

This, then, Sir, is the nature and the extent of the relief which the Government see their way to afford in the present year, and we think the Committee will at once recognize that the relief has been given with no niggard hand. That we have not passed the bounds of prudence, it will be for our proposals, when viewed as a whole, to establish. As the remissions are intended to take place from the first of January, 1879, the loss to the revenue in the present financial year will be about £58,000.

LAND TAX.

And now, Sir, I shall ask the attention of the Committee to the proposals we have to make on the subject of fresh taxation. The policy of opening up for settlement the lands of the colony by means of railways, roads, and other works, executed out of loans contracted in the foreign market, has entailed upon the colony a heavy responsibility in the form of interest, which has reached on the total debt a sum of about a million and a quarter annually. On the other hand, one of the most marked effects of that policy has been to enhance the value of all property—especially land—which derives a permanent benefit from the extension of the railway system and other means of communication. The increase in the value of land is due to the additions which the population has received by means of assisted immigration in a degree scarcely inferior to that caused by public works, and as the same cause will continue in existence a similar result may confidently be expected. The exemption of this accumulating wealth, land, from contributing to the general revenue of the colony, has been condemned by the House as unjust to those who have been paying on the perishable necessities of life the principal portion of the taxation. We propose, therefore, to extend the taxable basis, with the double object of establishing more firmly the finance and credit of the colony, and of fairly adjusting the fiscal burdens according to the capacity of the different classes to bear them.

And, here, I may take the opportunity of disclaiming and repudiating the charge which is sometimes made, that the Government have in contemplation a class tax. The very contrary is the fact. We hold that the system which we propose to correct has worked unfairly in the past; that it has favoured the escape from taxation of the greater portion of the wealth of the colony, and has implanted a strong sense of injustice in the minds of the wages class. The readjustment we hope to effect will tend to efface the inequalities I have referred to; and, instead of promoting hostility between classes, will remove the causes which have been gradually estranging them. The worst enemies of the privileged classes are those who, while crying out against class legislation, are intent on preventing any settlement of grievances; for, the longer the readjustment is delayed, the more violent will be the remedy when the time comes, as come it must, for its application. We believe that no form of wealth is more legitimately called upon to contribute a portion of the public revenue of the colony than the value of land minus improvements, which for brevity I shall call, the unimproved value, as no other commodity increases so rapidly in value from the increase of population and the natural progress of a country. By exempting improvements, we award a premium to industry, and discourage a system of speculation which thrives only upon the labour of others.

Now, Sir, there are two methods by which the unimproved value of land may be found. The first is classification, with a fixed and arbitrary value attached to each class, as in Victoria, where the distinction is arrived at by estimating the sheep-carrying capacity of the land. At first sight this system appears simple and easy of application. It has the obvious effect of discouraging the holding of large areas, unless the quality of the soil is good, and there is abundance of capital to work it. The principal objection to it is, that, with a given number of classes, it does not recognize the position-value of urban and suburban property, or sufficiently distinguish between the capacity of the holder of poor land, and the holder of rich land, to contribute the tax; between property in proximity to railways and roads, and property isolated from arterial lines of communication. But, perhaps, the strongest objection is that the tax is comparatively stationary, and does not bring under it the increment of unimproved value which takes place between one period and another.