

Subsales of Property.—A new stamp duty is to be imposed on all subsales of property at the same rate as if the purchaser took a transfer or conveyance of the property. This duty is estimated to produce £10,000 per annum. It will fall almost entirely on the land speculator.

Totalizator Dividends.—I propose as a war-tax to impose a duty on totalizator dividends of 2½ per cent. This is estimated to produce £75,000.

The whole of the taxing proposals and increases in the rates of the various public services will be revised with a view to remissions and reductions when these are made possible by improved conditions.

In adjusting the taxation and the rates for various public services my object has been to do so without imposing additional charges on the cost of living. I propose to alter the income-tax and other taxes so that those who have been making large profits due chiefly to the conditions produced by the war shall pay a considerable portion of their earnings to the country, and this they should not grudge, as the heavy borrowings incurred for war charges have secured them in their possession, and in the inestimable blessings they enjoy as members of the British race.

For the sake of convenience I summarize the proposed increases in taxation and rates as follows:—

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Land and Income Tax	619,600
Post and Telegraph	380,000
Railways	360,000
Customs	285,000
Totalizator dividends	75,000
Beer duty	55,000
Bank-cheques	50,000
Land-mortgages	48,000
Receipts	40,000
Conveyances, transfers, &c.	40,000
Succession duties	30,000
Non-alcoholic beverages	20,000
Bank-notes	20,000
Subsales of land	10,000
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	£2,032,600

I am, as I have indicated, estimating the total requirements at £2,000,000. A revival of inward trade, which there is good reason to hope will be the case, would be favourably reflected upon the principal Departments now adversely affected, and an early termination of the war would materially reduce the prospective liabilities. We are reasonably entitled to take both these as probabilities, and are justified in basing our responsibilities on the basis of £2,000,000. It must not be forgotten that the full amount of taxation and other increases of revenue will not come into the Treasury during this year. I estimate that we will receive by the 31st March next not more than £1,000,000 from the increases now proposed. It is impossible to give a fairly reliable approximate estimate of the financial position of the Consolidated Fund at 31st March next. It may be that there will be a deficit, as the whole operation of the increased rates and taxes cannot operate fully until the following year. I feel it to be my duty to point this out now. There need be no misgivings on this account, as what I am now proposing should, when the changes are in full sway, more than balance the revenue and expenditure.

Tariff.—While I realize that a necessity exists for revising the Customs tariff generally in regard to certain matters, the subject is one of such importance and difficulty that it cannot be dealt with at present. No doubt the question of encouraging new industries may become more pressing when the war is over. We must take steps to prevent New Zealand being made the dumping-ground of foreign countries' goods to the serious injury of our industries, manufacturers, producers, and workmen. There is no doubt that the facilities offered to the German manufacturer and merchant in gaining access