

The present surplus is a sum larger than it is considered necessary, in all the circumstances, to maintain as a general reserve fund, and appropriate action is being taken in the coming year to reduce the accumulated surplus to about £500,000. Such a policy will release a large sum for necessary developmental work in the economic and social fields. At the present time the Territory has no public debts.

The receipts of the public revenues, exclusive of grants from the New Zealand Government, for the past two years are as follows :—

Heads of Receipts.						1947-48.	1948-49.
						£	£
Education	..	..	..	..	..	673	859
Health	..	..	..	..	..	15,267	19,803
Justice	..	..	..	..	..	2,335	1,973
Lands and Survey	..	..	..	..	..	1,360	1,713
Samoan Affairs	..	..	..	..	..	825	1,129
Police and Prisons	..	..	..	..	..	6,059	7,926
Postal and Radio	..	..	..	..	..	35,569	24,187
Public Works	..	..	..	..	..	10,935	12,977
Treasury, Customs, &c.	..	..	..	..	..	475,639	429,771
						548,682	500,338

The public revenue of the Territory is derived from a combination of direct and indirect taxes. The indirect taxes are import and export duties. These are an excellent means of obtaining revenue from a central source at a minimum cost and are thus well suited to the present stage of development of the country. The direct taxes are store tax, salary-tax, trade and business licences, building-tax, water rates, amusement-tax, and stamp duties. Store tax, the principal direct tax, is a tax on the gross selling-price of goods. It is now perhaps outmoded, and following a report on the taxation system of the Territory by an officer of the Land and Income Tax Department of New Zealand consideration is being given to its possible replacement by income-tax. There are no direct taxes imposed on Samoans other than the salary-tax on incomes in excess of £200 per annum after deducting the normal exemptions. All taxes are paid to the Administration.

Receipts of revenue for the year under the various taxation headings (exclusive of fees for services) were as follows :—

					£
Amusement-tax	..	..	..	..	202
Building-tax	..	..	..	..	4,182
Export duties	..	..	..	..	79,950
Import duties (including port and service tax)	..	..	..	..	234,339
Licences and fees	..	..	..	..	6,001
Salary-tax	..	..	..	..	5,415
Stamp duties	..	..	..	..	5,996
Store tax	..	..	..	..	65,835
Water rates	..	..	..	..	1,568

The Territory continued during the year to receive grants from the New Zealand Government for various purposes relating to economic and social advancement. These grants represent the implementation of the policy announced by the Prime Minister of New Zealand in 1944 of using all profits from the New Zealand Reparation Estates for the benefit of the people of Samoa. Receipts during the year under the terms of such