

does not come into that question at all. The payment of the tax is the payment of a ground-rent charge—payment for a peculiar privilege held by the landholder. I see no reason why, so long as a man is putting his land to proper use, he should not be allowed to extend his operations as far as he can, provided he is paying to the State some return for the value he receives in that charge on the unimproved value. He should be allowed the same right to extend his business as is allowed to any man in an ordinary business. I do not see why any distinction should be made between the two. We have now provision for penalizing by a 50-per-cent. addition to the tax any person who holds land without properly improving it. With that provision, which can be made more severe if necessary, we do not require a graduated land-tax or any limitation of area. I think that should only be fixed by a man's ability to use the land properly. You cannot definitely limit the area. Take millions of acres in the South Island that were cut up into grazing-runs, some of the land running a sheep to 10 acres. And, in addition to that land, a man must have land on the low country to take his sheep to during the winter. You cannot limit that area. And there are thousands of acres in the North Island that are not fit for anything but sheep-farming, which is most efficiently carried on on a comparatively large scale. I do not think there is the same ground to fear undue development in that direction as there is in business, because I think the personal element enters more into farming than it does into ordinary business. You do not find companies as a rule developing large farms as they do large businesses. Then, there are thousands of acres of country that are only fit for sheep-farming, but are being used for dairy-farming. This land is running cattle, and the country is really going back. It is not fit for cattle. Then, grain-growing is more efficiently carried on in large areas. There is not the waste of land in subdivision, nor the number of teams required by separate owners; and there are many other points. Provided a man is paying a fair charge on the unimproved value, I do not see why his industry should be limited in any way. He should be allowed to extend his operations to their legitimate capacity. I may say that the subdivision of these large estates, which without special charge on them, such as a land-tax, might develop into an evil, has brought about what I believe to be a greater evil in this country, and that is speculation. That speculation has been encouraged to a great extent, first by the allowance of a deduction for a mortgage, and latterly by the mortgage exemption. That mortgage exemption covers holdings up to £8,000 of unimproved value, and it is in holdings of that size or a little larger that there is an enormous amount of trafficking. In my opinion, that has been a far greater curse to the country than aggregation has ever been. That is all I have to say about the land-tax. The income-tax part of my statement is being typed at this moment and will be in my hands shortly.

*The Chairman.*] The better course, then, will be for us to have a discussion with you as to your views in connection with the land-tax in the meantime.

*Mr. Hunt.*] You believe in a flat rate all round by way of land-tax?—Yes.

With an additional tax if the land is not being worked properly?—Yes. The tax is really not a tax at all. It is a rent charge.

*Mr. Shurtleffe.*] But that is for use?—Yes.

*Mr. Hunt.*] In addition to the land-tax, would you charge an income-tax?—A universal income-tax, yes.

That is, there would be a flat rate of land-tax and a universal income-tax to everybody?—Yes. I will deal with that later on.

Would you make any exemption from the income-tax for the land-tax that has been paid?—Yes. Five per cent. on the unimproved value is better than the land-tax paid.

That unimproved value: do you not think that is a problem again?—Yes.

It is a most difficult thing, in my experience, to arrive at?—It is; but there are a great many difficulties in connection with taxation. You just have to take a rough-and-ready approximation.

The capital value is fairly easily arrived at—much more easily than the unimproved value, because you cannot see the improvements?—In many cases you cannot.

Very few farmers, I think, could make the improvements on their land for the amount that is allowed by the Department—the improvements necessary to bring it from its unimproved state to its improved state. If some means could be got of doing away with that unimproved value it would simplify the thing very much?—It would be a very bad thing to tax the improvements.

They really are taxed now, you know?—Yes, slightly.

To a very large extent, because the amount that is allowed for improvements is so small that not one farmer in a hundred, in my experience, could bring his land from the unimproved condition to its improved condition for anything like the amount that is allowed for improvements?—Is not that a matter of adjustment? It is a matter of adjustment. If farmers can produce evidence of that, that evidence must prevail in an Assessment Court. I think a good deal of that is owing to neglect on the part of the occupiers of land.

It is very difficult for any man inspecting land to get a picture of what it was in its unimproved state, unless there is some unimproved land in the district, and often there is not that?—Well, there should be some record of the improvements and the cost of the improvements.

But those records do not exist?—They do in some cases.

Very, very rarely. Take underground draining, for instance; that is never seen?—No. Of course, that difficulty crops up in connection with the valuation of land in England. Owners of land in Lincolnshire wanted to claim as improvements improvements that were made by the Romans, nearly two thousand years before.

*Mr. Weston.*] With regard to the exemption of 5 per cent., would it not be fair to do this: to have your flat rate of land-tax. To get over Mr. Hunt's objection to some extent, in any case where a farmer paid income-tax, simply to deduct the land-tax from the amount. Take a case like this: unimproved value, £10,000. You have a flat rate of tax. Then you allow 5 per cent. of that