

On account of the continuation of the stringency of the money-market I have had to refuse applications for loans totalling £180,012, principally applied for by Borough Councils, whose valuable resources, it is considered, would enable them to obtain loans outside the Government; and, as there are still so many necessitous local authorities having large areas in the back blocks, and clamouring for loans from the Government, these claims must have my first consideration.

The payments of the half-yearly instalments of interest on the inscribed debts of the various local authorities continue to be fully and punctually paid.

LAND AND INCOME TAX.

The total receipts from these sources was £606,806. As the estimated amount collectible was £552,000, this Department of the revenue therefore produced £54,806 more than was anticipated. This increase was made up of—land-tax, £22,854 (estimated £330,000, actually collected £352,854); income-tax, £31,952 (estimated £222,000, actually collected £253,952).

LAND-TAX.

Despite the fact that the land-tax has exceeded the estimate, I am not altogether satisfied with the result. A further analysis of the figures shows that, although the enhanced value of land in the colony has resulted in an increased revenue from the ordinary land-tax, the graduated tax (in which, of course, is included the tax paid by absentees) actually shows a decrease as compared with 1903-4.

The following table shows this :—

—	1903-4.	1904-5.	Increase.	Decrease.	Net Increase.
	£	£	£	£	£
Ordinary land-tax	232,800	254,727	21,927
Graduated, including absentee-tax ...	102,190	98,127	...	4,063	...
	334,990	352,854	17,864

Making all allowances for the loss of revenue caused by the acquisition of properties under the Land for Settlements Act, this clearly demonstrates that the landowners of the colony are evading the graduated tax, and there can be no doubt that this has been done by means of family subdivisions by persons holding large estates. Sixty per cent. of this loss of revenue is attributable to this evasion.

INCOME-TAX.

This still continues to give satisfactory results, and is further proof of the steadily increasing prosperity of the colony.

Compared with 1903-4 the figures are,—

	£
1904-5	253,952
1903-4	221,369
Increase	£32,583

PROPERTY-TAX VERSUS LAND AND INCOME TAX.

Receipts for the last year of the Property-tax (1891-92)	£ 356,741
Receipts for the first year of the Land and Income Tax (1892-93)—	
Land-tax	297,181
Income-tax	67,367
	364,548

The number of land-tax payers has increased during the ten years ending 1904 by 11,318, equal to an increase of 90 per cent. The number of owners of land has increased by 24,212 during the ten years ending 1903, equal to an increase of 26·5 per cent.