

Honorable members will bear in mind that I am now speaking of what I may call the permanent deficit—that is, I am speaking of the probable position we should find ourselves in at the end of next year if the receipts from land sales and the expenditure upon land are eliminated from both sides of the account, and am not now making provision to meet the estimated deficiency of the current year. I therefore deduct the subsidies, £275,620, from the deficit of £819,669 already mentioned, and find that there remains to be provided for £544,049; and this, Sir, the Government propose to meet by the imposition of a property-tax, the increase of the customs and stamp duties, and the release of sinking funds and interest by bringing the Consolidated Stock Act into operation. That our difficulties might be tidied over much more pleasantly for a few years by the sale of land to make good the deficiency of our ordinary revenue, a course not altogether unknown in some parts of the colony in years gone by, is true; but Sir, the present Government and all the members of it are, and always have been, opposed to such a policy, and I feel confident that we shall receive the hearty support of the House, and of the country, in giving effect to our proposals to sell land only for settlement, and to make our ordinary revenue equal our ordinary expenditure by the imposition of the necessary taxation after all possible reductions have been made in the expenditure.

PROPERTY-TAX.

Sir, no taxation is pleasant, and a new tax is especially unpalatable—the more so if direct in its form; but it will, I think, be generally admitted that we have now reached a stage at which a Property-tax in some shape is unavoidable. The principle of a land-tax has already been affirmed by this House, and there is much to be said for the policy of specially taxing unused land, held for speculative purposes. If it were practicable, I should certainly advocate the special taxation of unused land, but, in my opinion, it is not practicable. And taking the ordinary holdings of improved land, I am unable to see upon what principle of justice or expediency it is held that this is the only form of property which should be taxed. Why, I wish to know, should the farm of the hard-working pioneer settler, or the frontage of the struggling city tradesman be taxed, while bank shares, mortgages, and other such property are allowed to go free? I shall, therefore, ask the House to impose a property-tax upon the American model, excluding incomes, and thereby to affirm the principle that realized wealth, in whatever form, shall bear its fair share of the burdens of the State. The Government, after careful consideration, have come to the conclusion that an income-tax is not applicable to the existing circumstances of the colony. It is inquisitorial, and unavoidably open to great inequalities. The machinery, too, for levying such a tax must be elaborate and expensive, and far out of proportion to the revenue to be derived from it. For these reasons and many others with which I will not now trouble the Committee, but which can be fully discussed upon the second reading of the Property-Tax Bill, the Government have, as I have said, decided not to include incomes in the proposed tax.

Sir, the Government will ask Parliament to merge the Land-Tax in the Property-Tax which we intend to introduce, thus including land in the same category as all other property, making it equally but not specially liable to general taxation. Parliament has already approved of this principle by directing, in the case of intestate estates, that real shall be treated as personal property for the purposes of succession, and for taxation on succession. It would hardly be convenient that I should, upon the present occasion, discuss the policy of a land-tax; but the Committee will, perhaps, permit me to say a few words upon the subject, as it is one of great importance. The land-tax was, I presume, imposed either—first, for the purpose of revenue; second, to check the growth of large landed estates; third, to prevent land being held for speculative purposes; or, fourth, for all these reasons together. With regard to the first I would say that as we have some twenty-six millions of acres of land for sale, some five millions of which are classed as agricultural land, and as the one object which we all desire most is the settlement of people upon the land, it is surely unwise, and will tend to defeat the object we have in view, if we impose special