

that the existence of the Department will have a tendency to lower the average rate of interest paid on such loans. On first-class security such as is given by our local bodies the average rate of interest paid for loans outside of the Government should be less than it is.

The procedure for obtaining loans has been greatly simplified, as promised in my last Budget. After the ratepayers have approved the loan the Department does practically everything. A pamphlet has been issued giving full instructions to applicants how to obtain an advance. Interest is charged only on moneys obtained from the office during the progress of the work, so there is a great saving of interest and costs, and avoidance of worry. Full details of the average amounts of the loans to settlers and workers on freehold and leasehold, and the provincial districts receiving them, are given in the annual report already laid on the table of the House.

The total amounts advanced, including repayments lent again, since the Department commenced business is—advances to settlers, £10,547,970; advances to workers, £1,277,765; advances to local authorities, £405,195: total, £12,230,930. There can be no doubt that these large sums spread amongst so many borrowers at low rates of interest and on easy terms have contributed largely to the prosperity of the Dominion. Much of this money has been expended in assisting numerous settlers who would have been unable but for the Department to obtain homes for themselves.

OUR TAXATION NOT HEAVY.

I am of opinion that in the best interests of the country it is desirable to deal with the widely made and persistent statements that have been circulated in reference to the taxation of this country, statements which have been the means of creating an erroneous belief as to the amount of taxation borne by our community. It is sometimes honestly but mistakenly stated that New Zealand is the most heavily taxed community in the British Empire, if not in the civilized world. This is far from being true. In comparing the taxation paid by individuals in different countries we are met with serious difficulties in getting the exact position. Some countries levy more from direct taxation than others. The revenue derived from property-tax, land-tax, estate duties, or income-tax is collected in different ways by different Governments. In some countries there is no income-tax, in others no land-tax. In some inheritance-taxes are considerable, in others wholly absent. The incidence of taxation, direct and indirect, differs greatly in most systems, in some the poorest members of the community paying an unreasonable proportion of the whole. It is necessary to distinguish between taxation and charges for services rendered by the State. In a country like New Zealand, which owns its railways, the income of the service is regarded as revenue, and it is an error to speak of this as taxation. If the total annual earnings of the railways of the United States of America (£580,680,445) or the United Kingdom (£120,174,052) were added to the revenue of those countries, as is done in New Zealand, the taxation would appear to be enormous; and so on with other State activities. Only by a careful analysis can the real amount of taxation be ascertained. A country with a small revenue per head may have a more oppressive system of taxation than one with a much larger *per capita* revenue. The status in civilization of a country may be gauged roughly by the proportion of its revenue applied to useful public purposes and the equitable incidence of taxation—that is, the proportion of revenue collected from those best able to bear it. Judged by this standard New Zealand holds a high position indeed.

Take a small business man, farmer, artisan, or labourer with four children in New Zealand owning land valued at not more than £500, and on which a home and business premises are erected at a value of £1,000, or even more, and in receipt of an income under £300 per annum. He pays no direct taxation whatever to the General Government, and may contribute very little through the Customs, if he is a teetotaler and non-smoker. Even if he and his wife and children use the average quantity of dutiable goods, including silks, jewellery, and other articles deemed luxuries, he will pay only about £6 8s. 2d. per annum. If he consumes the average amount of tobacco and alcohol in addition, he will pay in all £10 5s. 9d. in indirect taxation. If they elect to go without what are considered luxuries, he and his family will pay hardly anything at all in the way of taxation. For the amount paid, supposing it is £10 5s. 9d. per annum, he gets much in return. His children receive a free education. At £5 8s. per annum, the cost of the education of each child from the age of five to fourteen, he receives from the State £21 12s. yearly. If his children are talented they can win their way to any position dependent upon a superior education. When his