

relation to taxes on land and incomes. What is a land-tax? The popular and, I believe, the correct answer to the question is: A tax on the value of land, less improvements. This is the ideal of the land-tax school. The necessity for stopping short of the ideal must be found in the imperative requirements of our finance—the need for providing sufficient revenue to meet our obligations without unduly weighting the necessities of life through the Customs. We advance, therefore, just as far towards this ideal tax as the conditions of a sound finance will permit us, and, if we stop short of what some might desire, it must be remembered that the history of financial reforms and changes shows that the ends sought to be attained were seldom if ever reached at a single effort. We propose to introduce a Bill to abolish the property-tax, and to provide for a land- and income-tax, and in respect of the land-tax to grant an exemption on improvements up to the value of £3,000 for each owner, and also to impose a graduated tax upon all persons and companies the value of whose land, less the £3,000 of improvements, shall amount to £5,000. It is estimated that the deduction of improvements will cause a loss of revenue of about £60,000, and the graduated tax will bring in an increased revenue of £61,890. I have not considered it advisable to suggest a higher rate of graduated tax than that stated in the table. The payment of the additional sum of £61,890 will form an important extra contribution to the revenue by the holders of large estates, and it will be paid by less than 3,000 owners. In addition to the deduction for improvements there will be the exemption of £500 from an owner's land; and it is not proposed to grant the exemption when an owner's land, less deductions he may claim, will exceed £1,500. Thus, if a farmer has land worth £800, the improvements on which are valued at £300, the exemption would make him not taxable; and with land worth £1,200, and improvements £400, the taxable balance would be £300.

Mortgages may be deducted by owner.

In the assessment of the tax an owner will be allowed to deduct from his land the amount of any mortgages, and the mortgagee will pay tax on the total of his mortgages at the same rate as the owner on his land—that is, 1d. in the pound; but the graduated tax will fall entirely on the owner, and he will pay this on the full value, less the allowance for improvements. For the purposes of the tax it is considered that the mortgagee is a part-owner of the land, and that therefore he should share with the owner the responsibility in the matter of taxation; to which principle, however, we make the graduated system an exception. I should here state that an owner will not be asked to pay land-tax on the value of the interest of any tenant who holds a lease in which he has a marketable good-will. The tenant will be assessed with the value of his interest.

We propose to graduate the tax on the following scale:—

On a total taxable value of £5,000 to £10,000	....	1½d.
On " £10,000 to £20,000	....	1½d.
On " £20,000 to £50,000	....	1½d.
On " £50,000 to £100,000	....	1½d.
On " £100,000 and over	....	1½d.

Land-tax expected to yield £266,847.

It will interest the Committee to know what a land-tax is expected to yield on this system, supposing the ordinary rate to be 1d. in the pound. The result of an all-round tax of 1d. on the land of persons as distinguished from companies has been estimated by the Property-tax Department at £177,596, and the graduated division of the tax on persons at £46,567. The all-round tax on the land of companies at 1d. amounts to £27,361, and the graduated at £15,323. If we add these amounts together, we obtain a grand total of £266,847.

Table No. 13.
Amounts payable on estates.

I attach a table giving the amounts that would be payable on estates held by persons and companies; and from this it will be seen that more than £25,000 will be paid as graduated tax in respect of land of owners each of whom has a greater value than £100,000. These owners are less than fifty in number.

Diagram.
Proportion between the numbers of those who own land and the value held.

As a strong and readily-grasped argument in favour of a graduated land-tax, I have had published, with the tables attached to this Statement, another giving the proportions between the numbers of those who own land and the value held. This table deserves the most careful attention of all who really desire to see the occupation of our lands placed in a more satisfactory condition; and it will