MINUTES OF EVIDENCE.

TUESDAY, 26TH SEPTEMBER, 1922.

The Chairman: Gentlemen, we have before us this morning Petition No. 143, from Te Hurinui Apanui and 132 others, and forty-three similar petitions, with a total number of signatures of 2,682, presented by the Hon. Mr. Ngata, praying for relief in connection with the taxation on Native land under the Finance Act, 1917. I will ask the Clerk to read the petition.

Petition read out by the Clerk of the Native Affairs Committee.

The Chairman: As you presented the petition, Mr. Ngata, perhaps you would like to make some remarks.

Hon. Mr. Ngata: Not just at present, sir. I will be satisfied if the Committee will take the statements of the Commissioner of Taxes, the Under-Secretary of the Native Department, and the Deputy Native Trustee. At the conclusion of their remarks I will make a short statement to the Committee.

Mr. D. G. CLARK, Commissioner of Taxes, examined.

The Chairman.] As representing the Taxation Department, Mr. Clark, no doubt you will be in a position to give us some information on this question. We would be pleased to have your views upon the petition. You have seen the petition ?—Yes, sir, I have seen it, and I may say that I have submitted one of the two alternatives to the Government. I think that the land-tax on leased Native lands might be limited to one-quarter of the rental.

Is that the Natives' recommendation or the Chief Judge's recommendation ?—It is the Natives' recommendation. I have another suggestion made from the Native Trust Office—that is to say, a proposal to assess the Native leased land in accordance with the tenancy; but the objection to that is that it would facilitate the aggregation of land in the hands of tenants. Of course, there are restrictions on persons leasing Native land. I may say that I continually come across instances of men who lease Native land in the name of their families. We would have to recognize the ownership and the tenancy as well. In my opinion a more simple method would be to make provision for limiting the tax to one-quarter of the rental.

What is your view with respect to the suggestion made by the petitioners that the annual rent revenue may be regarded as income and be made subject to income-tax, instead of a tax upon the value of the land itself—have you given consideration to that point ?—It is liable to income-tax now, subject to the deduction of 5 per cent. of the unimproved value of the land. The rental is subject to income-tax now.

Is that assessable as a lump sum ?—No.

Is it assessable against each individual Native ?—Yes, the share of each individual Native has to be considered.

In connection with the Ohotu, the rental is £2,595 5s. 6d.: I am not concerned with the amount of the land-tax for the moment; but it is possible that a thousand Natives might be interested in the ownership of that block ?—Yes.

The total rental is £2,595, and there might be a thousand Natives in the block ?—That would be, roughly, £2 each.

Roughly speaking, about £2 per head would be the rental in each case: from the taxation point of view that does not come to your Department ?—No, we get very little income-tax from any of that, if we get any at all.

Hon. Sir M. Pomare: There are six hundred Natives concerned.

Hon. Mr. Ngata.] The suggestion, of course, is to treat that as income—there would be the income-tax on £2,000 ?—Yes, less 5 per cent. on the unimproved value.

The Chairman: Supposing there was £2,000 of taxable income, what would that amount to ?—Roughly, between £200 and £300.

Hon. Sir W. H. Herries.] That would represent 25 per cent. ?—Yes. That would not make the maximun tax £500, and we can do that without disturbing the system of the Act.

You will admit, Mr. Clark, that there was a great alteration in the 1917 Act ?—There were no special alterations in regard to Native lands, because they fell in with the others when the graduated tax was merged in the ordinary land-tax.

Hon. Mr. Ngata.] You were in the House of Representatives, Mr. Clark, when Sir Joseph Ward, who was then in charge of the Bill in Committee, gave the Native members the assurance that there would be no change ?—Yes, I think I was.

And later, in the Legislative Council, Sir Francis Bell repeated that statement, and his speech is on record in *Hansard* ?—Yes.

What is the position at Taumarunui in regard to the different ownerships ?—At Taumarunui and Te Kuiti we recognized the different ownerships.

But they are partitioned ?—Yes.

Hon. Sir W. H. Herries.] It was formerly reckoned as one because it was in the hands of the Board ?—No, not as far back as I can remember. I may say that I dealt with the matter in 1912, and I went through those assessments in the Native Land Office at Auckland, and we were dividing the land then.

Hon. Mr. Ngata.] You say, in regard to the Native Trustee's proposal of assessing on tenancies, that that might lead to confusion in the assessment ?—Yes.

Are not the different tenancies assessed separately ?—Not necessarily.