

£10,000 off the income. I am rather inclined to think that with a progressive income-tax it would be a very big gain to the man who is paying income-tax?—Not an undue gain.

I mean that a flat rate of land-tax on £10,000 would be considerably less than what the taxpayer would save on the £500 that you would allow him off his income?—Yes, it would be less. If we had a flat rate of land-tax, that would get some contribution from all the farmers who did not pay income-tax?—Yes.

Then, the men who paid the progressive income-tax, let them simply deduct their land-tax, and depend entirely on the progressive income-tax?—I did want to allow a little margin between the two, because there is no guarantee that the rate of land-tax would not be increased. It might be put up to 3d. or 4d.

A flat rate might be more than 1d. in the pound?—It might be, yes.

I do not think you ought to hit the small farmer too hard?—You would not hit him very hard; and, besides the farmer, there are thousands of men living in suburban areas—men in employment—who have fairly valuable sections and ought to pay land-tax and could well afford to pay land-tax. It would only be a matter of a pound or two, but in the aggregate it would amount to a considerable sum.

Take suburban areas; take a man holding a suburban area of land, not making any use of it, simply letting it stand waiting its turn for development: would you put the 50 per cent. on that? Yes. We would require an amendment of the Act to do that. That would be more general, because there is more of that sort of thing going on in suburban areas really than there is in country lands, that is where the profits of speculation are largely made, but at present that is cut out.

Your scheme would get over this disadvantage: that big concerns that must have valuable unimproved lands for the purposes of their business would not have to pay the graduated tax?—Yes.

At present I suppose the tendency is for the proportion of land-tax paid by farm lands steadily to decrease, as compared with city lands?—I could not say for certain. We have never taken out the information regularly. It is always a difficult return to compile. It takes a lot of time. We have not had the time to do it every year. Once or twice we have done it.

At present what proportion of the land-tax is paid by country lands as compared with urban and suburban lands?—I think, about four-sevenths.

*Mr. Shirlcliffe.*] If I follow Mr. Clark correctly, he favours a flat tax on land?—Yes.

Without any graduation?—Yes.

*The Chairman.*] Without any deduction for mortgages?—Yes.

You would abolish the mortgage exemption altogether?—Yes.

*Mr. Shirlcliffe.*] And you would have no exemption?—You could make it £500, or, if you wanted, £1,000. Really I think the only exemption should be of an amount that is not worth collecting.

*The Chairman.*] What would that be?—£50 or £100 of value.

You would tax anything over £100, say?—Yes.

*Mr. Shirlcliffe.*] Have you any idea as to what that flat rate should be under present conditions?—A flat rate of 3d. in the pound would bring in about £2,500,000.

You do not get anything like that at present, do you?—No.

What do you get at present?—About £1,750,000 approximately. It was less last year.

*Mr. Weston.*] You are getting about £1,300,000, are you not?—Yes, this last year.

*Mr. Shirlcliffe.*] And you say that a 3d. rate would bring in £2,500,000?—Yes.

Is there any necessity to tax the land so heavily as that?—You could make your rate less.

You are suggesting a universal income-tax, are you not?—Of course, at present in the higher gradations, when you take into account also the local rates which are levied on the same valuations, you are appropriating more than the total ground-rent. You are appropriating at the higher rates in some districts more than the total ground-rent—that is, when the tax is combined with the local rates, which are levied on the same basis.

I am trying to get down to the economic aspect of it—as to what rate would be necessary in order to maintain the present return?—I can give you later the approximate figures. I should say that between 1d. and 1½d. in the pound would bring in our present land-tax revenue.

You would still rigidly enforce the 50-per-cent. penalty for land held for speculative purposes?—Yes.

Is that done now?—Yes.

If a man buys a suburban property?—Not suburban. Lands in a borough are exempted from that provision.

But is not that where a very large amount of speculation goes on?—That is so.

You think that suburban lands held speculatively should pay the 50-per-cent. penalty?—Yes.

You will give us a memorandum of what suggested rates will yield?—Yes.

*Mr. Begg.*] About the taxation of unimproved value, there seem to be so many difficulties about assessing improvements. Do you think it would be unjust to put a tax on the capital value?—Yes.

If you were not going to assess a graduated income-tax in addition?—Yes, I think in any case it would be.

You realize that there are immense difficulties in arriving at a reasonable unimproved value?—They are not insurmountable.

One great difficulty, to my mind, is that they may alter continually: what is an improvement to-day is not an improvement to-morrow?—That is so.

What was considered an improvement twenty years ago would to-day be considered as ruining a property?—That can always be adjusted.