

experience shows that in a general breakdown he suffers irretrievably more than any one else. In imposing any fresh burden, it is pointed out that he should bear a share commensurate with the risks he has at stake. With these aims in view, I propose in order to secure the measure of assistance which it is considered indispensable that the income-tax should yield:—

- (1) To impose a special emergency tax on unearned income of individuals equal to one-third of the income-tax payable on such unearned income, and to eliminate the 10-per-cent. deduction at present allowed on earned incomes up to £2,000.
- (2) To include in the assessments (but only for the purpose of fixing the rate and the general exemption) all tax-free income and income taxed at the source, and to remove the present discrimination on income derived from certain local-body and company debentures.
- (3) To impose a special flat-rate tax of 4d. in the £1 on incomes of individuals, after allowing a general exemption of £500.

It is estimated that the effect of these alterations with the abolition of the graduated land-tax will be to increase the net yield on these items of taxation by about £230,000.

The foregoing provisions for economies, support from reserves, and taxation (all additional to the main Budget) should, if realized, strengthen the Budget to the extent of about £1,250,000. But it should be clearly realized that the scene is changing daily, and estimates cannot be relied on in any degree. It is our duty to do our utmost to check the drift in our public finances. But the ground is shifting from under us every day, and the position may be required to be reviewed again before the end of the financial year.

The proposals to meet the additional burden of £1,595,000 are therefore as follows:—

					£
Economies	..	..	..	..	400,000
Reserves	..	..	..	..	350,000
Customs taxation	..	..	..	..	240,000
Income-tax—				£	
To cover land-tax adjustment	..			320,000	
Additional	..	..	..	230,000	
					550,000
Reduction in amount provided in main Budget for supplementary estimates and contingencies	..				55,000
					<u>£1,595,000</u>

BUDGET ESTIMATES.

With the adjustments I have outlined, the revenue estimates for the year shown in the main Budget at £24,946,000, must now be recast as follows:—

					£
Customs	..	..	..	..	6,750,000
Beer duty	..	..	..	..	650,000
Film-hire tax	..	..	..	..	50,000
Motor-vehicles—Duties and licenses	..	..	..	..	1,760,000
Stamp and death duties	..	..	..	..	2,990,000
Land-tax	..	..	..	..	625,000
Income-tax	..	..	..	..	4,935,000
Interest receipts—				£	
Railway capital	..	..	..	930,000	
Post Office	..	..	..	535,000	
Public moneys	..	..	..	745,000	
Public Debt Redemption Fund	..			720,000	
					2,930,000
Miscellaneous—					
Post Office surplus	..	..	..	1,090,000	
From reserves	..	..	..	1,490,000	
Other	..	..	..	1,396,000	
					3,976,000
					<u>£24,666,000</u>