was not altered. But he does not appear to have realized that the combining of the ordinary and graduated land-tax had brought about a far-reaching and serious alteration. I have prepared in connection with some of the leased lands of the Trust a table showing the rents received and land-tax deducted therefrom between 1912 and 1921. Thus on four blocks in 1913 the rents totalled £3,180 8s. 5d., and the land-tax deducted £131 7s. 8d. In 1918, the year after the passing of the Finance Act, 1917, the proportions had changed to £3,631 19s. 1d. rents and £545 9s. land-tax. In 1921 they were £3,907 12s. 3d. rents and £1,068 1s. 1d. land-tax. The 400 per cent. increase in 1918 was due to the passing of the Finance Act. The increase of 1921 over 1918 was due to a combination of increased values and of a graduation based on these increased values. It must be remembered that these lands were leased when land-values were very low and access difficult. To induce lessees to take up the lands, low rentals and easy terms were given, and the element of taxation was not prominent. Still, the proportions of rent deductible for land-tax would have increased with each Government valuation of the lands in the district, assuming that the rate of the tax had remained at a flat rate of ½d. in the pound. But a combination of increasing values and a graduated tax thereupon has caused the tax to increase out of all proportion to the revenue. This in Mangopoike A the rent has remained stationery at £722 18s. 6d., whereas the tax has increased from £38 6s. 3d. in 1912 to £428 15s. 9d. in 1921, and is now nearly 60 per cent. of the revenue. In Tahora 2C 1, Section 3, the tax has increased from £9 15s. in 1913 to £287 1s. this year, and is now equal to 51 per cent. of the rent revenue (see schedule attached). The graduation principle of taxing as applied to leased Native lands has probably come to stay, but it seems to be oppressive as regards the larger blocks held under lease. There should be some provision fixing a maximum proportion as between land-tax and rent—say, 33⅓ per cent.—otherwise trust estates (including lands vested in Maori Land Boards) must become bankrupt. Alternatively, a proportion of the liability might be passed on to lessees."

There are two schedules that are attached, one showing the rents received from some of the leased lands of the Trust, and the land-tax deducted therefrom, between 1912 and 1921, and the other showing the percentage of the land-tax received to the rental, which were referred to in the Judge's remarks to the Taxation Commission.

SCHEDULE SHOWING RENTS RECEIVED FROM LEASED LANDS, AND LAND-TAX DEDUCTED.

Year.	Mangahei 2D.		Mangapoike A.		Mangapoike 2A3.		Tahora 2C1 Sec. [illegible].		Mangatu No. 1.	
	Rent received.	Land-tax.	Rent received.	Land-tax.	Rent received.	Land-tax.	Rent received.	Land-tax.	Rent received.	Land-tax.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£	£
1912	1,759 19 9	45 17 7	722 18 6	38 6 3	218 18 0	47 3 10	..	..	..	..
1913	1,759 19 9	43 4 4	722 18 6	30 19 10	328 7 0	5 15 8	369 3 2	9 15 10	..	..
1914	1,759 19 9	41 15 6	722 18 6	36 15 10	328 7 0	7 16 8	369 3 2	6 1 6	..	..
1915	1,759 19 9	40 10 2	722 18 6	37 13 4	744 7 0	..	369 3 2	9 15 10	..	..
1916	1,759 19 9	32 3 6	722 18 6	38 17 9	744 7 0	10 19 1	440 4 6	9 15 10	..	..
1917	1,759 19 9	43 10 7	722 18 6	39 10 7	744 7 0	27 1 7	567 5 6	9 15 10	..	..
1918	1,759 19 9	234 9 7	722 18 6	156 17 6	744 7 0	107 18 10	404 13 10	46 3 1	..	..
1919	1,759 19 10	234 9 7	722 18 6	275 3 1	744 7 0	107 19 0	440 4 6	46 3 1	..	..
1920	1,759 19 10	234 9 7	722 18 6	275 3 1	744 7 0	107 19 0	570 18 0	46 3 1	5,910	5,200*
1921	1,759 19 10	234 9 7	722 18 6	428 15 9	853 16 0	117 14 9	570 18 0	287 1 0	..	..
1922	..	..	722 18 6	538 4 5	..	..	..	..	..	..

* Equal to 88 per cent.

SCHEDULE SHOWING RENTAL, TAX PAYABLE, AND PERCENTAGE OF LAND-TAX TO RENTAL, OF CERTAIN BLOCKS (NOTE.—The tax payable is under the Finance Act, 1917.)

Block.	Government Unimproved Value.	Total Rental.	Tax Payable.	Percentage, Land-tax to Rental.
	£	£ s. d.	£ s. d.	
Grant 3778 (Mokoia perpetual leases) ..	97,435	3,435 17 3	1,575 13 5	45
Grant 3800 (Inuwai perpetual leases) ..	47,986	1,426 8 0	446 8 9	31
Grant 3780 (Ngatitupaea perpetual leases)	26,756	1,001 11 0	170 0 8	17
Grant 3887	12,495	563 15 0	54 13 1	9
North Island "tenths"	75,306	1,859 7 6	986 7 2	53
Palmerston North Reserves	38,446	1,077 17 6	306 14 10	28
Nelson Native Reserves (city sections) ..	28,646	1,219 13 6	189 11 3	15
Greymouth Native Reserve	114,360	4,335 6 6	2,118 4 0	48
Reserve, Palmerston	62,202	1,077 17 6	701 10 4	65

The figures show conclusively that the operation of the graduated tax imposes an unduly heavy burden on leased Native lands; but, in addition to the facts laid before the Commission, there are points which I would like to bring to the attention of the Committee. Tax on leased Native land is assessed at half of the amount on European land, so that in the case of Mangatu No. 1, if the land was in European ownership, it would in 1920 have been charged with tax amounting to £10,440, while the annual rental would be a sum of £5,910—a deficiency of £4,530—a position which, I venture to say, would not be tolerated for a moment. The explanation of this inequity is that the land was leased some twenty years ago at a small rental, and the closer settlement and progress of the East Coast district has now sent up the value of land enormously, so that with each separate valuation the