Brought forward	19,600			£	
Persons, about	12,000—Skilled workers	...	about	175	per annum.
„ „	19,000—Miners	...	„	113	„
„ „	1,700—Professions	...	„	325	„
„ „	32,700—Mariners, Labourers, Servants, and miscellaneous	...	„	90	„
	85,000				

There then remain to be distributed amongst these classes the proportion of banking profits, and the interest on mortgages and liens, putting out of consideration the interest on bank deposits as owned in common, and the miscellaneous exports as not capable of allocation.

These profits, amounting together to £650,000, may be estimated to belong chiefly to three classes of the "occupations" shown by the Census, viz.:—

1. Trade, Commerce, and Manufactures,
2. Agricultural and Pastoral, and
3. Professions;

or to about 21,000 persons to whose incomes about £30 each may therefore be added.

The means of ascertaining the number of owners of property, of stock and tillage farmers, of merchants, traders, or manufacturers, is not afforded by the information before us, but we estimate that one person in four in these occupations is a master, (servants being separately shown); the remaining three-fourths consist of farm labourers, tradesmen, and clerks. To arrive at the distribution of income amongst these subdivisions of occupations, it is necessary to estimate the earnings of clerks, mechanics, and labourers. Clerks may be stated at an average of £200 per annum; mechanics, being on wages, and probably not always employed, at £150 per annum; labourers, at £90, as before estimated. The number of clerks, mechanics, and labourers to be deducted from the 21,000 above stated will be three-fourths, or about 16,000; of these 2,000 may be taken as clerks, 4,000 as mechanics, and 10,000 as labourers.

	&
2000 Clerks at £200 per annum ...	400,000
4000 Mechanics at £150 ...	600,000
10,000 Labourers at £90 ...	900,000
	£1,900,000

which sum, if deducted from the aggregate incomes of the 21,000 persons included in the following classes, viz.:—

	£
Trade, Commerce, and Manufactures ...	2,324,000
Agriculture and Pasture ...	4,770,000
Banking and Interest on Mortgages and Liens ...	650,000
Professions ...	552,000
	£8,296,000

leaves £6,396,000 to be divided amongst the remaining 5,000 persons. The number of servants, shown by the Census table of occupations, viz.:—2,165 males and 4,037 females, together 6,202, tends to confirm this estimate of 5,000 persons as about the number of persons gaining incomes sufficient to maintain considerable households.

Doubtless many persons of property or farmers, or others, who by professions or trade, make large incomes, do not maintain separate establishments, but against these may be set off the number of servants employed in hotels, &c.

The number of inhabited houses of five rooms and over was, on the 1st December, 1864, about 8,700, including all stores and buildings not occupied as dwellings, so that, making allowance for these, and for the number of houses occupied by lodging-house keepers and persons with incomes under £200 per annum; this confirms the above estimate of 5,000 persons of considerable means.

This total income of £6,396,000 gives to each of the 5,000 possessors, after paying salaries and wages only, except the wages of domestic servants, an average gross income of £1,280 per annum—which income includes all the sources of a Property and Income Tax we can estimate upon the information at our disposal.

In the United Kingdom incomes below £100 per annum are exempted from taxation, and upon incomes under £150 a reduced rate is levied We presume that that precedent would be followed in this Colony, and that, taking into account the different value of money or cost of living, the minimum rate for taxation would be fixed at a much higher amount, so as to avoid taxing wages.

We do not enter upon any consideration of the policy of exempting wages or any particular amount of income, as that subject is not referred to us. But we will endeavor to calculate the probable amount that might be realized and the number of persons from whom an Income Tax would have to be gathered on the assumption for the purposes of illustration and calculation that the minimum rate for taxation is fixed at £200, and that a reduced rate only would be levied on incomes of less than £300. It is necessary to make such an assumption to enable us to answer the question in our Commission as to the proportion of cost of collection to taxation.

The limitation of this tax to a minimum is recommended, on the ground of facility of collection, by McCulloch in his Treatise on Taxation and Funding. Upon this subject he says "Under the existing (1863) Income Tax the assessment on all sorts of incomes begins at £100 a year; and this, perhaps is as good a limit as could be selected. To nothing, indeed, is it so much indebted for its comparatively easy working as to the minimum taxable income being fixed at £100."

The amount levied upon real property, funds, salaries, and pensions under Schedules A. B. C. and E. of the then existing Income Tax in the United Kingdom for the year ending 5th April, 1861, was £7,528,000; and from incomes proper under Schedule D. the amount was £3,429,000, rather less than