

Ordinary tax on land, £606,067 ; ordinary tax on mortgages, £32,056 = £638,123,	£	s.	d.
at 1d.	2,658	16	11
Graduated tax on £606,067, at 2d.	5,050	11	2
	£7,709	8	1

which is some £500 or £600 in excess of the amount paid by the Board through the Estates Company for 1896–97—viz., £7,130; but for this period certain concessions under the hardship clauses of the Act were granted to the Estates Company in respect of its debentures, which reduced the assessment.

Under the Land- and Income-tax Act we could be assessed for the full amount of our outstanding debentures, but the Commissioner decided to only assess us on so much of the debenture-money as was used by the bank to retire outstanding debentures of the Estates Company and Auckland Agricultural Company. This was approximately £1,011,000, but owing to a misconception on the part of the department the amount was estimated for 1896–97 at £1,421,000. Even at the less sum we should pay in excess of our liability if assessed on our land only as set out above.

I take it that the intention of the Legislature in passing the Act of 1895 was to give relief to the bank, as provision was made that no stamp duty should be chargeable on transfer of properties from the Estates Company. I should therefore assume that the imposition of increased taxation under the financial clauses of the Act is decidedly in opposition to the spirit of the intentions of the Legislature, if not of the letter of the Act itself.

Under the present system of taxing debentures the disposal of our properties does not relieve us except to a limited extent. If we sell a property, say, for cash, we are relieved from land-tax on the taxable value of such property, but we are assessed for income-tax on the interest of a similar sum.

I therefore consider that the Government should be approached with a view to fixing our limit of taxation on the unimproved value of our land and mortgages and exempting our debentures altogether from taxation; also as to refunding amount paid in excess of what we should have paid on this basis for 1897–98.

Another point that tells against us in paying on debentures is that our land is assessed as mortgaged land, and the land-tax calculated on the improved value instead of the unimproved value. This excess is equal to 4s. 10d. per cent. on the value of improvements, which are over 50 per cent. of unimproved value, thus: Unimproved value, £606,067; improved value, £969,133: difference, £363,066. 4s. 10d. per cent. on this is equal to, say, £875.

STAFF.

I have nothing special to report in this connection further than that the officers have in all cases carried out their duties efficiently during the past year.

WALTER G. FOSTER, General Manager.

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