

Well, take land mortgages, part of such mortgages is advanced on the value of the improvements?—True.

You might very well have a property worth £40,000, with an unimproved value of £20,000, the property being subject to a mortgage of £24,000—in that case there would be total exemption if there were a limit of £21,000?—My idea was that there should be total exemption up to the amount of his mortgage. Well, I know it is a difficult question.

I just mention this point to draw your attention to the effect of what you are asking for?—Yes, quite so.

*Mr. Shirtcliffe.*] With regard to what you said about the 50 per cent. excess tax where land is not improved beyond a certain point because it possibly does not call for improvements, I quite appreciate that there may be cases in your hill-country land in Canterbury where the land does not require to be improved to a great extent. I would like to ask you, Is the 50 per cent. imposed upon such land at present?—I presume in such cases as it is merited, it is. The Commissioner has discretion in the matter.

*Mr. Clark:* Yes, that is so. There is land which the holders would not be required to break up and plough, and where nothing but fences is required: where there are natural boundaries no fences are required.

*Mr. Shirtcliffe:* Then, in such cases you do not require the penalty to be paid?

*Mr. Clark:* No.

*Witness:* Still, it is a big thing in its present form.

*Mr. Clark:* It is hard to give you an exact definition in regard to that. (To witness) You raised the question of accessibility. There may be lands quite easily accessible, but still not payable to improve—tussock land, for instance.

*Witness:* If it is productive it would not matter so much.

*Mr. Clark:* In defining which lands should bear the penalty, and which should not, you run the risk of cutting out something that should be left in.

*Witness:* I say “as to which the Commissioner shall have full exercise of his discretion.”

*Mr. Clark:* That leaves me open to consider all cases.

*Witness:* The principal question I wanted to raise was in regard to joint ownership and ownership in severalty. Where men have got title to their land I do not think they should be debarred from co-operating.

*Mr. Clark:* As long as you have the graduated land-tax that section, and the others dealing with the point, is absolutely necessary.

*Witness:* I think those sections were framed by a man who had “a bee in his bonnet.”

*Mr. Clark:* Well, they have been successful.

*Witness:* As long as a man takes his title and owns his land you have no difficulty in getting hold of his landed interests.

*Mr. Clark:* We have a case where a transfer was made to managers, and some years afterwards it was found that that was a bogus transaction to avoid the payment of tax. The whole thing was being worked as one property. That was outside the family concerned. With a family transaction it is not at all uncommon for a father to give titles to his sons, and for no money to pass.

*Witness:* Do you not think it is unfair that one of those people should not be able to act as manager? Supposing a father dies and leaves land to his sons, and one of them acts as manager?

*Mr. Shirtcliffe:* Have you any discretion in that matter, Mr. Clark?

*Mr. Clark:* No.

*Mr. Shirtcliffe:* In your experience, Mr. Clark, have there been many complaints of hardship under that clause?

*Mr. Clark:* It has only been exercised this year for the first time. You can hardly say it is in full operation yet.

*Mr. Shirtcliffe:* Have you applied that section to such lands as Mr. Gould quotes, Mr. Clark?

*Mr. Clark:* We did in the first instance, but when the facts were submitted to the Department the assessments were amended in many cases.

*Mr. Begg (to witness).]* Is there much of this poor land that is not susceptible to great improvement held on freehold tenure in Canterbury?—Yes. It is capable of slight improvement by surface-sowing.

That is not an improvement that the Tax Department might appreciate?—That is possible. If you took the Commissioner there he would not be able to see the seed.

That improvement is one for which you would very likely not get an allowance?—That is so. As far as I know, I think the Commissioner has exercised his discretion with great discretion and fairness, but the strict reading of the provision appeared to me to require review.

CHRISTCHURCH: MONDAY, 5TH MAY, 1924.

JOHN DRYDEN HALL examined.

*The Chairman.*] You are a barrister and solicitor of the Supreme Court, and a farmer also?—Yes, sir.

You are president of the North Canterbury Farmers' Union, are you not?—Yes. I am submitting a resolution that was passed by the New Zealand Council of Agriculture, of which I was president last year.

Is that resolution in your statement?—Yes.