

INCOME-TAX.

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The estimate for the year was	300,000
Actual collection	316,835
Giving an increase over estimate of	16,835
The collection for 1908-9 was	321,044
For 1909-10	316,835
1909-10 is therefore less than 1908-9 by	£4,209

Having regard, therefore, to the comparative depression in trade during the year ending 31st March, 1909, which is the period for which the returns were made on which the income-tax for 1909-10 was charged, the above results must be considered very satisfactory.

The percentage of expenditure to receipts of land and income tax revenue is collected in this Dominion at a very low cost:—

Land-tax	3.11 per cent.
Income-tax	1.87 „
Both taxes	2.70 „

LOANS TO LOCAL BODIES.

The old system of the granting of loans by the Treasury under the authority of the Minister of Finance was superseded by the legislation of last year giving wider and more extended powers of lending to local bodies. When that legislation was passed loans had been granted to some local bodies and no part of the loan was paid over. I consider that relief should be given in such cases. A Bill to enable such loans to be granted under the old system where they had previously been authorised, without fresh proceedings being necessary, will be introduced, to enable such loans to be granted by the Treasury. The total amount paid to local bodies last year was £245,357. Particulars will be found in the accounts submitted.

THE PUBLIC DEBT.

On the 31st March last the gross public debt stood at £62,168,407. This will show a reduction as compared with the previous year, but it is **necessary** to state that this is due to the transfer of £12,247,238 to the State-guaranteed Advances Department under the New Zealand State-guaranteed Advances Act of last session, being the amounts secured by assets under the Land for Settlement Acts—advances to settlers and workers, which are not to be shown as part of the Dominion's public debt, but are nevertheless an indirect liability, which are yearly being reduced by sinking funds provided against each of the loans, as well as an improving asset, from the fact that the annual repayments are yearly increasing the margin of what was the original security. During the year loan-moneys or advances amounting to £3,554,938 were received. This amount was made up as follows: For

	£
Public works	1,950,225
Hutt Railway and Road	52,590
Duplication of lines	76,500
Lands for settlement	169,485
Loans to local bodies	325,000
Advances to settlers	585,000
Advances to workers	300,000
State coal-mines	30,000
Scenery-preservation	10,000
New Zealand Consols	9,078
Increase by conversions	47,060
	£3,554,938