not be possible to arrive at the true value of the improvements. A man coming on to the property is not able to say what is the value of the improvements effected by the money that has been sunk in the property.

You get an allowance for ploughed land ?—Yes.

Is ploughing always an improvement ?—No.

Have you ever seen land that was depreciated by being ploughed ?—I have in the North Island, and also in this Island. I have a farm which would have been more valuable if it had not been ploughed. Of course, to fatten stock you must have feed. You must keep the plough going in order to fatten sheep and lambs.

You think that many improvements are not ascertainable through being buried in the land ?—That is so.

That being the case, do you think it would be fairer if a man were taxed on the capital value, with an allowance for structures or fencing the value of which could be easily ascertained ?—Yes.

The value of the other improvements is difficult to ascertain ?—Yes. I had not thought of that aspect of the question at all. It would require some consideration.

Do you find the unimproved value tends to rise as you improve the farm ?—Yes. Our valuations rise with the prices people are prepared to pay for land adjoining. The valuing officer says, "Oh, that farm over there was sold at twice the value put on your farm." It might have been sold at twice the value. That is how they arrive at it.

In your statement you refer to "Crown tenants": who, exactly, do you mean by Crown tenants ? There are all sorts of Crown tenants. It may refer to small-grazing-run holders or pastoral-lease holders ?—The O.R.P. men, the perpetual-lease men, and the Crown tenants on the pastoral holdings. I hold some Crown land, 260 acres, on which I pay £3 in rates. If I had that land under ordinary conditions I would be paying £10 or £15 on it.

Do you pay land-tax on that ?—Yes.

How is that based ?—I do not know.

Perhaps Mr. Clark can tell us. These L.I.P. lands, Mr. Clark, I think the land-tax is paid on the tenants' goodwill in the land.

Mr. Clark: On the tenant's goodwill in the land, yes. The land is capitalized at 5 per cent. Provision for that is in the Valuation of Land Act.

Do you think that the Crown tenants should pay income-tax, Mr. Christie ?—We think that is the best way to get even with them.

The Chairman: They did pay income-tax until last year.

Mr. Clark: The tenants on the pastoral runs and the small grazing-runs paid income-tax.

The Chairman: But, unfortunately, the Act of last year was passed in such a shape that they escaped taxation altogether.

Mr. Clark: That is so.

Mr. Weston: Was that an oversight ?

Mr. Clark: No; they are supposed to pay in full. There is no goodwill in their land.

Mr. Begg: But, Mr. Clark, the facts of the case upset that view, because we know that such lands are sold with very substantial goodwills.

Mr. Clark: Not the small grazing-runs. I do not think they have any right to sell them. The perpetual leases are sold.

Mr. Begg: But the pastoral licenses are sold.

Mr. Clark: I do not know that.

Mr. Begg: Yes; they are transferred frequently with substantial goodwills.

Mr. Weston: It may be improvements.

Mr. Begg: It may be in the stock or improvements.

Mr. Weston: There is nothing to prevent a man on a grazing-run paying land-tax provided the Valuation Department puts a valuation on the goodwill as such.

Mr. Clark: No.

Mr. Weston: Are they expressly exempted in the statute ?

Mr. Clark: Yes.

Mr. Begg: A small grazing-run holder pays land-tax. I held one and paid it ?

Mr. Clark: That may be, but the pastoral licensees never pay land-tax.

Mr. Weston: The valuation is only a supposition of the Valuation Department.

Mr. Clark: No; it is fixed by law. The rent is supposed to be fixed so that they can acquire no interest in the unimproved value.

Mr. Begg.] You think, Mr. Christie, that income-tax should be paid on those Crown leases in order to put them more on the same level with the freehold farmer ?—Yes.

Is the real income from a farm readily determined ?—No; it is hard to determine it.

You have had long experience of farming: have you, by any system of book-keeping, been able to ascertain what your income was in any given year ?—No; it is quite impossible, even with a fairly accurate system of book-keeping. It is very complicated.

It is impossible to give the accountant who makes up the books the whole facts ?—Yes, though it is a very healthy recreation to try to do it. It is quite a good thing for the farmer to endeavour to do it.

You advocate taxation on municipal enterprises ?—We make the suggestion that that is worth investigating. I am not personally acquainted with these matters, but we suggest that they should be investigated in connection with taxation proposals.

The Chairman.] Do you suggest that the profits should be taxed ?—It might be worth looking into.

The difficulty might be to find out what the profits are ?—(No answer.)