is difficult to take, much benefit will accrue to them in the long run. The officers of the department are working whole-heartedly in this direction. They are out to assist the farmers and give them the best advice at their disposal. That is what the department exists for. If it does not do this, it will have failed in the purpose for which it was created. Every officer is anxious to do this to the best of his ability.

Hon. P. Collier: They are a good lot of officers.

The MINISTER FOR AGRICULTURE: I was pleased to hear the references to the honour conferred upon Dr. Bennett, who has devoted himself so unselfishly to the investigations into the dread Braxy-like disease. It looks as if his efforts will be crowned with success. I sincerely regret the untimely death of our poultry adviser. The late Mr. Richardson was an officer to be proud of. He was wrapped up in his work, and did much for those engaged in the industry. People may have disagreed with him, but they acknowledge that he was highly respected and an upright and honourable man who lived for his job. He did his work in the job and he took his pleasure and recreation in it. His job was his whole interest in life. I deeply regret that at a comparatively early age he has passed away and that the department has been rendered the poorer by his death.

Vote put and passed.

Vote—College of Agriculture, £7,830—agreed to.

Vote—Public Utilities—Aborigines Native Stations, £4,576:

Mr. COVERLEY: The Estimates in this case have been decreased by £826.

The CHAIRMAN: The hon. member can ask questions but cannot engage in a general debate.

Mr. COVERLEY: I should like to know why the tannery department has been closed down. This was attached to the Moola Bulla station, and cost many thousands of pounds.

The Minister for Works: As the Minister for Lands is not present, this vote might be postponed.

Vote postponed.

Vote—Goldfields Water Supply Undertaking, £118,192:

Mr. MARSHALL: Has any provision been made for a reticulation system at Wiluna, and is any money provided on the Estimates for it?

The MINISTER FOR WORKS: These Estimates cover only the operating expenses, salaries, etc. I have looked up the file dealing with the matter. The Wiluna water scheme is controlled by a board. The members of it have asked the department to find money to instal pumps at certain wells. The Water Board is constituted under the Act with power to borrow money, and they have been advised to that effect. No money has been provided on any of the Estimates for this work.

Vote put and passed.

Votes—Kalgoorlie Abattoirs, £21,120; Metropolitan Abattoirs and Saleyards, £26,349—agreed to.

Progress reported.

House adjourned at 10.2 p.m.

Legislative Council,

Tuesday, 3rd November, 1931.

The PRESIDENT took the Chair at 4.30 p.m., and read prayers.

QUESTION—UNEMPLOYMENT, BLACKBOY AND HOVEA CAMPS.

Hon. E. H. H. HALL asked the Chief Secretary: 1, How many men are at present on sustenance (a) at Blackboy, (b) at

Hovea? 2, What is the estimated cost per week of maintaining those camps, including the 4s. 6d. weekly allowance paid to each man?

The CHIEF SECRETARY replied: 1, (a) 560; (b) 500. 2, 18s. 7d. per man.

BILL—LOCAL COURTS ACT AMENDMENT.

Third Reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [4.36]: I move—

That the Bill be now read a third time.

HON. W. J. MANN (South-West) [4.37]: I feel that some apologies are due to the House from me for speaking on the Bill at this stage. It was my intention to speak on the second reading on Wednesday last, but I was called out of the House for a minute or two and the second reading was passed in my absence. I wish to speak to-day because people in the rural parts of the State are greatly interested in local courts. So long as I can remember there has been a feeling that this form of legal jurisprudence should be made as simple and as easy of access as possible. The Minister who sponsored the Bill in another place said that the idea was to make justice easy for the people. While I agree that this Bill in some respects will operate in that direction, it goes hardly as far as people in the country desire. I do not propose to give a long history of local courts, but I find that they were established in this State about 1863. In those days the jurisdiction was only £50, and there were numerous limitations which made them of very little use to the general public. Under Section 30 of the Local Courts Act, 1904-1921, the jurisdiction is stated to be "all personal actions in which the amount claimed is not more than £100"; but a local court cannot hear any action of ejectment (except a very small one for possession of a house or land where the rent is under £100 a year), or the title to land, or the validity of a devise, bequest or limitation under a will or settlement, or libel or . . . . slander or seduction, or breach of promise of marriage. The result of those limitations is that the scope of the court is very restricted. I understand legal opinion holds that the local court has no jurisdiction in partnership matters, and possibly in certain other directions such as the specified enforcement of a contract. Under the amending Act passed last year, the jurisdiction was raised, after considerable debate and after conference with another place, to £250. That apparently includes all personal matters where the amount claimed is not more than £250, subject to the exceptions I have mentioned. The amending Act, however, has not been proclaimed. Under Subsection 4 of Section 5, it is provided that all claims shall be heard by a judge. We are given to understand that some trouble has arisen over that section, which I think is a mistake, because the expense of sending judges around the country is considered to be too great and also because the judges have sufficient work to do in Perth. The question of sending judges into the country needs careful consideration. Resident magistrates, as a body, are efficient and are quite capable of taking cases involving very much more than £250. I believe that the limit of £500 provided in the Bill of last year was not too high. Indeed, I intend to show later that at present they are empowered to take some cases involving an even higher amount. The Bill is somewhat difficult to follow, but if it be passed, the effect will be that a place where a local court action for £100 is to be heard shall be determined by a judge. To-day is Australia's great racing day, and if I may be permitted to use a racing phrase, I would say I think it is about a thousand to one that every case, the place of hearing which was left to the determination of a judge, would be heard in Perth. It is all very well to say that the cost of sending a judge into the country is great, but I wish to point out that the cost of bringing litigants to Perth for comparatively small cases is equally pressing and frequently deters the parties concerned. The Attorney General, in introducing the Bill in another place, is reported to have said that he desired to bring justice to the people. In the "West Australian" of the 21st October, he is reported to have told the member for Gascoyne, Mr. Angelo, that the magistrate had been withdrawn from Carnarvon owing to "a terrific congestion of cases in the metropolitan courts." Does it not follow that if there is a terrific congestion of cases in the metropolitan courts, the idea of bringing further cases

to Perth will mean great delay and great inconvenience? The Minister's admission strengthens my argument that as many of these cases as possible should be heard and decided in the country. There is inconsistency as regards the jurisdiction of local courts. The Bill provides a maximum of £250. However, under the Workers' Compensation Act a resident magistrate may give judgment up to £750. Surely if he is competent to preside in cases of that description and award compensation up to £750, by the same reasoning he should be equally competent to decide an ordinary local court case up to the same figure. On the criminal side the resident magistrate has wide powers. Not long ago a resident magistrate in a country district passed a sentence of two or three years' imprisonment. I have myself been present when extensive sentences have been passed by resident magistrates. All that proves that resident magistrates are quite capable of doing much of the work which the Bill proposes to throw on the shoulders of the judges, who, if we may credit the statements of the Attorney General and of others who have been quoted, are at present much over-worked. If the judges are unable to get through the work that comes before them under present conditions, there seems to be no hope for any improvement if this measure passes.

Hon. J. J. Holmes: It would cheapen criminal court proceedings.

Hon. W. J. MANN: I did hope to have some information concerning local justice in other Australian States and in New Zealand. I understand that in many of those places, particularly in South Australia, there is far more decentralisation than there is in Western Australia. It matters not to me whether the court is called a local court, or a district court, or by any other name, provided it is a competent court available locally. That is what the people require. One might point out the position in the Mother Country, whence, I understand, most of our law is practically derived. In England, as in Western Australia, there is a Supreme Court, but also a wide decentralisation of other courts of justice, some of which have existed for centuries. In London there is the City of London Court, and there are ten other county courts, and their jurisdiction may be summarised as follows:—Common Law actions and matters, £100; Equity matters, £500; and Admiralty matters, £300. There are also county courts all over England and Wales, one of the largest being the Birmingham County Court. In addition to this enormous county court system, popularly known as "the poor man's court," there are numerous other superior local courts, which are not much known except to residents of England—such as the Court of Passage at Liverpool, the Hundred Court of Salford at Manchester, the Chancery Courts of Durham and Lancaster, and the University Courts of Oxford and Cambridge. Their jurisdiction is very wide; in some cases, quite unlimited within a certain area. In the city of Birmingham, now next in population to London, it is unnecessary to go outside for any court, except a court of appeal. Listening to the debate on this Bill, it seemed to me that the strongest argument in favour of local justice in Western Australia is that of expense. I am quite aware that the Bill provides that cases determined by a judge shall be subject to local court fees That is something in favour of the measure, and a point on which the Government are to be commended; but I wish to point out that a Supreme Court action in Perth to-day costs nearly ten times as much as a local court action on exactly the same subject in the country, and that so long as local court cases are dragged to Perth, this excessive cost will always be incurred. If the present system is permitted to remain, the excessive cost will continue to be great hardship to the people. The cost of witnesses alone, in time occupied in travelling and waiting, especially from distant places like Geraldton, Meekatharra or Albany, means that in many instances the case will not come before a court at all. I discussed the Bill quite recently with a country solicitor for whom I have a great regard, and whom I have always found to be very sound. He told me he had been practising in the country districts of this State for the last 30 years, and had found that on a great many occasions he was obliged to advise clients that particular matters were not worth the cost of a Supreme Court action, though the client might have justice on his side. He also stated that a man did not mind spending, say, £20 for a

local court case, but that in many cases he could not find the £200 or so required for a Supreme Court case. A man suffers a disability rather than have it rectified, merely because the courts are too expensive. I have shown that under another Act resident magistrates have powers far in excess of what is proposed here. I contend that if the Government were, I will not say earnest, because I believe they are earnest, but fully alive to the necessity for a more extended local court jurisdiction, they would have gone quite a considerable distance further than they do in this Bill. I feel quite sure that if the original jurisdiction of £500 had been adhered to and resident magistrates permitted to take cases up to that amount, no additional cost whatever to the State would have been involved. I do not think any extra staff would have been required, and justice would have been dispensed over 60 places where local courts are held in Western Australia, and dispensed to the satisfaction of the parties concerned. Even under present conditions many local court cases are heard in Perth which have no business to be heard there. Country people often put their debt collecting and other business into the hands of agents and trade protection societies, and many of these summonses are issued in Perth. The unfortunate who receives a summons is frequently not aware that he may object to the case being heard in Perth, and consequently through sheer ignorance allows the case to be decided in his absence. I do not think that was ever intended, and I do not think it is a fair thing to the country districts. The resident magistrates, as I have said before, are quite competent to hear and determine these cases. I have known many such resident magistrates, and I know many to-day. There are a few exceptions in far-back districts—for instance, where the doctor has to act as resident magistrate. Something is to be said for not burdening him with cases of fairly extreme gravity. However, the average resident magistrate in Western Australia is doing good service. If hon. members will reflect for a moment or two, they will recall that the number of appeals from the decisions of resident magistrates is remarkably small. Such an appeal is a rare thing, and it is even rarer to find the appeal upheld. That is from the standpoint of the efficiency of our resident magistrates. In my opinion, the State is unwise in not using them to the greatest possible advantage. In the circumstances that have existed in the past, these officials have been doing much less work than they could have done. If the Bill passes, they will still be in that position. I should like the Government to realise that in this matter they can do a great service to the people of the country districts by widening the scope of the Bill. What the people in the rural districts require is a liberal local court system, easily and inexpensively approached; and the courts should be spread over the State so as to be within the reasonable reach of all. I shall not vote against the third reading, but I do wish to point out one or two facts, and particularly to impress upon the Government that resident magistrates in other States are doing work far greater in extent and far wider in its ramifications than that provided for in the Bill. This applies particularly to the Workers' Compensation Act and the criminal sphere of jurisdiction.

Question put and passed.

Bill read a third time, and *passed.*

BILL—VERMIN ACT AMENDMENT (No. 2).

Received from the Assembly and read a first time.

BILL—STAMP ACT AMENDMENT (No. 4).

Second Reading.

Debate resumed from the 28th October.

HON. J. NICHOLSON (Metropolitan) [5.4]: The Bill seeks to effect certain drastic alterations and amendments in the existing stamp law and a perusal of it prompts me to suggest that there are various aspects which apparently did not or could not have presented themselves to the mind of the draftsman. It will be my endeavour to outline as briefly as possible a few instances where, I think, a mistake is being made, or a mistake would be made if we were to pass the Bill in the form in which it has been presented to us. It will be conceded that when any measure of this nature is introduced, a duty is cast upon the Government to see that the Bill will not operate to the detriment of business people generally. At no time more than the present is it desirable to encourage progress and advancement in industry, and I believe the Government do desire to see

that accomplished; but by that strange sort of microbe which enters into the minds of those sometimes responsible for presenting measures such as this, we realise that the very enactment they would seek to make law would counter the most noble intentions of the Government of the day. If we are going to pass a law which will destroy the wellspring of business, undoubtedly we shall not hold our positions here. When we examine the Bill before us we find in the first place that it is proposed to amend Section 21 of the existing Stamp Act. I intend to point out just where some matters have been overlooked that should have been taken into account in dealing with this section, and what I am going to refer to here may apply to some other clauses of the Bill. Section 21 reads—

> An instrument, the duty on which is required or permitted by law to be denoted by an adhesive stamp, is not to be deemed duly stamped by an adhesive stamp unless the person required or authorised by law to cancel such adhesive stamp cancels the same by writing on or across the stamp his name or initials or the name or initials of his firm, or by other effective means, and by writing on or across the stamp the true date of the cancellation, so that the stamp may be effectually cancelled and rendered incapable of being used for any other instrument, or unless it is otherwise proved that the stamp appearing on the instrument was affixed thereto at the proper time.

Then there is provision that failure to carry out the provision renders the individual liable to a penalty not exceeding £10. So we are given directions under the Act as it exists now, and a penalty is provided for those who fail to cancel stamps. There are certain sections in the Act at the present time which render it necessary for certain documents to be stamped by the usual embossed stamp, and that can only be done at the Stamp Office by a Government official. But in addition to the stamping of such documents by an embossed stamp there are also certain provisions in the Act for documents to be stamped by adhesive stamps. Take, for example, Section 60. There it is provided that a bill of lading may be stamped by an adhesive stamp. And Section 55—to which I intend to allude later—is important because it deals with foreign bills of exchange, and it provides that when a foreign bill comes into the hands of a banker or a person in Western Australia before it is duly stamped according to the law required here—and naturally no one who draws a bill outside Western Australia could affix a duty stamp until the bill actually arrived in Western Australia—provision is made by that section that when such a bill arrives here, and before it is presented for payment, it must be stamped with an impressed stamp, or there must be affixed thereto a proper adhesive stamp of sufficient amount, and every stamp affixed thereto must be cancelled. There are certain provisoes to that section, and amongst them is one that is availed of very largely by bankers throughout the various States of the Commonwealth. It is this—

> If at the time when any such bill or note comes into the hands of any bona fide holder there is affixed thereto an adhesive stamp not duly cancelled, it shall be competent for the holder to cancel the stamp as if he were the person by whom it was affixed, and upon his so doing the bill or note shall be deemed duly stamped and as valid and available as if the stamp had been cancelled by the person by whom it was affixed. . . . But neither of the foregoing provisoes is to relieve any person from any penalty incurred by him for not cancelling an adhesive stamp.

Then there is a subsection which sets out—

> Where a banker issues within Western Australia a bill of exchange in the form of a draft payable at a place or places outside Western Australia, it shall be lawful for such banker to affix to such bill of exchange and cancel proper adhesive stamps for denoting the duty chargeable thereon.

We all know that when a foreign bill of exchange comes to hand, it invariably passes through the hands of a bank, and the bank takes care in the ordinary course to see that the document bears the proper stamp duty, and that the stamps are cancelled by an official. That facilitates business. But if every document of that nature were to be taken up in accordance with the clause in the Bill now before us, it would increase the work of the Stamp Office so very much that it would probably cause some embarrassment as well as delay to those dealing with the documents.

Hon. G. W. Miles: And a good deal of inconvenience to the public.

The Chief Secretary: You would permit frauds to be carried on.

Hon. J. NICHOLSON: The Leader of the House referred to certain frauds that had been perpetrated. I agree it is desirable to find means, so far as one can, to prevent those frauds. The Minister gave an instance of a certain man in Belgium who had sent some nicely cleaned stamps to this State and asked a bank to get the necessary refund

and remit him the amount. Naturally the bank was unsconcious of the fact that a fraud had been perpetrated. It was through the care exercised by an officer of the department that it was found on examination that those stamps had been cleansed with a certain acid. Had it not been for the sharpness of the official in the Stamp Office, a fraud would have been committed. Probably in the past frauds have been committed, and apparently this gentleman in Belgium had been gathering the stamps wherever he could, probably offering a small sum for them, and treating them with a cleansing acid and then sending them here with the object of getting a refund from the Government. To meet that kind of thing it is necessary that something be done. At the same time, is there a single merchant in the town who is not running a risk of having some fraud perpetrated on him? There is a certain measure of risk in all businesses and there is a certain measure of risk to be run even by the Government in connection with their stamps. Whilst we are prepared to assist the Government in every way to combat fraud, we must not at the same time create a position that will make it difficult to carry on ordinary business. I am going to show that it will be difficult to carry on business relating to foreign bills of exchange. Clause 3 repeals Subsection 1 of Section 21 of the principal Act, and substitutes the following:—

It shall be the duty of every person who is required or authorised by law to cancel such adhesive stamp—(a) before proceeding to cancel the stamp as hereinafter mentioned to see that the stamp is properly affixed to the instrument; (b) to write, stamp, or mark legibly his name or initials, or the name or initials of his firm, and the true date of cancellation, on or across the stamp, so that the same may be effectually cancelled and rendered incapable of being used for any other instrument; (c) to perforate with a perforating machine the stamp and the underlying portion of the document to which it is affixed in such manner as may be prescribed: Provided that paragraph (c) of this subsection shall not apply where the instrument to which adhesive stamps are affixed is a receipt, a bill of lading, or any other instrument chargeable with a duty of not more than one shilling.

Foreign bills of exchange are often for large amounts, and the stamp duty may run into several pounds. These bills are usually for the shipment of goods which may be of considerable value. Not only are the banks in Perth concerned, but it may also be necessary to keep perforating machines for the stamping of these stamps at every branch of every bank in every centre in the State. If we pass this clause with its provisions relating to perforating machines, it will be necessary for every bank to have a perforating machine, and for every branch of every bank, as well as full instructions as to how to use such machines for the cancellation of stamps that may be presented. It may be said that branch banks will not be greatly troubled with foreign bills. That position will change as time goes on.

Hon. W. J. Mann: They will be quite inexpensive perforators.

Hon. J. NICHOLSON: It is the matter of the trouble attached to these things. These machines would not only cause a great deal of unnecessary trouble, but inconvenience in other respects. I think exceptions should be made. The machines should be kept for the more important documents. There should be an exception regarding such documents as bills of exchange referred to in Section 55 of the principal Act. I have given notice of an amendment so as to extend the exception that appears at the end of Clause 3, not only to a receipt or bill of lading, and to other instruments charged with duty of not more than 1s., but also to bills of exchange provided for in Section 55 of the principal Act, as well as to a charter party.

The Chief Secretary: The probabilities are this is where most of the stamps are used.

Hon. J. NICHOLSON: This would eliminate a great deal of the trouble, and would allow business to be carried on. In Clause 5 it is proposed to insert a new section which provides—

When a bill of exchange or promissory note purporting to be payable on demand is given and received under the agreement express or implied that payment thereof is not to be required or made within 21 days from the execution thereof, or is given or renewed for the purpose of evading or avoiding payment of stamp duty, such bill of exchange or promissory note and every renewal thereof shall be deemed not to be a bill of exchange or promissory note payable on demand within the meaning of Section 49 of this Act, and shall be chargeable with the same stamp duty as a bill of exchange or promissory note payable otherwise than on demand for the sum of money therein expressed.

The authorities have overlooked the fact that a bill of exchange covers a large num-

ber of documents besides what we generally regard as a bill of exchange in mercantile affairs. A bill of exchange is generally looked upon as a document which is drawn by a certain person on another, and it may be payable on demand or at a certain fixed time. By Section 49 of the Stamp Act a certain meaning is given to a bill of exchange as follows:—

For the purposes of this Act the expression "Bill of Exchange" includes draft, order, cheque, and letter of credit, and any document or writing (except a bank note) entitling or purporting to entitle any person, whether named therein or not, to payment by any other person of, or to draw upon any other person for, any sum of money.

It is clearly necessary to except from the operations of this clause such things as cheques, orders, letters of credit or drafts. I feel sure it is not intended to extend the Bill to cheques, for instance. If we do not except drafts, cheques, orders and letters of credit, it will mean that every cheque drawn will need to bear the same duty as a bill of exchange would bear, payable as it may be at a certain time. If we follow this clause more fully, we find that the holder of the cheque may land himself in great difficulty. In Clause 2 it is provided—

—and the person who takes or receives from any other person any such bill of exchange or promissory note or renewal, either in payment or as a security or by purchase or otherwise, shall not be entitled to recover thereon in any court or to make the same available or cognizable for any purpose whatever.

There is thrown upon the innocent holder of a cheque or bill of exchange payable on demand the risk that the document he holds and which he may have taken in good faith, may be challenged and declared void, and that he will be unable to recover under that document. Would any person, who happened to be in business, handle documents of this nature if he were going to run the risk of being exposed, first to the likelihood of the document he held being declared void, and secondly, in order to prevent this, being required to satisfy the court. The onus would be on him, the innocent third party, to prove his bona fides, instead of it being the duty of the other person to prove malafides on the part of the holder. It would prevent and handicap the doing of business which is essential for our recovery from the depressed and serious condition in which the State is at present involved. The matter is apparently viewed with such seriousness by some of the financial institutions that they have obtained the opinion of a most eminent King's Counsel.

The Chief Secretary: King's Counsel are not always right.

Hon. J. NICHOLSON: I am not going to say whether they are right or wrong. I leave it to any person to say whether what I have put forward as a statement of fact is right or wrong. I say that what I have alleged is perfectly sound. If the Leader will put the matter before the Crown Law authorities, and have it explained to them in the way I have endeavoured to explain it, I think they too will admit I am right. This is what the eminent King's Counsel said—

1. Section 3 of this Bill provides a new method of cancelling adhesive stamps; there must be cancellation and then perforation in such manner as may be prescribed. The process of perforating is not applied where the instrument is a receipt or a bill of lading or any other instrument chargeable with a duty not exceeding one shilling. I assume that the Act will not be brought into operation until there has been time to obtain the perforating machine desired by the Government.

2. Section 49 of the principal Act defines the expression "Bill of exchange payable on demand" and the stamp on such a bill of exchange is fixed at one penny; any other bill of exchange attracts an ad valorem duty; see schedule under "Bill of Exchange." The fixed duty of one penny on a bill of exchange payable on demand may be denoted by an adhesive stamp (Section 53); an ad valorem duty on other bills of exchange must be denoted by impressed stamps (Section 51). Apparently a practice has grown up—or at least the stamp authorities think so—of making bills of exchange payable on demand and placing on them a one-penny adhesive stamp although at the same time the parties agreed that payment of the bill of exchange shall not be at once demanded (but renewed from time to time) with the result that the stamp authorities are defrauded of the revenue they would receive if the bill of exchange were made payable at the date when the parties agreed and intended it should be met. Section 5 of the Bill is intended to prevent that loss of revenue by providing that if at the time when a bill of exchange payable on demand is given it is agreed that payment is not to be required or made within 21 days then the bill of exchange or any renewal thereof must be stamped on the ad valorem basis and the duty denoted by an impressed stamp. This provision may not be unfair as between the parties to the agreement, but it is extended so as to strike at a third person who endorses or becomes a holder. If a third person holds the bill of

exchange or endorses or negotiates or transfers it the section should penalise the parties to the agreement and not third parties. It should be made clear that the claim of a third party is not to be affected unless it can be shown that he had notice of the agreement made between the original parties. As the section is drawn, the third person is called upon to satisfy the court that he took the bill of exchange in "bona fide ignorance of the fact that the same was not stamped and also that he was not guilty of any wilful neglect or want of care."

This throws the onus on to the innocent third party; the onus should in justice be thrown on the person sued, of showing that the third party had notice of the agreement. The section may enable a dishonest acceptor to delay recovery of the amount due on the bill of exchange by setting up an agreement, and then, on the doorstep of the court, abandoning his defence, or he may go into court and swear that such an agreement was made and there would be no evidence to contradict him unless the other (original) party to the transaction were available and gave evidence. So that on this unsupported and uncontradicted evidence of the person sued, the third party would have to show his bona fide ignorance of the fact that the same was not stamped and also that he was not guilty of any "wilful neglect or want of care." After all, the question, it is submitted, is only one of stamping, and why should not a third person have a right to stamp at any time (and so avoid the delay and cost of the controversy) whether before or after action brought. There is no existing provision enabling that to be done but such a provision would enable the third party to put himself right at once; the small stamp duty would be a minor matter compared with the cost of the delay caused by a controversy whether there was or was not such an agreement between the original parties. The controversy would delay the third party in the recovery of his debt and land him into litigation which a few shillings in stamp duty would avoid. The sensible person would pay the few shillings and have done with it, and the Act should allow him to do so. The clause as drawn appears to be needlessly drastic and might make a third person uneasy when dealing with a bill of exchange payable on demand; on the face of it, and as on the date he dealt with it, the bill of exchange would appear in order, but there none the less might have been the agreement made between the original parties when it was given and received. If a negotiable instrument is not stamped or insufficiently stamped, the holder can see that defect and remedy it. In a case under this new section the holder would have nothing to warn him. Moreover, this new clause overlooks, we think, the definition of a "bill of exchange payable on demand" as given in Section 49 of the principal Act. That definition appears to include an order for payment of any sum of money weekly, monthly or at other stated periods, and also an order "for payment by any person at any time after the date thereof of any sum of money" and also "an order for the payment of any sum of money out of any particular fund, which may not be available." This definition would appear to contemplate a document under which payment may not be made within 21 days. In such an instance, there would be the implied agreement that payment of the bill of exchange should not be required or made within 21 days of its date. The final words of Subclause 2 are most sweeping and it would appear that if a third person desired to make a proof in bankruptcy or liquidation, he would—if the trustee or liquidator raised the point—have to take legal proceedings to enable him to get judicial authority to stamp under Subclause 3. This amendment needs careful consideration.

This authority expresses the opinion that the amendment of the Act in that regard is one that requires careful consideration. I have given notice of my intention to move certain amendments to the clause and I hope they will receive ample consideration. My idea is to strike out the whole of Subclause 3 and thus leave it to the Commissioner, under Subclause 2, to be the determining officer to impose, should he so desire, an impost equivalent to three times the amount of the duty. So long as the Government recover their stamp duty, that is all that is necessary. To declare a deed practically void if an innocent third party happens to handle it and finds out subsequently that the original parties to the agreement had not attended properly to the stamping of the document, would have the effect of making documents such as bills of exchange payable on demand, no longer capable of being dealt with by banking institutions or by any individual. Clause 9 of the Bill has provoked considerable discussion. Among those concerned with its application are the auctioneers and land agents. I believe they have made representations to the Minister who was in charge of the Bill in another place, and they placed their views before him. No doubt those views are worthy of the serious consideration of the Government. They contended that the stamping of agreements with the full ad valorem duty, immediately after an agreement had been executed, would interfere with the sale of land and its settlement in certain neighbourhoods. It will be a bar to the State's recovery that has been referred to already. The more than can be done to assist in the settlement of the land, the better it will be for the State. If the representations made by the auctioneers and estate agents appeal to him, no doubt the Minister will agree to amendments that will overcome the difficulties confronting that section of the community. It must be re-

membered, however, that others will be affected, including the stockbrokers, unless the clause be altered from its present form. The clause should be amended so as to exempt stock or marketable securities and so on from the application of the proposed new Section 72. I shall give notice of my intention to move an amendment to meet that position. In its present form, Subclause 2 of Clause 9 will mean double loading of expense on persons who happen to buy property. If I, as a registered proprietor of land, sold a block to the Leader of the House and subsequently the Minister, realising he had paid me a very low price for the block, found he could sell it to, say, Mr. Mann at a higher figure, the effect of the clause as it stands in the Bill would be that Mr. Mann would be left in the unhappy position of having to see that not only was the agreement made between himself and the Minister duly stamped, but he would also be responsible, under Subclause 2, for the duty on the agreement made between the Leader of the House and myself originally.

Hon. W. J. Mann: That position may apply over half a dozen transactions.

Hon. J. NICHOLSON: That is so. There may be instances even now in which it has not been regarded as necessary to stamp documents involved in certain transations, or they may not have been fully stamped. The responsibility would fall upon the unfortunate sub-purchaser who would have to pay the full duty chargeable. In the instance I cited, if I sold the property to the Leader of the House for £500, duty amounting to £5 would be payable on the agreement. If the Leader of the House sold to Mr. Mann at £1,000, the duty would amount to £10 and Mr. Mann would find himself responsible for the payment of £15. That position could be extended through subsequent sub-purchases. If the clause is to be retained in the Bill, it should be altered so as to render each party liable for his particular share of the duty on his own agreement. That would be fair. It would be unfair to saddle sub-purchasers with the responsibility for the payment of duty involved in earlier agreements of which they might know nothing. It must be remembered that many of these transactions are entered into by persons who are ignorant of these matters. Surely it would be imposing a hardship upon such persons if we were to agree to the clause as it stands. I also wish to call attention to the proviso at the end of the proposed new section. Obviously the object is to exact a little more duty, but it seems to me that due regard was not had to the results that would follow. The object is to extend the operations of the section to transactions where mixed properties are concerned. Such properties may consist of land and chattels such as sheep, cattle, plant and so forth. It is usual for certain plant and chattels to pass by delivery and in that way the purchaser seeks to avoid the payment of duty. But on the fixed plant and on the land he has to pay the ad valorem duties, and at present the parties themselves may assess the value to be regarded as the value for the land and the fixed plant, whilst the chattels also have a value put upon them. Suppose a property was sold for £10,000, and the land and fixed plant were put down at £5,000, whilst the other £5,000 was put down in the agreement of sale as the consideration for the chattels or live stock. The £5,000 for the chattels and live stock, if they were passed by delivery, would not require to pay the ad valorem duty, but the £5,000 for the land and fixed plant would have to pay the ad valorem duty only. There must have been some suspicion in the mind of the Commissioner that too low values have sometimes been fixed on certain portions of property in order to escape duty. To get over that it is proposed by this new clause to give leave to the commissioner, if he is not satisfied with the amount set down as the value of, say, the chattels and live stock, to call in a valuer and get a new valuation. And if it should be found that his valuer's valuation is greater than that of the other party, he may claim from the purchaser or the person submitting the contract of agreement payment of the excess duty which he thinks should be fixed, and also the amount of his valuer's fee and expenses; whilst if the position disclosed should prove to be the reverse from what he may have anticipated, then the provision in paragraph (d) only allows the purchaser to recover from the commissoner simply the charges of the umpire, without receiving back also the purchaser's valuer's fee or expenses. In my opinion there is something unfair in that, and I hope the Minister will be prepared to accept a reasonable amendment. But what

I would point out is this: in the sale of a station property one can readily see that if there are going to be valuations made in this way, it would hold up or delay the completion of the sale as the Commissioner might have to send his valuer right up to the far North or elsewhere and get a muster of the cattle or other stock——

The Chief Secretary: It will not hold up the sale.

Hon. J. NICHOLSON: It will. The effect of this clause will be to delay and probably cause sales to fall through. Some other way has to be found.

The Chief Secretary: It applies only after the sale is completed.

Hon. J. NICHOLSON: The Minister knows that many stations are sold on a book muster instead of a bang-tail muster. If a valuer is sent to the North to value cattle, he will ask for a muster in order to see what the cattle are like, and how many there are and to form his estimate of their value. He will have to travel around the property, and will make an inspection such as any valuer would require to make. That is all going to take a good deal of time, and will involve a great deal of expense. You cannot send up valuers to those distant places for nothing; it is not like sending out a man to value property in the suburbs here, which could be done quickly and at a minimum cost. To my mind this is going to interfere with the sale of those very properties we wish to assist. It is not a fair provision to insert here, and it should be eliminated.

The Chief Secretary: There will be no return until after the sale takes place.

Hon. J. NICHOLSON: As a matter of fact the transfer would be held up until the duty was assessed. The transfer could not go through until those values were arrived at, and no purchaser is going to pay his money until the transfer is accepted at the Titles Office or Lands Office as the case may be.

The Chief Secretary: What has that to do with it? Has not the hon. member ever dealt with one of these sales?

Hon. J. NICHOLSON: The Minister should know that what I say is correct.

The Chief Secretary: It is not. I have transacted this class of business many times.

Hon. J. NICHOLSON: I should be surprised at the Minister's skill in that respect if he tells me he has paid off the purchase money without registering the transfer.

Hon. J. J. Holmes: But this is the Taxation Department. The transfer would not have to be there.

Hon. J. NICHOLSON: I am dealing with the ad valorem stamp duty on a conveyance or transfer.

The Chief Secretary: What you say is quite wrong.

Hon. J. NICHOLSON: Not at all. It is proposed to amend Section 72 of the existing Act. Section 72 and the later sections deal exclusively with documents chargeable as conveyances on sales. The Minister is under a misapprehension in expressing the views he has expressed. If we agree to this clause the agreement for stamp duty purposes will be treated as a conveyance on a sale. If one enters into a contract or agreement, that contract or agreement will have to be stamped with the full duty if we pass Clause 9. But in any transactions of that nature dealing with stations or big farms no purchaser would be content until the transfer was put in his name, and he would not pay over the balance of the purchase money until the transfer was accepted at the Titles Office or the Lands Office.

Hon. J. J. Holmes: Is it not provided that an amount can be paid to the commissioner and the balance recovered afterwards?

Hon. J. NICHOLSON: But the transaction would be held up.

Hon. J. J. Holmes: It does not appear that it would be. The transaction will be finalised and the commissioner, if he finds the calculation is not correct, can recover the balance due.

Hon. J. NICHOLSON: It is provided that the contract or agreement shall be presented by the person liable for the duty thereon to the commissioner for assessment of such duty. And by the previous sections which are proposed to be introduced by Clause 9 the contract or agreement will require to bear the ad valorem duty as if it were a conveyance of sale. And there must be presented a statutory declaration—which will be exempt from stamp duty—by a competent valuer setting forth the value of the goods referred to. Then if the commissioner is not satisfied with such valuation, he may obtain a valuation from a valuer appointed by him, and will send up his own valuer to value the property. That is going to hang up the transaction. All that is done is that

the matter is simply pending, held under an agreement of sale, but the conveyance is not put through. And invariably it is provided in such agreements or contracts of sale that the balance of the purchase money shall not be paid until the title is accepted and registered at either the Titles Office or the Lands Office, as the case may be. If the commissioner challenges the declaration that is submitted in the first place, it is going to hang up the transaction, not for days, but for months, and probably it will result in the loss of a sale. It is not a very happy position for the man who is selling to find that he cannot get payment of his purchase money immediately. The result would be that if, say, Mr. Holmes sold a property in the far North he might not get his money for four months, until all these valuations were completed. That is against the best interests of the State and of the people of the State. It is not a wise way of dealing with the business affairs of the State, and I think some other amendments should be discovered to overcome the difficulty. Clause 10 seeks to impose on a hire-purchase agreement not only the existing duty which is payable, namely, 2s. 6d. if it is under hand and 10s. if it is under seal, but in addition it proposes there should be mortgage duty added to the ordinary agreement duty. That obviously is unfair. I intend to move an amendment in Committtee to make a hire-purchase agreement pay mortgage duty if it should happen to be higher than the ordinary agreement duty. I hope that will be acceptable to the Government. To insist upon stamping a hire-purchase agreement first as an agreement and then as a mortgage seems most unjust.

Hon. G. W. Miles: Who is to pay for the valuations?

Hon. J. NICHOLSON: The hon. member, if he happened to be a seller or buyer presenting a contract, would pay. Under paragraph (d) of Clause 9 the parties would be saddled with the expense of their own valuer or umpire, and if the amount were found to be less than that submitted, then the unfortunate buyer or seller, or both, would be saddled with the whole of the cost. They would have to pay, not only the cost of their own valuer, but the cost of the Commissioner's valuer.

Hon. J. J. Holmes: That would apply to every farm.

Hon. J. NICHOLSON: Yes, to every farm and station that was sold together with livestock, machinery, plant or anything else. The question requires very serious thought, and I hope the Chief Secretary will consider it. There is one clause to which I wish to direct the Minister's attention. In paragraph (b), as well as (c), the words used are, "If such last-mentioned valuation exceeds that submitted with the contract or agreement." If those words are retained, the clause will carry a wrong construction. I think the words to be inserted should be "If the valuation is less than that submitted." If the valuation made by the Commissioner's valuer exceeded that of the buyer, then the Commissioner would have no cause for complaint.

The Chief Secretary: How can you say that?

Hon. J. NICHOLSON: If the Minister works it out, he will find that what I say is correct. I am satisfied that the Crown Law authorities would agree with me. I shall take an opportunity to explain the position more fully to the Minister. I have offered my criticisms in the hope that they will receive consideration. The fact should be appreciated that while we are desirous of assisting the Government to obtain revenue, we do not want to pass laws that will impede business. I know that it is against the desires of the Government to impede business, and it would certainly be against their interests so to do. If the Government reflect a little further, I think they will realise the wisdom of introducing some drastic amendments to the clauses to which I have referred.

On motion by Hon. H. Seddon, debate adjourned.

BILL—LAND TAX AND INCOME TAX (No. 2).

Second Reading.

Debate resumed from the 29th October.

HON. H. SEDDON (North-East) [6.7]: This is the usual Bill containing the Government's proposals regarding direct taxation. In that respect it reflects the attitude of the Government towards the times through which we are passing. Previous speakers have referred to anomalies that exist in the Bill. Mr. Cornell stated that, in his opinion, it was questionable whether

those intrusions were quite in order. What I wish to stress is a fact already indicated to the Government, namely, the injustice of the system that in the course of years has arisen in connection with taxation generally. Here we have a Government who have budgeted for a deficit this year of £1,200,000 odd. One would have thought that, being in such a position, the Government would have carefully surveyed the whole field of taxation with a view to determining whether they could not make good the deficit by extending the field and by bringing within the scope of direct taxation those who at present are escaping it. Reference has been made from time to time to the terrifically high rate of income tax charged in this State, as well as to the fact that assistance from the Federal Government enabled the State to reduce by one third the high rate of taxation imposed some years ago. The Bill provides that the remission shall be reduced. Since the disabilities grant was utilised by the previous Government to permit of income taxation being lightened, a remission of one-third has been granted, but that remission is now to be reduced to 20 per cent., resulting in an increase of 20 per cent. in the tax payable. Although the general public are receiving from the Government free social services to a very large amount, only 12 per cent. of income earners in Western Australia are paying income tax. Consequently the burden of those free services is being borne by a section of the community instead of by the whole. If members turn to the report of the Commissioner of Taxation they will find that this is so. They will further find in the report that during no year is the full amount of taxation levied for the year actually collected. The returns are swelled by returns from previous years, to the extent that it takes something like three years before the full amount of taxation levied in any one year is finally collected by the department. The policy of the Government has resolved itself into one of overspending and incurring deficits. Those deficits, to use the words of the Premier, Sir James Mitchell, constitute loans for which there are no assets created. In other words, the Government of this State, along with other Governments in Australia, are at present engaged in the most pernicious form of inflation. Month by month inflation is being practised by the Governments throughout the Commonwealth in much the same way as it was embarked upon by the German Government, which resulted eventually in the debacle in their currency. This is a course of action that has been adopted and is being followed by the Governments throughout Australia. The Western Australian Government have not only budgeted deliberately for a deficit of £1,200,000 odd, but according to the figures published in the Press, are exceeding that figure. At the rate at which the deficit is being incurred at present, the Government, instead of finishing the financial year with a deficit of £1,200,000, will have a deficit of something like £1,600,000. To that extent they will have indulged in a pernicious form of inflation. That is not the worst side. Although they are thus introducing inflation, they are also imposing a very much more severe burden upon the taxpayers than would be imposed if we endeavoured to meet our obligations as we went along. My reason for making that statement is this: The deficits are being increased, and under the Financial Agreement, when deficits come to be funded, they have to carry a sinking fund of 4 per cent. Members will realise that we are simply following the time-honoured process which has disgraced Australian finance in the past by passing on to future taxpayers the burden that we ourselves ought to be carrying. At present those deficits are being carried into the future, either by overdraft or by the issue of short-dated Treasury bills. Both of those systems enable Governments to evade the provisions of the Financial Agreement, because neither carries a sinking fund of 4 per cent., as is provided by the Financial Agreement. Thus Governments are deliberately evading the obvious intention of the Financial Agreement, which was to compel Governments to live as nearly as possible within their income. Of course, one has to make allowance for the times through which we are passing.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. H. SEDDON: In my opening remarks I pointed out that so far Governments have not adopted anything in the nature of breaking away from old practices as regards financial policy. One may say that the last 18 months have been taken up by Governments in dealing with legislation more or less designed to prevent a collapse of the financial system. Much of

that legislation, as I pointed out before tea, has been of a restrictive nature because of that overwhelming necessity. But I think we must all recognise that now we have to look for a new policy, a policy designed to help the country to get on to a new basis, or a policy that will provide for a forward movement. It has been the custom to stress the disabilities under which the workers of Australia labour. Undoubtedly much of our financial policy has been copied from that of older countries, where the burden of finance has largely been borne by certain sections of the community because the lower sections were so impoverished that it was impossible to expect them to bear anything in the nature of direct taxation. I contend, however, that nobody can claim that Australian conditions are in any way comparable to those obtaining in the older countries. Anyone who is in anything like regular work in Australia is in an infinitely better position financially than the man engaged in the same avocation in the older countries. There is another aspect with regard to which we look to the Government to break new ground. We cannot compare old-country conditions with Australian conditions, and therefore taxation in Australia which has been restricted along the lines of the older countries has really resulted in the penalising of certain sections of our community, out of all due proportion to the way in which Government expenditure has been incurred. I contend that the only line which offers an opportunity to an embarrassed Government to increase its revenues is to extend the incidence of taxation, and to alter considerably the methods of collection, thereby making taxation easier to bear by the whole community and taking the burden off a section which to-day is being seriously hampered in its operations, a section, moreover, to which we must look for restoration of this country to a sound position. I have pointed out that the old practice of borrowing has, unfortunately, become so ingrained into Australian policies that even in times like these Governments are following it, and following it, as I remarked previously, in a direction which is in every sense undesirable. Two most serious aspects are, as I have already stated, that the manner in which the borrowing is taking place to-day represents a form of pure inflation, and that that method passes on to the future taxpayer what should be borne by the taxpayer of to-day. But there is a third utterly undesirable result, which has been obtained by the present policy of borrowing to meet current expenditure. This method is taking from the banks funds which have accumulated there through the restriction of business operations in certain directions. When the time comes, when this country is looking to recover from the depression, it will be needing those funds, and needing them badly, in order to restore the working capital which at present is working and finding its way back into the banks. If by the method of short-term borrowing that working capital is locked up in Government loans, which although called short-term are only short-term because there is no opportunity to make them long-term, it will not be available for the restoration of prosperity. Consequently the return to normal conditions will thereby be most seriously hampered and delayed. When the Government were drafting their financial policy, they had available to them certain figures. Those figures were the results obtained from taxation in previous years. I take it, judging from the taxation measure now before us, the Government were considerably influenced by those figures. They did not, so far as we can gather, extend their methods with a view to entering upon new fields from which to receive funds. I have here certain figures taken from Government returns, figures showing the revenue received in each year from 1929 onwards under the four principal items of taxation. Those items comprise income tax, land tax, stamp duty, and dividend duty. It is certainly interesting to note that the three Bills now before the House deal with those four items of taxation. As I have said, unfortunately our Governments seem to have got into a frame of mind where the kind of taxation they bring forward operates almost invariably in the restriction of commerce and of enterprise. To that extent the taxation embarrasses the whole community and, as I have said, seriously delays the return to prosperity. Taking the item income tax, in 1929, which we may regard as our last prosperous year, no less a sum than £329,603 was received from that source. In 1930 the amount received was £340,501, and in 1931 £246,650. The estimate for

1932 is £175,000. We see by their estimate that the Government recognise that many people upon whom in the past they could rely to pay high rates of income tax will not be able to pay them this year. Even with the addition of the 20 per cent. increase, the Government are estimating for a very serious fall in the sum to be received from income tax. As regards land tax, the figures are—1929, £196,301; 1930, £219,066; 1931, £168,579; and the estimate for 1932 is £150,000. From stamp duty in 1929 the Government received £298,244; in 1930, £262,011; in 1931, £179,170. The estimate for 1932 is £180,000. Evidently that estimate provides an increase, although the Government anticipate a reduction in business, because increased taxation is provided for through the stamp legislation which is before the Chamber. I hope to discuss that Bill to-morrow. Incidentally let me say that the Government may in their endeavour to increase revenue from taxation adopt a course that will really reduce the amount of business and thereby effect a reduction where they expect an increase. From dividend duty in 1929 £315,233 was received; in 1930, £410,615; in 1931, £277,342; and in 1932 the Government expect to get £220,000. In other words, there is reflected in the figures of actual receipts the way in which the business community have suffered through the depression, and in the figures of estimates what the Government rightly realise, that their income this year will be considerably reduced by the severe stress through which companies and other commercial activities suffered last year. As I say, by perpetuating present methods the Government are simply killing the goose that lays the golden eggs, are simply increasing the burden on those who are already over-burdened, whilst the Government should get other sections of the community, which are escaping direct taxation because they are not contributing as they should towards the expenses of the country. It has frequently been argued that in this State income taxation has reached its limit. I do not agree with that view. In justification of my opinion I point out that one has only to look around and see the many ways in which money is being expended to-day, in order to realise that money is being wasted, money which could be far better employed in assisting the Government to meet their responsibilities, which are increasing from month to month. There is a great deal of cant and nonsense in public opinion about taxation. I can only compare it to public opinion as often expressed with regard to contributions to churches. What I find is that people who frequently grumble about having to put a threepence or a sixpence in the plate on Sunday, do not hesitate to spend 10s. in a wager on the Melbourne Cup. I find that a man who grumbles about a 1½d. hospital tax, will not hesitate to speculate £1 on a horse in the Melbourne Cup. While such ideas are prevalent, it is idle for people to talk about the limit of taxation having been reached. The limit has certainly been reached however in the extremely high rates which are being imposed on those who are paying income tax. Therefore I say the time is long overdue for revising both the method of collection and the spread of taxation. There is one thing that has been definitely shown to this community. The hospital tax has shown us that we can collect taxes from week to week, or from month to month, at the source of income. I remember when putting up the argument last year on this very Bill with regard to collecting our taxation in monthly instalments, that the authorities, and the Minister in his reply, pointed out that this constituted a most serious difficulty. They said that owing to the fact that taxation Bills were so late in being passed by Parliament, it would obviously result that many of the taxes which should be collected in the year in which they were imposed, were delayed, and could not be collected until the following year. If we instituted the principle of monthly instalments, it was said, this would simply mean that we would not be able to collect the tax in the year in which it was due. My answer to that is to refer to the report of the Taxation Commissioner. As I said earlier in the evening, even now, under the present system of annual assessment, a considerable amount of the revenue is not collected in the year in which it is assessed. The hospital tax has shown that we can collect taxation at its source, and therefore it is open to the Government to follow this new method of collection which they have proved to work successfully and by which means they can collect a considerable amount of money that is required to carry on their activities. There is also

the further argument used that the collection in the form of weekly instalments will not allow deductions under the Land and Income Tax Assessment Act. With regard to that, we have advanced to a position today where a good many of the Government activities are in the nature of providing free services, not to a section of the community, but to the whole community. That being the case the whole of the community should be bearing the burden and should be paying for what they get. In support of that argument I should like hon. members to refer to the returns of expenditure placed before us. They will then see that quite a number of services are given free by the Government and that those services amount to a considerable sum in proportion to all Government expenditure. I shall quote a few. We pride ourselves on free education, and that a boy who perhaps is the son of poor parents has the opportunity, by means of our free education system of winning through to the University and obtaining the finest education it is possible to give him. On the other hand, education cost last year—and the pruning knife had been used very severely—no less a sum than £673,202. The Health and Medical Departments which provide a considerable amount of free service to the community, and which safeguards the welfare of every section of the community, cost us last year £143,231. Charity and child welfare, including relief, cost £570,703, compassionate allowances cost £4,862, the Labour Bureau cost £3,216, the Crown Law Department £86,112, and the Police Department £237,996. Gaols cost £31,468, and the accommodation they provided was entirely free to the inmates. The Lunacy Department cost £99,975. I am prepared to say that quite a majority of the inmates of the gaol who have been provided with accommodation there have not paid one penny for what they received. The Labour Department cost £5,971, the Aborigines Department £10,893, Literary and Scientific £10,968, and under the heading of "Miscellaneous" the expenditure was £469,353 —nearly half a million. The total of these amounts is no less a figure than £2,347,950 —all free services available to every member of the community, and yet only 12 per cent. of the income earners of the State are paying income tax! I contend, and I think I am right, that every section of the community should pay towards those free services, and the only way to collect the money is to collect it at its source by the adoption of a tax similar to the hospital tax and which could reasonably be designated an income tax. Our income taxation should now be formed into two classifications, income tax collected at the source from every earning member of the community, and income tax collected as it is collected now with all the necessary allowances in respect of children and all that sort of thing. I contend also that it should be within the scope of the officers of the Taxation Department to devise means whereby a man can pay through wages sheet and yet benefit by the exemptions which are granted under the present system of taxation. I find on referring to the Auditor General's report that the hospital tax collections at the rate of 1½d. in the pound for the first six months of 1931, during which period the tax was in operation, amounted to £60,000. Therefore we can reasonably assume that the annual sum to be raised by that tax will be twice that amount. That 1½d. in the pound works out the national income—wages and salaries—in the vicinity of 19 millions sterling. To show the extent to which the community are benefiting by our present system of free services, if we introduced a wages and salaries tax to meet the sum of £2,347,000 on an annual income of 19.2 millions, it would work out at a little over 2s. 5d. in the pound. One could imagine what a squeal there would be in the community if we suggested that there should be a tax on the wages sheet of 2s. 5d. Yet that is the cost of the free services provided by the Government to the whole of the community of which some 80 per cent. are not contributing one penny. So if we impose a tax of 6d. in the pound on wages and salaries, we should not be collecting anything like the amount we are giving to the people; but we should impress upon every person some sense of his responsibility by compelling him to pay for what he gets. That is why I suggest that this House should try to convince the Government of the necessity of revising the method of taxation and introducing a system along these lines. If the Government have contemplated anything of the kind, we have not heard of it, but failing its introduction this House is charged

with the responsibility of impressing on the Government the need for adopting a method of taxation such as I have outlined. Reference has been made to the exemption from land tax it is proposed to grant to agriculturists and pastoralists. It appears to me there is some justification in the contention raised by previous speakers that the adoption of this principle is the putting into force class legislation. That is very undesirable. It will create a precedent that is very dangerous, and we can readily imagine that it will tend to create a more serious state of affairs than exists at the present time. I agree that the Government should grant relief to the farmer, but that could have been done under the financial emergency legislation. Valuations could be reduced in the same way that the Federal Government robbed and reduced the bondholders of some 20 per cent. of their capital. If it is fair to rob the bondholder in this way to the extent of 20 per cent., surely it is fair to reduce the valuations of agriculturists by the same amount. In that way they would escape a certain amount of taxation. There would be every justification for doing that because of the present price of primary products. It may be said that those valuations are determined by the Federal authorities. Our Premier has been in the Eastern States quite a fair amount of time in the last 12 months, and I suggest that on his next trip he should make this one of the outstanding features of his visit and endeavour to get the Federal authorities to reduce the valuations that they have put upon the agriculturists. It appears to me that that would be a line the Government could follow with greater justice rather than relieve a section of the community of taxation as it is proposed to do under the Bill before us. I wish to refer to the fact that the usual custom in this House with regard to finance Bills has been to lodge a protest. It has been contended that this House has no right to amend money Bills. I admit that its rights are restricted, but the House has always had this right, that if its protests are disregarded it can take extreme steps when dealing with finance Bills. I am not advocating that, but I do say that the time is more than overdue when this House should impress upon the Government the necessity for breaking new ground and altering the incidence of taxation. This House is elected by members of the community who have interests in the State; and therefore members here would only be carrying out their duty to those who elected them by insisting that the Government should spread taxation in a fairer manner than is being done now. I contend that we should hold up this Bill until we have a definite pronouncement from the Government as to what their proposals are in the direction of taxation. Above all, we want to have that close scrutiny of taxation measures that are brought forward in a more or less indirect way, taxation imposed upon commercial transactions, because only too often do we find that instances of this kind are more far reaching than hon. members ever anticipated. Further, I say that while there is at present a long overdue need for a revision of taxation, both Federal and State, there is equally a need for revision of the methods of the taxation this State has adopted with a view to spreading the burden and increasing the yield. I therefore suggest that the House should defer finalising the Bill until we hear something from the Government as to their policy in the direction I have suggested.

On motion by Hon. H. J. Yelland, debate adjourned.

BILL—DIVIDEND DUTIES ACT AMENDMENT.

Second Reading.

Debate resumed from the 29th October.

HON. J. J. HOLMES (North) [7.58]: The Land and Income Tax Assessment Act comes before us frequently, but the Dividend Duties Act has not been before us for a long time, and the Bill will give us the opportunity to discuss some of the existing anomalies. Under the Land and Income Tax Assessment Act the State allows private companies or individuals to spread their profit and loss over three years, and to make their assessment on that basis. The Dividend Duties Act does not permit that. It is rightly contended that what is permitted under the Land and Income Tax Assessment Act as regards the individual, should also be permitted under the Dividend Duties Act, which embraces companies. The Federal authorities recognise this, and both in the case of the individual and the company allow the profit and loss to be spread over a period of five years. So far as I can see there is no justification for any

departure from that in this State. The only justification is that the Act has not been before us for admendment for years, and there has been no opportunity to bring these anomalies to light. There are some people in this country with experience, but without money. The State has to be developed. There are other people with a limited amount of capital ready to invest. The man with a limited amount of capital is prepared to invest in a limited company, and he will even embark upon a business he does not understand so long as other men in it do understand it. He, therefore, wants to limit the amount of capital he invests. The combination of the man with experience and the man with capital is necessary to enable development to go on. Unless we put companies on the same basis as individuals, and on the same basis as the Federal authorities have put them, we shall not have capital made available to experienced men who want to develop the State. Mr. Nicholson has on the Notice Paper amendments designed to bring the Dividend Duties Act into line with the Land and Income Tax Assessment Act. There is another proposal that those who engage in limited liability companies should be permitted to set off only their losses over a period of three or five years. There is another proposal which may not meet with the approval of Mr. Seddon. By the way, I congratulate the hon. member upon the effective speech he has just made. It is the pastoralist and the agriculturist who are the backbone of the country. We have known this for a long time, but until the depression came about the cities and towns did not seem to realise it. The pastoralist and the agriculturist have been carrying them. That is realised now. If the depression has done nothing else, it has made that clear. One can see smiles in St. George's-terrace today that one has not seen for 12 months.

Hon. H. Seddon: Gold mining is carrying us on to-day.

Hon. J. J. HOLMES: The smiles are due to the fact that the pastoralist and the agriculturist are getting a little bit back, and in due course people know that the cities and towns will also get some of it. The proposal is that the pastoralist and the agriculturist who are engaged in hazardous occupations, should be permitted to set off their losses when submitting their returns to the State Taxation Department in the same way that they are permitted to do by the Federal authorities. I do not know whether all companies should be embraced. Some companies may make losses because of mismanagement. Men engaged in pastoral and agricultural pursuits are in difficulties at all times. They have droughts to contend with, early or late rains, or no rains at all. If they lose their capital and yet desire to carry on, immediately they get a little profit this profit is taken away from them because they are a limited company. The industry then cannot go on. It is the profits that are made at a subsequent date which enable these people to liquidate the losses they have made before. This is really a Committee Bill. I simply rose to indicate that the Dividend Duties Act was manifestly unfair. Men do not form themselves into limited companies to evade anything. They desire to put so much into a company, and to protect their other assets in case of the failure of that company, as they are entitled to do. There is a proposal of Mr. Nicholson's to swing the Dividend Duties Act into line with the Land and Income Tax Assessment Act. There is a lesser proposal that we should put any limited company in a position to set off the losses in one year against the losses in three years, as provided by the State Act, or five years as provided by the Federal Act. There is a still lesser proposal which may appeal to the Government. Pastoralists and agriculturists are up against it all the time, particularly just now. If they make a little profit they are not allowed to set that profit off against the losses made in two or three subsequent years. They are, therefore, robbed of their profits, and the industry cannot go on. I merely rose to submit these three points, so that in Committee we might make this a more equitable measure than it now seems to be. I support the second reading.

Hon. J. M. MACFARLANE: I move—

That the debate be adjourned.

The CHIEF SECRETARY: The Government desire that more than one speech a night on each Bill should be made. Three Bills have been dealt with to-day, and there have been three speeches. We shall never get to the end of the session at this rate.

Hon. G. W. Miles: We do not want to rush things.

Motion put and passed.

House adjourned at 8.10 p.m.