Exemptions	13,000,000	13,895,500
	<u>£64,000,000</u>	<u>£82,540,315</u>

VALUE OF PUBLIC WORKS, MARCH, 1886.

Railways (cost)	£13,453,363
Telegraphs, &c. (cost)	523,727
Lighthouses (cost)	150,895
Buildings	2,250,000
Harbours	2,500,000
Water-supply, Goldfields	500,000
	<u>£19,377,985</u>

* Church Reserves, 1885, included in "Taxable Real Estate."

Table No. 8—continued.

RETURN No. 2.

RETURN OF PERSONAL PROPERTY, PREPARED FROM OWNERS' STATEMENTS.

	Assessment, 1882.	Assessment, 1885.
Horses, Cattle, Sheep, and other Live Stock	£8,542,117	£8,634,188
Wool, Grain, and other Produce	795,058	854,481
Merchandise, including Goods on Consignment and Stock-in-trade ...	9,710,794	9,199,121
Furniture and Household Goods, including Musical Instruments, Plate, Jewellery, Works of Art, Books, Carriages, Stores ...	4,062,738	4,288,124
Cash in hand of Persons making Statements, Cash at a Bank, or deposited with a Building or other Society, Shares in Building Societies	5,731,251	5,584,212
Money owing to Persons making Statements, secured on Mortgage ...	19,423,585	26,181,610
Debts owing to Persons making Statements	10,259,921	8,822,153
All other Property belonging to Persons making Statements, except Exempt Property	1,462,968	11,145,535
Totals	<u>£59,988,432</u>	<u>£74,709,424</u>

PERSONAL PROPERTY NOT INCLUDED BY OWNERS IN THEIR STATEMENTS.

	Assessment, 1882.	Assessment, 1885.
Produce	£1,338,356	£1,003,767
Agricultural Implements	547,040	601,000
Vessels, Steam and Sailing	1,600,000	1,226,124
Estimate of Proportion of Invested Capital that escapes Taxation by reason of Life Interest only in it being taxable... ..	500,000	...
Deposits in Banks in Excess of Amounts returned by Owners in their Statements ... ..	...	5,000,000
Totals	<u>£3,985,396</u>	<u>£7,830,891</u>

RETURN No. 3.

STATEMENT OF MORTGAGES.

	Assessment, 1882.	Assessment, 1885.
Mortgages (Foreign capital)	£15,018,904	£16,832,507
Mortgages (Colonial capital)	14,997,557	14,988,602
Totals	<u>£30,016,461</u>	<u>£31,821,109</u>

INDEBTEDNESS OF PEOPLE IN NEW ZEALAND, EXCLUSIVE OF MORTGAGES.

	1882.	1885.
Debts deducted by Taxpayers	£13,040,000	£17,540,282
Debts deducted by Non-taxable Persons (estimated for 1882) ...	1,500,000	2,825,311
Totals	<u>£14,540,000</u>	<u>£20,365,593</u>

Table No. 8—continued.

RETURN No. 4.

COMPARATIVE STATEMENT OF RESULTS OF PROPERTY ASSESSMENT.

<i>Taxpayers.</i>						
Number of Taxpayers, 1882-83	...	...	...	...	...	22,087
Number of Taxpayers, 1883-84	...	...	...	...	...	25,460
Number of Taxpayers, 1886-87	...	...	...	...	...	27,826
<i>Property.</i>						
Taxable Real Property, 1882-83, assessed in 1879	...	...	£35,000,000			
Taxable Personal Property, 1882-83, assessed in 1879	...	...	37,500,000			£72,500,000
Taxable Real Property, 1883-84, assessed in 1882	...	...	£44,810,000			
Taxable Personal Property, 1883-84, assessed in 1882...	...	...	40,190,000			£85,000,000
Taxable Real Property, 1886-87, assessed in 1885	...	...	£47,277,142			
Taxable Personal Property, 1886-87, assessed in 1885...	...	...	43,505,538			£90,782,680
Total Real Property, 1880	...	...	...	...		£93,000,000
Total Real Property, 1883	...	...	...	...		£101,000,000
Total Real Property, 1886	...	...	...	...		£116,376,659
<i>Tax.</i>						
Tax at $\frac{1}{2}$ d. in the pound on £72,500,000, 1882-83	...	...	£151,043			
" Fire Insurance Companies, £1 2s. 6d. per cent. on £406,040 Premiums			4,568			£155,611
Tax at $\frac{3}{4}$ d. in the pound on £85,000,000, 1883-84	...	...	£265,675			
" Fire Insurance Companies, £1 2s. 6d. per cent. on £397,427 Premiums			4,471			£270,146
Tax at $1\frac{3}{8}$ d. in the pound on £89,158,301, 1886-87	...	...	£301,838			
" Fire Insurance Companies, £1 4s. 5d. per cent. on £450,456 Premiums			5,499			£307,337
Tax payable, 1883-84 and 1886-87,—				1883-84 at $\frac{3}{4}$ d.	1886-87 at $1\frac{3}{8}$ d.	
By Persons	...	...	...	£202,955	£221,348	
Companies	...	...	...	51,312	63,288	
Banks	...	...	...	11,355	12,820	
Insurance Companies	...	...	...	4,471	*12,544	
Totals	...	...	...	£270,093	£310,000	
<i>Actual Receipts.</i>						
Actual Receipts to date for 1886-87, including Arrears of 1885-86	...	...	...	...	...	<u>£310,522</u>

* Includes Life Insurance Companies.

Table No. 8—continued.

RETURN No. 5.

NUMBER OF OWNERS OF PERSONAL PROPERTY CLASSIFIED ACCORDING TO
AMOUNT, 1886.

				Persons.	Companies.	Totals.
Under £100	...	...	...	20,782	42	20,824
£100 and under	£200	...	...	10,677	12	10,689
200 "	300	...	...	5,646	14	5,660
300 "	400	...	...	3,427	7	3,434
400 "	500	...	...	2,318	5	2,323
500 "	600	...	...	1,855	7	1,862
600 "	700	...	...	1,384	6	1,390
700 "	800	...	...	1,050	5	1,055
800 "	900	...	...	929	3	932
900 "	1,000	...	...	729	4	733
1,000 "	2,000	...	...	3,775	27	3,802
2,000 "	3,000	...	...	1,479	19	1,498
3,000 "	4,000	...	...	712	7	719
4,000 "	5,000	...	...	497	7	504
5,000 "	10,000	...	...	945	23	968
10,000 "	20,000	...	...	475	46	521
20,000 "	50,000	...	...	208	28	236
50,000 "	100,000	...	...	53	15	68
100,000 "	200,000	...	...	22	17	39
200,000 and over		...	...	3	21	24
				<u>56,966</u>	<u>315</u>	<u>57,281</u>

CLASSIFICATION OF TAXPAYERS BY VALUE OF THEIR TAXABLE PROPERTY,
REAL AND PERSONAL, 1886 AND 1883.

Number of Taxpayers, 1886.	Number of Taxpayers, 1883.	Taxable Value of Property.	
2,954	2,045	Under	£100
3,033	2,674	£100 and under	200
2,401	2,189	200 "	300
1,974	1,790	300 "	400
1,537	1,491	400 "	500
1,477	1,402	500 "	600
1,171	1,060	600 "	700
1,023	973	700 "	800
863	786	800 "	900
727	744	900 "	1,000
4,431	4,244	1,000 "	2,000
1,871	1,799	2,000 "	3,000
1,016	1,047	3,000 "	4,000
700	664	4,000 "	5,000
1,409	1,339	5,000 "	10,000
691	670	10,000 "	20,000
359	357	20,000 "	50,000
106	112	50,000 "	100,000
48	44	100,000 "	200,000
35	30	200,000 and over.	
<u>27,826</u>	<u>25,460</u>		

CLASSIFIED STATEMENT OF AMOUNTS PAID BY TAXPAYERS.

1883.				1886.			
8,698	pay under	£1 5s.	Computed at $\frac{1}{2}$ d.	10,362	pay under	£1 7s. 1d.	Computed at $\frac{1}{3}$ d.
4,926	"	£1 5 0 and under	£2 10 0	5,208	"	£1 7 1 and under	£2 14 2
5,774	"	2 10 0	" 6 5 0	6,021	"	2 14 2	" 6 15 5
2,846	"	6 5 0	" 12 10 0	2,887	"	6 15 5	" 13 10 10
2,673	"	12 10 0	" 62 10 0	2,800	"	13 10 10	" 67 14 2
543	"	62 10 0 and over.		548	"	67 14 2 and over.	

Table No. 8—continued.

RETURN No. 6.

FREEHOLDERS OF LAND OUTSIDE BOROUGHES, TOWN DISTRICTS, AND TOWNSHIPS, CLASSIFIED BY AREA, SHOWING TOTAL VALUE OF EACH CLASS, FOR 1886 AND 1883.

Area.	Year.	Persons.		Companies.		Totals.		Year.
		Number.	Value.	Number.	Value.	Number.	Value.	
5 acres and under 10 ..	1886	2,111	£ 577,023	2	£ 475	2,113	£ 577,498	1886
	1883	1,411	296,538	5	6,598	1,416	303,136	1883
10 " 20 ..	1886	2,410	736,684	9	12,479	2,419	749,163	1886
	1883	1,924	579,137	7	1,825	1,931	580,962	1883
20 " 30 ..	1886	2,104	654,106	6	5,648	2,110	659,754	1886
	1883	1,854	580,810	6	1,820	1,860	582,630	1883
30 " 40 ..	1886	1,235	509,064	6	27,268	1,241	536,332	1886
	1883	1,075	445,492	1	2,980	1,076	448,472	1883
40 " 50 ..	1886	2,217	626,664	1	2,500	2,218	629,164	1886
	1883	1,991	538,389	3	1,570	1,994	539,959	1883
50 " 60 ..	1886	2,324	832,984	1	672	2,325	833,656	1886
	1883	2,187	799,878	1	98	2,188	799,976	1883
60 " 70 ..	1886	1,411	517,734	3	4,010	1,414	521,744	1886
	1883	1,277	456,756	1	1,000	1,278	457,756	1883
70 " 80 ..	1886	1,028	525,239	..	..	1,028	525,239	1886
	1883	970	507,416	1	770	971	508,186	1883
80 " 90 ..	1886	1,337	516,489	2	18,780	1,339	535,269	1886
	1883	1,274	502,925	..	..	1,274	502,925	1883
90 " 100 ..	1886	866	457,338	2	9,132	868	466,470	1886
	1883	777	442,874	1	100	778	442,974	1883
100 " 200 ..	1886	7,280	4,795,828	8	61,542	7,288	4,857,370	1886
	1883	6,745	4,791,026	6	10,429	6,751	4,801,455	1883
200 " 320 ..	1886	4,154	4,211,058	4	10,472	4,158	4,221,530	1886
	1883	3,887	4,342,292	3	5,270	3,890	4,347,562	1883
320 " 500 ..	1886	2,117	3,615,055	2	12,154	2,119	3,627,209	1886
	1883	1,953	3,503,704	4	92,509	1,957	3,596,213	1883
500 " 640 ..	1886	861	2,038,443	2	18,188	863	2,056,631	1886
	1883	737	1,777,274	1	500	738	1,777,774	1883
640 " 1,000 ..	1886	1,039	3,347,702	4	30,307	1,043	3,378,009	1886
	1883	926	3,344,357	5	29,197	931	3,373,554	1883
1,000 " 2,000 ..	1886	906	4,516,147	10	48,404	916	4,564,551	1886
	1883	812	4,322,082	4	9,932	816	4,332,014	1883
2,000 " 3,000 ..	1886	266	2,255,589	3	57,130	269	2,312,719	1886
	1883	243	2,331,213	2	40,400	245	2,371,613	1883
3,000 " 4,000 ..	1886	142	1,461,593	2	12,984	144	1,474,577	1886
	1883	142	1,583,515	4	30,935	146	1,614,450	1883
4,000 " 5,000 ..	1886	94	1,337,228	2	32,919	96	1,370,147	1886
	1883	73	1,138,590	1	5,500	74	1,144,090	1883
5,000 " 6,000 ..	1886	72	1,248,956	3	48,868	75	1,297,824	1886
	1883	65	1,202,475	3	61,938	68	1,264,413	1883
6,000 " 7,000 ..	1886	49	946,998	1	14,920	50	961,918	1886
	1883	47	944,148	1	6,649	48	950,797	1883

Table No. 8—*continued.*FREEHOLDERS OF LAND OUTSIDE BOROUGHES, TOWN DISTRICTS. AND TOWNSHIPS, ETC.—*continued.*

Area.	Year.	Persons.		Companies.		Totals.		Year.
		Number.	Value.	Number.	Value.	Number.	Value.	
7,000 acres and under 8,000 ..	1886	42	£ 791,001	3	£ 65,237	45	£ 856,238	1886
	1883	37	886,206	..	..	37	886,206	1883
8,000 " 9,000 ..	1886	29	702,608	3	51,596	32	754,204	1886
	1883	26	782,846	1	4,960	27	787,806	1883
9,000 " 10,000 ..	1886	15	349,992	3	85,795	18	435,787	1886
	1883	21	555,236	2	60,966	23	616,202	1883
10,000 " 20,000 ..	1886	141	5,005,603	10	319,057	151	5,324,660	1886
	1883	138	5,171,761	3	71,486	141	5,243,247	1883
20,000 " 30,000 ..	1886	42	2,348,237	1	15,288	43	2,363,525	1886
	1883	46	2,652,992	3	35,821	49	2,688,813	1883
30,000 " 40,000 ..	1886	26	1,809,375	5	268,951	31	2,078,326	1886
	1883	23	2,058,685	..	..	23	2,058,685	1883
40,000 " 50,000 ..	1886	4	470,543	1	81,492	5	552,035	1886
	1883	8	632,825	3	153,874	11	786,699	1883
50,000 " 75,000 ..	1886	14	1,594,675	5	638,670	19	2,233,345	1886
	1883	9	1,096,423	3	541,916	12	1,638,339	1883
75,000 " 100,000 ..	1886	3	675,388	3	614,798	6	1,290,186	1886
	1883	6	1,146,797	1	370,777	7	1,517,574	1883
100,000 " 150,000 ..	1886	1	42,828	1	319,513	2	362,341	1886
	1883	..	..	2	604,035	2	604,035	1883
150,000 and over ..	1886	..	..	2	1,251,268	2	1,251,268	1886
	1883	..	..	2	1,782,295	2	1,782,295	1883
Grand totals	1886	34,340	49,518,172	110	4,140,517	34,450	53,658,689	1886
	1883	30,684	49,414,662	80	3,936,150	30,764	53,350,812	1883

SUMMARY OF ABOVE.

Year.	Area.			Persons.	Companies.	Totals.
1886 } 1883 } ..	5 acres and under 100 acres ..			17,043 14,740	32 26	17,075 14,766
1886 } 1883 } ..	100 " "	1,000 "	..	15,451 14,248	20 19	15,471 14,267
1886 } 1883 } ..	1,000 " "	10,000 "	..	1,615 1,466	30 18	1,645 1,484
1886 } 1883 } ..	10,000 " "	50,000 "	..	213 215	17 9	230 224
1886 } 1883 } ..	50,000 " and over	..	..	18 15	11 8	29 23
1886 } 1883 } ..	Totals , ..			34,340 30,684	110 80	34,450 30,764

NOTE—Total number of freeholders in colony: 1882 assessment—71,240, of whom 30,764 own 5 acres and over of country land, that is, outside boroughs and town districts, and exclusive of land classed as township lands. 1885 assessment—80,527, of whom 34,450 own 5 acres and over of country land.

Table No. 8—continued.

RETURN No. 7.

INDEBTEDNESS OF COUNTIES, BOROUGHES, ROAD, TOWN, RIVER, HARBOUR,
AND DRAINAGE BOARDS

Local Body.	Loans, Foreign.	Loans, Colonial.	Other Liabilities.	Totals.
Counties—	£	£	£	£
At 31st March, 1886 ... ..	...	3,510	185,389	188,899
" " 1883 ... ..	...	7,800	124,953	132,753
Boroughs—				
At 31st March, 1886	1,521,400	736,375	253,093	2,510,868
" " 1883	1,917,996	40,550	166,347	2,124,893
Road and Town Boards—				
At 31st March, 1886 ... ..	...	23,850	104,861	128,711
" " 1883 ... ..	...	14,270	37,996	52,266
River Boards—				
At 31st March, 1886	21,000	30,430	4,638	56,068
" " 1883 ... ..	...	50,530	7,933	58,463
Harbour Boards—				
At 31st December, 1885	2,374,500	40,445	125,022	2,539,967
" " 1882	1,456,400	52,500	116,720	1,625,620
Christchurch Drainage Board—				
At 31st March, 1886	191,760	...	...	191,760
" " 1883	200,000	...	...	200,000
Totals ... (1886	4,108,660	834,610	673,003	5,616,273
1883	3,574,396	165,650	453,949	4,193,995

RETURN No. 8.

PROPERTY ASSESSMENT.

CLASSIFICATION of TAXPAYERS by OCCUPATION, showing DESIGNATION and NUMBER.

Designation.	Number.
Professional: Clergymen, Lawyers, Doctors, Authors, Editors, Scientific Men, &c., and Engineers, Surveyors, and Architects (not Government)...	1,226
Civil Servants, Officers of Local Bodies, Teachers under Board of Education, &c. ...	649
Retired Professional Men, Gentlemen, retired Merchants, Others retired from Busi- ness, Capitalists, &c.	865
Merchants, Importers, Warehousemen, Contractors, &c.—	
Firms	282
Persons	949
	1,231
Tradesmen (wholesale and retail), Shopkeepers, Storekeepers, Carriers, &c. ...	4,330
Working Storemen, Mechanics, Labourers, Shepherds, Miners, Sailors, &c. ...	2,088
Manufacturers, Brewers, Millers, Founders, Sawmillers, Shipbuilders, &c....	558
Graziers, Sheepfarmers, Farmers, Settlers (in country), Dairymen, &c.	9,747
Land, Commission, or General Agents, Auctioneers, Accountants, Brokers, Com- mercial and other Managers, Clerks, Bookkeepers, Teachers (not under Education Board), Merchant Captains, &c.	1,134
Widows, Wives' Trustees, Spinsters, &c.	3,049
Other Trust Estates, and Estates of Deceased Persons, &c.	1,429
Absentees	1,140
Companies—Loan	37
Mining	91
Manufacturing... ..	64
Insurance: Life, Fire, &c.	43
Banks and others	145
	380
Total	27,826

Wellington, 5th May, 1887.

J. SPERREY,
Property Tax Commissioner.