Mr. Weston.] Not as long as you are not dealing ?—We are not dealing.

What are you using your farm for ?—I have at the present time 50 acres of turnips on the farm. We sold them the other day for £350. That goes to the credit of the farm account. We have got about 60 tons of chaff. We assume that to-day, for the purpose of income-tax, to be worth so-much per ton, and that goes to the credit of the farm account. If after deducting our working-expenses we show a profit of £300 on the working, have we got to pay income-tax ?

Mr. Clark: No.

Mr. Shirtcliffe Are you right in your second paragraph ? You say you are only receiving from 2½ to 3 per cent. net return on your capital in the houses you are renting. Do you have to pay income-tax ?

Mr. Clark: It depends upon what 2½ per cent. on the capital means. He may have paid a great deal more for these properties than they are valued at. He is allowed 5 per cent. on the Government valuation—the capital value.

Mr. Shirtcliffe: Assuming that they are fairly valued and Mr. Stevenson has not paid an undue price for them, he will not have to pay income-tax, Mr. Clark ?

Mr. Clark: No.

Witness: We have got to show in our return how much net profit we make out of our rents.

Mr. Shirtcliffe.] But you get an allowance of 5 per cent. on the capital value ?—Yes; but that does not meet one's expenses to-day. We had all these properties before the war, and we have not been in a position to raise the rent, while the cost of repairs and all charges have gone up.

Mr. Clark: You are entitled to deduct all your expenses. Enter them in the place provided in the return. If you have any trouble, go to the Stamp Duties Office here. There is an officer there who will show you how to make the return.

Witness: Thank you.

(The Commission adjourned at 3.35 p.m.)

DUNEDIN: WEDNESDAY, 30TH APRIL, 1924.

JOHN CHRISTIE examined.

The Chairman.] You are a farmer at Balclutha, Mr. Christie ?—Yes.

Do you occupy any official position ?—Not in regard to this matter, but I am president of the Balclutha Branch of the Farmers' Union.

And Mr. Lee, who has also signed the statement you propose to place before the Commission, what is his position ?—I do not know what position Mr. Lee holds.

He has signed the statement ?—Yes, but as a working freehold farmer.

He is not an officer of your branch ?—I do not think so.

Will you read the statement, which is signed by yourself and Mr. Lee ?—Yes. It is as follows:—

On Taxation.—We beg to submit this evidence from the viewpoint of the average working freehold farmer. We realize that the Government must have revenue, and that it is inevitable and just that the farmer should provide his share of the taxation. We feel that the land-tax in its present form is the most equitable from the viewpoint of the working freehold farmer. We feel that this tax is simple to collect and impossible to evade. It has been the means of closer settlement through the compulsory cutting-up of large holdings. On the other hand we realize that the Governmuet would require to devise means whereby Crown tenants should provide their share of taxation. The Crown tenant for many years paid taxation in the form of income-tax only—to-day he pays none. During the same time the freehold farmer paid land-tax, super-tax, and iucome-tax as well, besides the heavy county ratings for charitable aid, &c. Many of the Crown tenants hold their lands at ridiculously low rentals, and the money thus lost to the Government has to be made up by taxation, and the freehold farmer, with others, has extra to bear through he is taxed already on a valuation placed on his land in the "boom" period. The matter of revaluation should be considered by the Board. Any suggestion that the freehold farmer, already paying land-tax, should have the additional burden of income-tax is unjust, because the working freehold farmer, if he is to succeed, must devote long hours of labour to his work, and in many cases not only himself but his wife as well. If he were taxed on income as well as land it would be a tax on his thrift and industry. The thrifty and industrious would pay and the indolent would escape, and eventually the country would suffer through lack of production. Unlike in commercial business, the farmer is unable to pass the tax on to the consumer of his goods, which is the London market. A rise in produce does not benefit the working freeholder as much as the pastoral leaseholder. The working freehold farmer is perhaps the most heavily taxed in the country. In addition to his land-tax he pays heavily through the railway on his produce to the market and his goods from the city. Also in the Postal Department: whereas the city dweller has his mail delivered twice daily, the farmer, if he is fortuuate enough to be on a rural delivery, will have it delivered perhaps twice a week, and then only if he pays for it. We feel that a fruitful field for taxation, and one which is at present unexploited, is that of municipal enterprises, such as the Power and Lighting Department. In conclusion, we feel that the taxation question is closely allied with that of efficient Government service. The Government should ascertain if it is receiving an adequate return of service for money expended. Earl Grey said, very aptly, on his return to the Old Land from a visit to the Dominion, "New Zealand is a colony of about one million inhabitants, mostly in the employ of the Government."

Summary.—Land-tax for working freehold farmers. Income-tax for pastoral leaseholders or Crown tenants. Revaluation of all freehold farms. Inquiry into further profitable fields for taxation which are at present exempted.