will recollect that Parliament authorized last session a considerable increase in the duties chargeable on wines and spirits. Notwithstanding those increased duties the whole Customs revenue only exceeded the revenue of the previous year by £3,723. Judging from the first month's returns, and from the continued operation of the chief causes that tend to reduce the Customs receipts, I do not feel myself justified in estimating so large a Customs revenue as that of last year by about £5,000. If there had been no exceptional causes to keep down the Customs revenue it should, by natural increases during the last few years, yield considerably more than £1,500,000 per annum, whereas I am unable to estimate it at more than £1,410,000 for the current year. The prevailing depression and lessened scale of expenditure have undoubtedly something to do with the reduction. But there are other patent causes at work, in the less use of alcoholic drink, and the fall in the value of the goods on which *ad valorem* duties are levied. There are a large number of persons in the colony who aim at the total abolition of the use of wines and spirits. When asked what would be the effect on the revenue they answer, the Treasurer will easily find a substitute, as the people who save the enormous cost of the drinking-bill are well able to make up the loss. It is manifestly unfair, when the Treasurer seeks to perform this duty, to accuse him of increasing the taxation, when, in fact, he is seeking only to maintain the revenue. There is certain expenditure that grows every year with the additional wants of the community. The cost of education is a notable example of growing expenditure. The revenue should equally grow; and, if it does not do so to a fair extent, it is actually falling, when the increased number of the taxpayers is taken into account. Although the duty was considerably increased last year on spirits, there was a falling-off of the revenue on this item of £17,000. Somewhat similar remarks may be applied to the *ad valorem* duties. It is true the actual receipts from these duties were £15,000 more than the previous year, because the value of imports subject to these duties was larger. But as goods continue to fall in value the duty on each article becomes reduced, besides the reduction of its cost, exclusive of duty. I will give you an example. I find that, if the imports during the year 1885 subject to an *ad valorem* duty of 15 per cent. had been estimated at the values ruling in 1880, the total value would have been £320,000 more than that of 1885, and the duty at 15 per cent. would have been £48,000 more. So that the importers and consumers, in regard to the particular goods in question, saved between them, in consequence of the fall in value, £320,000 in cost and £48,000 in duties. But this is only the saving on the imports liable to 15 per cent. duties.

The saving on the whole imports of 1885, comparing them with the values ruling in 1880, amounted to no less than £1,050,000. Think of this vast sum saved, and say if a little extra duty on the 1885 values would have been burdensome to either the vendors or consumers of the imports. Nor would it have increased the actual amount of duty paid on the articles separately. The same goods in 1885 paid, as I have shown, £48,000 less duty than would have been chargeable on them in 1880. Each article, therefore, paid less duty. I have made the computations of the 15 per cent. duties without adding the usual amount of 10 per cent. to the invoice rates. Had I done so, the results would have been even larger than those I have shown. The Government think that for revenue purposes it is right to maintain the Customs duties. These duties have always formed the principal item of the colonial revenue, and they should yield a gross increase concurrently with the increase of population and the larger wants of the people. The diminished consumption of spirits, and the diminished value of goods, both leave the people better able to keep up the gross yield of the duties, and financially the Government consider it unwise to allow this great branch of revenue to lose its elasticity. The reception, however, last year of the proposals to increase the Customs duties was not of a nature to induce the Government to again submit similar proposals to the same House, and with great regret they feel themselves debarred from doing so. Whilst the peculiar circumstances that prevail make the burden of Customs duties fall with comparative lightness on the population, the reduced value of imports is injuring to a disastrous extent local production and the employment of labour. Again, the owners of property, whether real or personal, are suffering from the lower values of produce and from less