

CHART No. 1.

Showing how total income is divided between persons earning above and below £5,000 per annum.

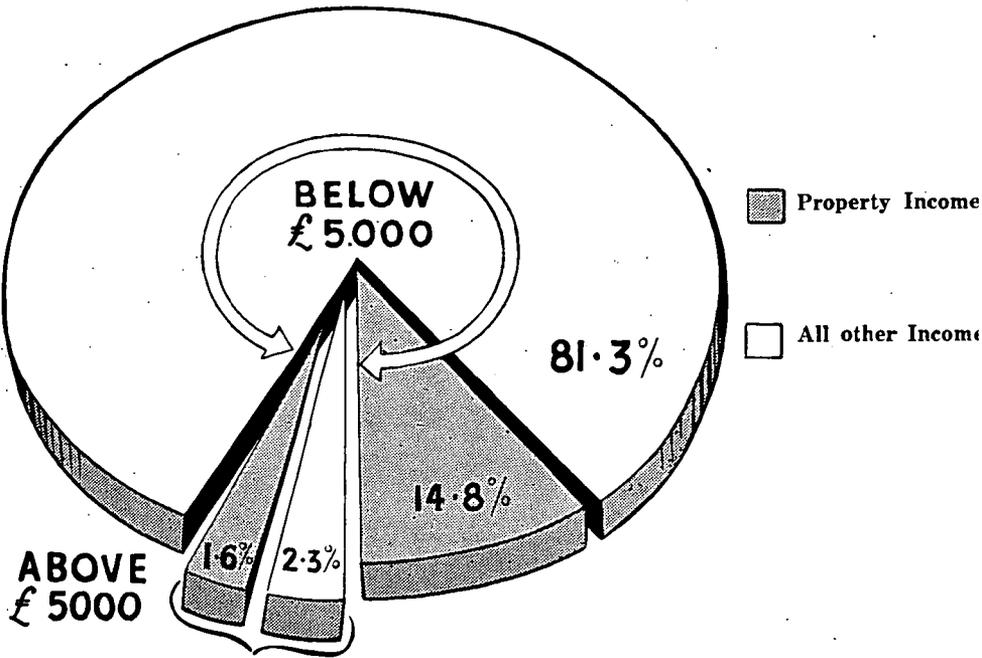
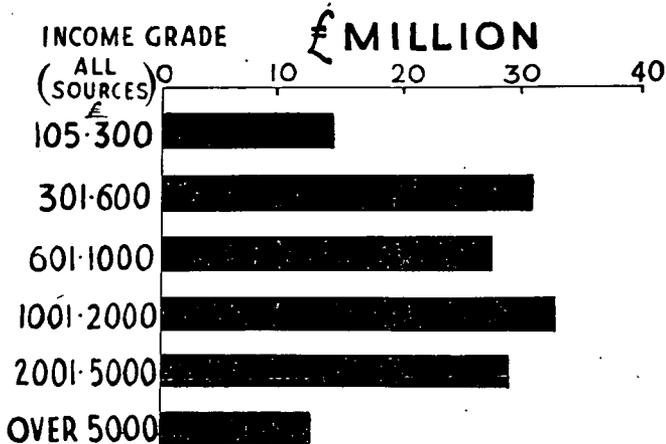


CHART No. 2.

Showing how income derived from ownership of property (after tax) is distributed amongst taxpayers, in various income grades.



NOTES ON CHARTS

The charts on page 16, based on information published in the National Income Estimates 1950/51 and the Commonwealth Budget Papers, 1951/52, demonstrate clearly that persons in receipt of income from all sources above £5,000 per annum, draw a minor proportion of the total income of the community as a return on property owned by them. Chart No. 1 reveals that 83.6% of the incomes of private individuals in 1948/49 was derived from wages and salaries, from the personal efforts of working proprietors running their own farms and businesses, and from social service benefits such as child endowment, maternity allowances and similar payments to breadwinners, together with age, widows' and invalid pensions paid to those not working.

Only 16.4% of all incomes is attributable to property ownership, i.e., rent from real estate (including imputed rent of persons occupying their own homes); interest on bank deposits, government loans, mortgages and other loans; dividends on shares in private and public companies, and a return on capital invested by working proprietors in their own enterprises. Of this amount only 1.6% went to people with incomes above £5,000. The remaining 14.8% went to the great mass of wage and salary earners and self-employed and retired persons receiving less than £5,000 per annum.

The proportion of property income received by the high income groups is even less when account is taken of the effects of progressive taxation. Chart No. 2 shows that property income (after allowing for taxation) is very well distributed over the lower income ranges. Unfortunately, data is only available covering taxable income (owner-occupied house rent and exempt or understated property income are omitted) and the bar lines on the graph, therefore, tend to under-emphasise the relative significance of property held by the vast majority (over 90% of taxpayers) who earned less than £1,000 per annum.