

of assessment, improvements of a value equal to one pound an acre or equal to one-third of the unimproved value, whichever is the less, and which in the opinion of the Commissioner it is reasonable should have been improved to that extent." That is the definition of unimproved land. Of course, there is a qualifying proviso at the end of that section, but much of our land in Canterbury—light-carrying land—requires little more than fencing to return its proper production, and it may not want even £1 per acre or one-third of its unimproved value spent on it to make it productive. I suggest that it would be better if section 51 were amended to read like this: "'Unimproved land' means land which by reason of its lack of improvement is not productive to its reasonable capacity, having regard to its situation and accessibility, as to which the Commissioner shall have full exercise of his discretion." A man may have a place where the improvements may be of small value; it may have natural boundaries, but still it may be reproductive, and in that case it is evident that it would be very unfair to impose 50 per cent. extra tax. Then, section 59 of the Land and Income Tax Act, 1923, says: "When two or more persons own land in severalty but occupy it jointly, whether as partners or on joint account or otherwise, the same land-tax shall be payable by them and by each of them as if they owned the whole of the said land jointly, in the proportions which the unimproved values of the lands so severally owned bear to one another, and for the purposes of this Part of this Act they shall be deemed to be joint owners of those lands accordingly. Without limiting in any way the meaning of the term 'joint occupation,' two or more persons shall be deemed to occupy lands jointly within the meaning of this section if those lands are occupied, worked, or managed by any one or more of those persons on behalf of all of them or on a joint account, or if those lands are occupied, worked, or managed by any other person as trustee for or otherwise on behalf of all of those persons." I think that section is a good deal disregarded; but I maintain that as long as the various owners in an estate take title to their properties, that limitation should not be imposed on them. I say that section 59, which debars landowners from co-operating with one another for their mutual benefit, is monstrously unfair, and its repeal would not affect the principle of the Act. If a large property is divided into sections amongst the members of a family and owned severally by them, there is no sense in debarring them from working the property jointly and so economizing in working-expenses, provided always that the whole of each individual's interests in land are aggregated for the purpose of assessment. That is the point which I think is essential. I may have a section in one estate which is worked jointly, and I may have company interests in another landed property, and I may have another estate of my own, but as long as my various interests are aggregated for the purpose of assessing my land-tax I think I am entitled to work my land to the best advantage as it pleases me. I can see no sound reason why the benefits of co-operation, which are enjoyed by persons in other walks of life, should be denied to landowners and farmers; in fact, farmers are always being urged to co-operate both here and elsewhere. I have always considered this a very unfair thing. If a man dies and leaves several children, amongst whom his estate is divided, provided each takes his own title to his share, I do not think it is right that they should be debarred in working their areas together for their own mutual benefit. A clear distinction comes between joint ownership and several ownership. There may be several reasons why they may not like to hold property as joint owners. There may be reasons why they should be taxed as if the several sections of an estate belonged to one party; but where each party takes title I think he should be free to work his property or two or three people should be entitled to work their properties together to the best advantage. One might go further and say that section 52, which also makes a freeholder liable for excess land-tax on any other property he leases, should not be inflicted upon a man. If I own a property and lease an adjoining piece of land that indicates that both I and the adjoining owner think we can make more use of it in that way than he can, and I think we should be free to do that. It means that the man with the greater ability—the lessee—will make more out of the land, and I think that it is a question which is worthy of consideration whether that section 52 should not be amended in some way.

If, as suggested, a flat rate for land-tax were imposed instead of a graduated rate for land-tax, then the difficulties which you raise would disappear. Further provision for them would be unnecessary?—Yes. I have thought that, probably for political reasons, the graduated tax would be departed from. There is a further matter to which I wished to refer, although I speak of it with some diffidence—the question of a farmer paying land-tax on the amount of his mortgage. I am aware that this is a difficult question to deal with, but it sticks in every farmer's gullet that he has got to pay land-tax on the whole of his land when the mortgagee is taking one-third or one-half of the income from it. I am inclined to think that mortgages should be deductible for land-tax purposes, provided the tax is based upon the full unimproved value of the land; but I think that the deduction should have a limit. The mortgage should be deductible up to a point. On a property valued at £21,000 the land-tax is £175, or 2d. in the pound. I think that up to that point the man should get full exemption, but I think that the Commissioner could probably not afford to go beyond that. That would mean that up to £21,000 a man would get full exemption for the tax up to the amount of his mortgage, but from that onward up to £100,000 he should still only have the 2d. It would mean that everybody would get an allowance up to a certain amount, more or less—each would get a certain allowance on his mortgage, but the smaller farmer would get the full allowance if he had unimproved value to the full extent of £21,000. I do not think it would be a hardship upon the Commissioner to do that. The land-tax collected is not very huge, and I am sure that most of the farmers would feel that it was equitable.

*Mr. Weston.*] With regard to your suggestion as to exemption in the case of mortgages, the land-owner would only be taxed upon his unimproved value?—On the full unimproved value.

The mortgage is lent not only on the unimproved value but also on the improvements, and it would be scarcely fair to allow a deduction of the whole amount of the mortgage, as part of that mortgage was advanced on improvements which are not taxed?—That might be. I was only thinking of the land mortgages.