

Mr. HUGHES: Eleven out of about 60 architects registered have passed their examinations.

The Colonial Secretary: That is personal.

Mr. HUGHES: Take the case of a young fellow who has had to go to work at 14 in order to earn his living, and who has taken an interest in architecture and gone to a technical school for the purpose of qualifying as an architect. Why should we compel that young fellow to study Spanish? At present the position is that he has to drop his architectural studies for a period in order to study that language. The moment he passes his examination in Spanish he is going to forget all about it. There is not one chance in a hundred that he will ever use his knowledge of Spanish. Why should innumerable obstacles be placed in the road of the son of a working man who wants to enter a profession? If a man is qualified to do his job, if he has passed his theoretical and practical examinations, there should be no restriction on him as regards exercising the profession.

Mr. Money: Withdraw your statement against the member for Sussex (Mr. Pickering).

Mr. A. Thomson: I think you should withdraw that statement.

Mr. HUGHES: I have no desire to do a wrong to any member. I understood that of the architects who got in under the Act, only eleven had qualified by examination, and that the member for Sussex was one of the remaining 49.

Mr. Pickering: That is not true.

Mr. HUGHES: If it is not so, I withdraw the statement unreservedly, understanding that the member for Sussex is one of the 11.

Mr. Pickering: By way of personal explanation I may say that I qualified as an architect in England before I ever came to this State.

Mr. HUGHES: I am very pleased to learn that the hon. member is one of the 11. As we are going to have an inquiry into the apprenticeship question, let us make it a comprehensive inquiry, one referring to all trades, and not only to those associated with what we usually call tradesmen. We ought to include in the inquiry the various professions. The question of premiums should be gone into; with a view to ascertaining whether there is any truth in such statements as that one dentist had four articulated pupils from each of whom he received a premium of £150. The enlarged scope of the inquiry would react to the benefit of the boys of this State.

On motion by the Minister for Agriculture debate adjourned.

House adjourned at 10.25 p.m.

Legislative Council,

Thursday, 6th December, 1923.

	PAGE
Bills: Geraldton Harbour Works Railway, 1s.	1869
Loan, £3,763,000, 2s.	1869
Land Tax and Income Tax, 2s.	1871
Change of Names Regulation, returned	1887
Friendly Societies Act Amendment, returned	1887
Women's Legal Status, 1s.	1887
Lake Grace-Newdegate Railway, 1s.	1887
Appropriation, 2s.	1887
Public Service Appeal Board Act Amendment, 1s.	1894
Lunacy Act Amendment, Assembly's Message	1894
Factories and Shops Act Amendment, Assembly's Message	1894
Motion: Jandakot Road Board, to inquire by Select Committee	1870

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

BILL—GERALDTON HARBOUR WORKS RAILWAY.

Received from the Assembly and read a first time.

BILL—LOAN (£3,763,000.)

Second Reading.

Debate resumed from 4th December.

Hon. A. LOVEKIN (Metropolitan) [4.37]: In the few remarks I intend to make on the Bill, I wish to say at the outset that I acquit the Minister of any attempt to deceive the House, to spring anything upon hon. members, or to rush a Bill through by anything that might be termed false pretences. If hon. members look at the Notice Paper, they will see that, since the Loan Bill was received from another place, it has found a place at the bottom of the Orders of the Day. At 10.45 p.m. on Tuesday the Minister rose and, with a very few words indeed, asked the House to pass the Bill straight away. He scarcely told us what amount the Bill was for, leaving the inference that it was the ordinary type of Bill to authorise the raising of money for works contained in the Loan Estimates. Mr. Kirwan formally seconded the motion for the second reading of the Bill, but entered a protest against the procedure adopted. At the conclusion of his speech I moved the adjournment of the debate. The Minister then accused me of having, by that means, defeated the object of the Government. I do not like to give my assent to any measure placed before the House until I have read it. I had not read the Loan Bill, because it was at the bottom of the Notice Paper and other measures, such as the Appropriation Bill, the General Loan and Inscribed Stock Act Continuance Bill, and the taxation Bill, to which I had given some consideration, preceded it. I left the Loan Bill to be studied later on. In the circumstances, I moved the adjournment of the debate, notwithstanding any object the

Government might have in view. If there were any real urgency about the matter, that fact should have been known at least two days before, and members, seeing the Bill at the head of the Orders of the Day, would have been prepared to deal with it without seeking any adjournment of the debate. There is another point to be considered. It is practically an unwritten law of Parliaments that Ministers having any matter of urgency, concerning which the real reasons could not, perhaps, be made public at the time, shall give members information privately concerning the measure and the Government's views. Nothing of the kind occurred in connection with this Bill, so far as I am aware. When I came to study the Bill, I found that there was a vital departure from ordinary Loan Bills. Mr. Kirwan was in the same position, and it was only after he had spoken on the second reading that he had an opportunity of looking through it. He drew attention to the clause which contained the departure to which I have referred and asked me if I had noticed it. At that stage I had not noticed it, but I have since given it consideration. I am amazed that any responsible Minister, acting as Leader of the House, should, at 10.45 p.m., endeavour to induce members, by means of a speech containing but few words, to pass a Bill with a provision such as Clause 7, through all stages at one sitting. Yet the Leader of the House asked us to do that without a single word of explanation! Clause 7 is an entirely new one and appears in no other Loan Bill. It reads—

The Colonial Treasurer is hereby authorised to issue to the Commonwealth Government, or the Commonwealth Bank, Treasury bills for arrears of interest accrued upon an outstanding debt of £3,100,000, with a currency of not more than 10 years, and to be issued in accordance with the Treasury Bills Act, 1893, but not subject to any Loan Act. The amount payable under such Treasury bills shall, at maturity, become a charge on the Consolidated Revenue Fund, which is hereby appropriated accordingly.

The last words of the clause show that we are to leave a nice legacy for a new Government. If hon. members consider that clause for a moment they will see that it means the Government ask us to borrow money to pay interest owing by the present Government and leave another Government to pay the principal out of revenue. I have been making a few inquiries and I believe the position arose in this way: In 1914, the Government, in common with the Governments of other States, borrowed money from the Commonwealth Government at a rate of interest which was to be fixed after the Commonwealth Government themselves had borrowed the necessary funds. In the meantime the rate of interest payable was $4\frac{1}{2}$ per cent., and that has been paid. Recently the Commonwealth Government asked for a settlement and agreed that the rate of interest to be paid should be £4 14s. 5d., instead of £4 10s. The Commonwealth are asking the

State to meet these accumulated differences either in cash or spread over a period of 10 years. The amount involved to March last was £128,000, and the amount involved to-day, according to official figures, is £140,000. Without a word of explanation from the Minister, we are asked to authorise the Government to borrow this amount in order to pay interest.

Hon. R. J. Lynn: Still, we have to pay it.

Hon. A. LOVEKIN: Yes; I do not suppose it makes any difference to the ultimate financial position of the Government, but the Government are claiming considerable credit on the score that they have reduced the deficit by leaps and bounds and are on the verge of getting rid of it entirely. Obviously this interest is due, but there is only one source from which interest should come, and that is out of earnings; in other words, out of Consolidated Revenue. The £140,000 should not be met out of loan funds. What happens to an individual must happen to a State. If one borrows money to pay interest instead of earning the money, disaster must result at no distant date. The House should not pass a clause that admits the principle of borrowing money to pay interest. We should be fair to the people of the State. If we have a deficit, no matter how much it be, let us know what it is. Do not let us have any skeletons in the cupboard with a lot of items of indebtedness covered up. Under the Government's methods of finance I am afraid we have too many of them. When in Committee I shall move that the Legislative Assembly be requested to delete this clause. If it is allowed to stand we shall be establishing the precedent and admitting the principle that it is permissible to borrow money to pay interest. No sinking fund is provided for this amount. The principal must be paid out of Consolidated Revenue during a period not exceeding 10 years, and it will not be fair to leave this legacy to any succeeding Government. As the Legislative Assembly is the House specially charged with the responsibility for finance, we should give its members an opportunity to again consider this matter in the light of the facts now before us. Let them inform us whether they are prepared to countenance this method of financing. I say nothing further regarding the way we were asked to pass this Bill, because I am satisfied the Minister would not have asked it had he been aware of the facts.

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

MOTION—JANDAKOT ROAD BOARD.

To inquire by select committee.

Debate resumed from the previous day on the following motion by the Hon. G. Potter—

That a select committee be appointed to inquire into and report upon—1, The functioning of the Jandakot road boards; 2,

The cancellation of the recent road board's authority; 3, The relevancy of charges of misdemeanour mentioned against the chairman and certain members of the two recent boards, as contained in the files now on the Table of the House.

The MINISTER FOR EDUCATION (Hon. J. Ewing—South-West) [4.50]: I have made inquiries and have consulted the officer the hon. member referred to and the Minister for Works, and have come to the conclusion there is nothing whatever to hide. The fullest inquiry can be made. The officer concerned is quite satisfied he has done his duty. Therefore I do not oppose the motion.

Hon. G. POTTER (West—in reply) [4.51]: It should not be necessary to occupy any time in substantiating arguments in favour of the inquiry. I knew before I mentioned the matter in the House that the department had nothing to hide. I should not like anyone to think that, in expressing the opinions of my constituents, I had in any way attacked any Government officer. I tried to state the position as I found it. I said I did not wish to hold up the complainants as paragons of perfection; nor did I wish anyone to think that I considered any officer a hydra-headed monster or engaged in head-hunting. I merely said that certain people had asked for an inquiry. I am satisfied that the Minister for Works is in sympathy with my constituents.

Question put and passed.

Select committee appointed.

Hon. G. POTTER: I move—

That the select committee consist of the Hon. J. J. Holmes, the Hon. E. H. Gray and the mover, and have power to send for persons, papers and records, to adjourn from place to place, and to report on Thursday the 13th December.

Hon. J. J. HOLMES: I have no desire to shirk my responsibility; I am prepared to act on the committee, but I do not think there should be on the committee two representatives of the province concerned. I do not impute any motives but I suggest that a member from another province be appointed.

The PRESIDENT: Does the hon. member wish to amend the motion?

Hon. G. POTTER: This is not a party House, and Mr. Gray was suggested out of courtesy. In the district concerned are various political factions, but on this question they are at one. I know Mr. Gray is not anxious to act except to further the interests of the district. I thank Mr. Holmes for his suggestion, and ask leave to substitute the name of the Hon. W. Carroll for that of the Hon. E. H. Gray.

Question (as altered) put and passed..

BILL—LAND TAX AND INCOME TAX.

Second Reading.

The MINISTER FOR EDUCATION (Hon. J. Ewing—South-West) [4.57] in moving the second reading said: This is practically a continuance Bill; a measure is necessary every year to re-enact our taxing laws. There are several slight amendments, the chief being those inserted in another place and appearing now as Clause 8. Members no doubt have followed the debate in another place and studied the amendments. Outside of the amendments embodied in Clause 8, to which I may move further amendments, I do not think it will be found there is any material alteration as compared with the Act of last year.

Hon. A. Lovekin: Those are the amendments Mr. Lynn and I tried to get in this House last year.

The MINISTER FOR EDUCATION: It seems to me that the first two amendments are covered by the present Land and Income Tax Assessment Act.

Hon. A. Lovekin: They are not.

The MINISTER FOR EDUCATION: The hon. member can prove his case later on. It is unfortunate and regrettable that the Government cannot do away with the super-tax. I know this question is of vital importance to the people of the State and of great interest to members of this House. It is the earnest desire of the Government to reduce taxation as soon as possible, but the present exigencies must be realised by members. They desire to see the financial position made secure and the time has not arrived when the Government can afford to do away with the super-tax. On the land and income tax the super tax amounts to £67,000 a year. Such an inroad on the finances of the State would be very serious. After mature consideration the Treasurer was unable to see his way to do away with the super tax at the present juncture. Therefore the extra 15 per cent. is retained this year. The super tax on dividends amounts to £23,000. I do not think the repeal of that would be asked for.

Hon. A. Lovekin: That does not come into it.

The MINISTER FOR EDUCATION: Thus the total of the super tax would be between £90,000 and £100,000.

Hon. A. Lovekin: The tax rate on companies was not increased.

The MINISTER FOR EDUCATION: That is so. It is the desire of the Government to reduce taxation at the earliest possible moment. The Government recognise that as soon as one gets beyond £1,000, income taxation is heavy in Western Australia. The hon. member who has spoken so often on this subject—and who read me a little lecture this afternoon, a lecture which I greatly appreciate and hope to deal with later—was generous in one direction and condemnatory in another. Perhaps I introduced the measure in question rather hurriedly, but in replying

I shall deal with the matter fully and show hon. members that I have no desire to rush any legislation, and especially taxation measures, through the House. It is a good long time to Christmas. We desire to finish before Christmas, but if members want two more weeks to consider the financial position of the State, they are entitled to them. Mr. Lovekin has a keen sense of his responsibility to the taxpayers, but he is not the only person in Western Australia who desires reduction of taxation. The position to-day, however, absolutely prevents the Government from sacrificing £67,000 annually. The hon. member often does great injury to the State by telling the people far and wide, as far as his voice may reach and his writings may reach, that taxation is too heavy. The hon. member is connected with a newspaper, and the power of a newspaper is great.

Hon. A. Lovekin: But I do not use that power.

The MINISTER FOR EDUCATION: I do not say the hon. member does; but he is the proprietor of a newspaper whose policy is in keeping with the views he expresses in this House.

Hon. J. E. Dodd: A very good thing about the "Daily News" is its very impartial Parliamentary reports.

The MINISTER FOR EDUCATION: I am glad to hear Mr. Dodd say that. I am not speaking in any carping spirit. We owe a great deal to the "Daily News." It is only within the last year or two that the utterances of public men have been given in the Press. No member receives preference over another. We owe a debt of gratitude to the "Daily News" for allowing the people to learn, not merely what the Press considers good copy, but what members actually say. So far as I can see, the Parliamentary reports of the "Daily News" are a second edition of "Hansard," and I am glad that it is so. Mr. Lovekin from time to time tells us that people who have made large amounts of money in this State, for instance in the pastoral industry, go elsewhere to invest it. To some extent that is so. But those people do not thoroughly analyse the position before investing their money elsewhere; otherwise they would recognise that Western Australia is a good and sufficient field for the investment of their capital, in preference to the Eastern States or other parts of the world. Comparing taxation in Victoria with taxation in Western Australia, the hon. member said last night, as he says on all possible occasions, that taxation here is much heavier than in Victoria. As Victoria appears to be the lowest taxed of the Australian States, it is well to take Victoria as an example.

Hon. A. Lovekin: That is what we have to meet.

The MINISTER FOR EDUCATION: If one can prove anything with regard to taxation in Victoria, one may assume that one has proved it with regard to the Commonwealth. In Victoria a large number of public

utilities such as water works and harbours, and a hundred and one other things, are controlled by trusts and boards; and those bodies borrow their own money and impose their own taxation. Thus the Government of Victoria are relieved of the necessity for imposing a high rate of taxation.

Hon. A. Lovekin: But here the Government get the revenue.

The MINISTER FOR EDUCATION: The financial position of Victoria is materially improved by the existence of those boards and trusts.

Hon. A. Lovekin: That does not enter into the consideration at all.

The MINISTER FOR EDUCATION: Victorian taxation deals only with income, and it is admitted that beyond a certain point income taxation in Victoria is lower than in Western Australia. But taking other avenues of taxation one finds that Western Australia's position is not so far behind that of Victoria. The Premier made a good statement on this point when introducing the Budget, and he satisfied many people of unbiased mind. According to the Federal Statistician the taxation figures are as follows:—Per head of population, New South Wales £3 8s. 2d., Victoria £2 8s. 11d., Queensland £4 8s. 10d., South Australia £3 10s. 9d., Western Australia £2 12s. 7d.

Hon. A. Lovekin: Now suppose that 90 per cent. of the people in Victoria pay taxation and that only 10 per cent. do so here. How do the figures apply then?

The MINISTER FOR EDUCATION: I am taking the position per head. In Tasmania the taxation is £3 6s. 8d. The average for all the States of the Commonwealth is £3 4s. 10d., so that Western Australia's £2 12s. 7d. is below the average for the Commonwealth.

Hon. A. Lovekin: Those figures take in stamps, death duties, and many other things.

The MINISTER FOR EDUCATION: But that is the comparative position. In 1902 land taxation—

Hon. G. W. Miles: Land taxation is too low in this State.

The MINISTER FOR EDUCATION: Last year the amount of land tax collected in New South Wales was £2,490. The amount is low because the local authorities in New South Wales have a high rate of taxation. So long as the local authorities raise money for local purposes, the Government of New South Wales do not go in for land tax.

Hon. A. Lovekin: All this is in the "West Australian" of the 26th November.

The MINISTER FOR EDUCATION: I have obtained this information from the "Commonwealth Year Book." The hon. member has to go to newspapers and magazines in order to find ammunition to fight with. He does not care where he gets it, so long as it is good ammunition. The hon. member has no right to say I got my information from the "West Australian," just as if I had not the ability or knowledge to get it elsewhere. The "Commonwealth Year Book"

is a wonderful publication. It enables one to analyse the position thoroughly.

Hon. J. Cornell: It gives you just what you want.

The MINISTER FOR EDUCATION: If the hon. member wants to make a case, he will take from the "Year Book" exactly what suits him.

Hon. J. Cornell: That is what you are doing.

The MINISTER FOR EDUCATION: As a responsible Minister I would not do such a thing. I would look at every side of the question and analyse the position, and would then try to place before the House facts, and facts alone. In New South Wales last year land tax amounted to £2,490, in Queensland to £480,518, in Victoria to £372,060, in South Australia to £162,104, and in Western Australia to £42,549. Therefore hon. members, when speaking of the high rate of income tax here, should bear in mind that land tax is not paid by our people to the same extent as by the Victorian people. This applies especially to residents of Western Australia who live in the cities and gain the unearned increment on city and suburban lands resulting from the development of our territory.

Hon. G. W. Miles: Why not increase the land tax?

The MINISTER FOR EDUCATION: That is a pertinent interjection, but I am not going to follow it up, because I am not here to argue whether a land tax is a good thing or an income tax is a good thing. I am here to show that the incidence of taxation in Western Australia is favourable as compared with the incidence in Victoria. In order to put my argument more fully, I have quoted the amount of land tax in Victoria as compared with the amount of land tax here.

Hon. J. Cornell: Ours is not a land tax at all.

The MINISTER FOR EDUCATION: We have a very light land tax, that is true, and if we have a heavy income tax, the one offsets the other. It is the desire of the Government to reduce taxation, but it cannot be done at present. On an income of £500 the taxation rates are: Western Australia, 5½d.; Queensland, 11d.; New South Wales, 15½d.; South Australia, 7d.; Tasmania, 6¼d.; and Victoria 4d. On an income of £1,000 the rates are: Western Australia, 9½d.; Queensland, 14d.; New South Wales, 15½d.; South Australia, 8d.; Tasmania, 7½d., and Victoria 4½d. In Western Australia the income tax is on income derived from personal exertion, whereas in Victoria they tax on both income from personal exertion and income from property. It represents a considerable difference.

Hon. A. Lovekin: Now get on to some incomes that provide employment for the people and see where we are.

The MINISTER FOR EDUCATION: I am only trying to prove that it is not a good thing for members of Parliament to speak ill of a country and try to impress people that taxation is very heavy in Western Australia,

and therefore Western Australia is not a desirable place in which to invest money. Some members would say, "Pass Western Australia by; you will be taxed to death in Western Australia. Go elsewhere, where taxation is light." Taxation is not so much lighter in the Eastern States than it is here. It can be proved that lots of people in Western Australia are living under better conditions and with less taxation than are people in other parts of the Commonwealth. Moreover the price of land is cheaper here, and the possibilities of making money far greater than they are in the Eastern States. Again, our land is quite as good as the land of any other State. So people who want to go in for wheat growing and sheep raising have better opportunities here than they can get elsewhere. The Premier is always trying to impress on people that even if for a moment it could be said that our taxation is heavier than is the taxation in the Eastern States, still the opportunities here are so great that, after all, the advantages rest with Western Australia. A large number of our taxpayers pay very little, while a small number pay a great deal. Ours is not taxation of the poorer people.

Hon. H. Stewart: Are you sympathetic with the removal of the super tax?

The MINISTER FOR EDUCATION: Of course I am. The Treasurer earnestly desired to remove it this year, but he found the position would not yet justify him in doing so. He could not afford to lose £60,000 or £70,000.

Hon. A. Lovekin: You might as well calculate it correctly; 15 per cent. on £390,000 is not £60,000.

The MINISTER FOR EDUCATION: I have here a comparative statement showing the difference between the taxation imposed in Victoria and in Western Australia. A married taxpayer with no children, having an income of £200, pays in Western Australia nil, in Victoria 12s. 6d. If his income be £225, he pays in Western Australia 12s. 6d., in Victoria 18s. 9d. If his income be £242, he pays in Western Australia £1 2s. 11d., in Victoria £1 3s. If his income be £250, he pays, in Western Australia £1 9s. 4d., in Victoria £1 5s. A married taxpayer with one child, having an income of £240, pays in Western Australia nil, in Victoria 15s. A taxpayer with two children, having an income of £280, pays in Western Australia nil, in Victoria 17s. 6d. A taxpayer with three children, having an income of £320 pays in Western Australia nil, in Victoria £1. A taxpayer with four children, having an income of £360, pays in Western Australia nil, in Victoria £1 2s. 6d. I think that proves that for taxpayers on incomes up to £360 Western Australia is far the better country to live in.

Hon. A. Lovekin: That has nothing to do with the case.

The MINISTER FOR EDUCATION: I think it has a lot to do with the case. I have here another table. For an income of £500 in Western Australia the rate is 4.8d. and, with the addition of the super tax, the

payment is £11 10s. In Victoria the rate is 3d., and the payment £6 5s.; but if it were under the property tax in Victoria the rate would be 6d., and the payment £12 10s.

Hon. A. Lovekin: Can you give us the percentage of people who pay anything at all in Victoria and of the people who pay here?

The MINISTER FOR EDUCATION: I will give the hon. member the number of people who pay here, but I have not the figures for Victoria. This is worked out according to the incomes received. Time and again have Mr. Holmes and Mr. Lovekin said that only a small number of people pay taxation in Western Australia.

Hon. A. Lovekin: Do you not see what difference it makes if 10 per cent. pay taxation in one place and 90 per cent. in another?

The MINISTER FOR EDUCATION: It may be so; but if an income of £600 pays so much in Western Australia, and quite a different rate in Victoria, it is only a fair thing that I should compare the two.

Hon. F. E. S. Willmott: We shall be here till after the New Year.

The MINISTER FOR EDUCATION: I think it my duty to give these figures to the House. On an income of £600 the rate in Western Australia is 5.5d. and, with the supertax, the payment is £15 4s. 9d. In Victoria the rate is 4d. and 5d., and the amount payable £10 8s. 4d.; but if the income were derived from property the rate would be 8d. and 10d., and the payment £20 16s. 8d., or £5 more than would be paid in Western Australia. On an income of £700 the rate in Western Australia is 6.2d., and the payment £20 15s. 11d. In Victoria the rate would be 4d. and 5d., and the payment £12 10s.; but if the income were derived from property the rate would be 8d. and 10d., and the payment £25. On an income of £800 the rate in Western Australia is 6.9d., and the payment £26 9s. In Victoria the rate is 4d. and 5d., and the payment £14 11s. 8d.; but if the income were derived from property the rate in Victoria would be 8d. and 10d., and the payment £29 3s. 4d. On an income of £900 the rate in Western Australia is 7.6d., and the payment £32 15s. 6d. In Victoria the rate is 4d. and 5d., and the payment £16 13s. 4d.; but if the income were derived from property, the rate would be 8d. and 10d., and the payment £33 6s. 8d. On an income of £1,000 the rate in Western Australia is 8.3d., and the payment £39 5s. 5d. In Victoria the rate is 4d. and 5d., and the payment £18 15s.; but if the income were derived from property the rate would be 8d. and 10d., and the payment £37 10s. So, if the average of income from personal exertion and from property be taken into account, it will be seen that there is very little advantage with Victoria. These are fair figures. Many people pay income tax on incomes ranging from £101 to £1,000. A large number of the taxpayers come within that category, and the taxation for them is not heavy.

Hon. A. Lovekin: Give us the total, and those who are not taxed at all.

The MINISTER FOR EDUCATION: My predecessor in office combated a particular statement made by Mr. Lovekin. That hon. member has made the statement day in and day out, and has now commenced to believe it. He has said that, following on the exemptions given by Parliament last year, amounting as he admits to a sum of practically £30,000, the increase in the rate of tax from .006 to .007 gave an advantage to the Taxation Department of something in the region of £60,000. Is that a fair version of the statement of the hon. member?

Hon. A. Lovekin: Yes.

The MINISTER FOR EDUCATION: Then I am going to endeavour to disprove it. He has tried to show that, whereas the Taxation Department granted certain exemptions, on finding they had lost £30,000, they brought in this rate of increase of .001 and increased the amount of taxation by 100 per cent. I do not think that statement can be justified. It he can prove it he will have my sympathy.

Hon. A. Lovekin: I will prove it.

The MINISTER FOR EDUCATION: I will give my statement as clearly as possible of what I consider the position to be, and what the Taxation Department considers it to be. If the hon. member and I disagree on the point, I will be quite prepared to submit the matter to an outside actuary of ability.

Hon. A. Lovekin: I will prove it out of your own mouth and by your own records.

The MINISTER FOR EDUCATION: He cannot do that because I have never before made a statement of this kind in my life.

Hon. A. Lovekin: But you answered my questions.

The MINISTER FOR EDUCATION: The statement I have here shows the tax payable by the taxpayers upon their proved incomes at the rate of 2d. plus .006 and 2d. plus .007. With this statement I will endeavour to prove that Mr. Lovekin is wrong. These figures are honestly prepared, as I am sure Mr. Lovekin's are. I will place mine before members and they can judge between the two. The number of persons taxed on incomes ranging between £101 and £200 is 13,642.

Hon. A. Lovekin: There are no persons paying income tax under £200.

The MINISTER FOR EDUCATION: The average income of these people is £152. At the rate of 2d. plus .006 the income tax is £1 9s. 4d., and at the rate of 2d. plus .007 it is £1 9s. 11d.

Hon. J. W. Kirwan: For what year?

The MINISTER FOR EDUCATION: The figures are up to date.

Hon. J. W. Kirwan: I think the figures are for 1921-22.

The MINISTER FOR EDUCATION: I see that they are made up for the year 1919-20. This is the only full year the Taxation Department could get.

Hon. A. Lovekin: The 14th assessment.

The MINISTER FOR EDUCATION: The figures have been worked out and applied to the position to-day.

Hon. J. J. Holmes: The taxation has been altered since then.

The MINISTER FOR EDUCATION: I know, and altered to the disadvantage of the figures I am quoting. In the case of the incomes of £101 to £200 the increase is £396 19s. 7d. consequent upon the increase of the rate by .001. Incomes of £201 to £300 were drawn by 13,225 persons.

Hon. A. Lovekin: That does not agree with the figures I have.

The MINISTER FOR EDUCATION: The hon. member can apply this method of working to anything he likes. The average amount of income chargeable was £221 and at the rate of 2d. plus .006 the income tax paid was £2 10s., and at the rate of 2d. plus .007 it was £2 12s. 5d., an increase of £1,897 11s. 8d. Incomes of £301 to £500 were drawn by 6,265 persons, the average income being £351, and the income tax paid upon the two rates were respectively £5 2s. 4d. and £5 9s. 11d., a difference of £2,375 1s. 3d. Incomes of £501 to £700 were drawn by 1,790 people, the taxation being £11 1s. 1d., and £12 2s. 10d. respectively, the average income chargeable £559, and the difference being £1,946 12s. 6d. Incomes between £701 and £1,000 were drawn by 1,219 people, the average income being £792, and the amount of tax being £21 6s. 1d. and £22 11s. 8d. respectively, a total difference of £1,559 4s. 6d. Incomes between £1,001 and £1,500 were drawn by 842 people, the average being £1,185, the amount of tax £42 0s. 6d. and £47 7s. 6d. respectively, the difference being £4,504 14s. Incomes between £1,501 and £5,000, averaging £2,219, were drawn by 786 persons, the amount of tax being £147 19s. 5d. and £169 18s. 3d., the difference being £16,853 1s. 11d. In the case of incomes of £5,001 and over there were 87 persons, whose average income chargeable was £7,365, the amount of tax being £1,399 2s. 4d. and £1,473 respectively, the difference amounting to £6,428.

Hon. A. Lovekin: Is it fair to produce figures like that after you have laid on the Table a statement setting out different figures?

The MINISTER FOR EDUCATION: I am taking the year 1919-20 as an example, and the hon. member can apply this method to other figures.

Hon. J. W. Kirwan: That is four years ago.

Hon. H. Stewart: You are giving the taxation from the assessment and not necessarily from any particular financial year.

The MINISTER FOR EDUCATION: There will be very little difference. The total increase is, therefore, £35,961 5s. 5d. Since this return was made up the incidence of taxation has been altered by an increase being allowed in the exemptions for children and in other directions. These make a difference of £4,000 to the Taxation Depart-

ment. If we deduct this £4,000 from the £35,961, it is clear that the increase consequent upon the new rate of .007 was £31,661. This just about tallies with the loss. A statement of this kind could not have been put up to deceive members. There is a good reason for taking the year 1919-20. It can be applied to this year, and I will have that done. I will have the figures worked out for the benefit of members. The Commissioner is satisfied that this is the true position, and does not represent a 100 per cent. increase to the department on account of the rate going up by .001. I feel sure Mr. Lovekin cannot prove his case.

Hon. A. Lovekin: I will prove it up to the hilt.

The MINISTER FOR EDUCATION: Possibly to his own satisfaction, and no doubt he will put up a good case. My figures have been put up in good faith, and I submit them to the House accordingly.

Hon. A. Lovekin: The answers you gave to the questions asked of you show a different position to that set forth in the other figures.

The MINISTER FOR EDUCATION: I will go into that matter and see how the statements compare. This particular statement has been checked dozens of times. It is a serious thing to endeavour to convince the people that the difference in the rate of tax of .001 has meant 100 per cent. increase in the revenue of the Taxation Department, and a proportionate increase in the burden on our citizens.

Hon. A. Lovekin: If it is, will you let the tax go?

The MINISTER FOR EDUCATION: Let the hon. member prove his case.

Hon. A. Lovekin: And if I do?

The MINISTER FOR EDUCATION: If he can prove it to my satisfaction the matter will receive consideration.

Hon. H. Stewart: And sympathy.

The MINISTER FOR EDUCATION: This is the ordinary enactment that is put before Parliament every year, but in this instance is subject to an alteration in Clause 8, which was made in another place. The figures I have quoted prove that the people of Western Australia, up to a certain income, are more favourably situated than people in any other part of the Commonwealth. I admit that, where the incomes are high, the taxation, with the addition of the super tax, is also high. In considering this Bill members should have careful regard to the exigencies of government and the necessities of Western Australia. I do not suppose they will interfere with the taxation, or the policy of the Government. This House is not answerable to the people for the expenditure of public money. If the majority of members think that a request should be made to another place for a reduction in the taxation, they will have a perfect right to make it, but I feel they should not do that just now in the interests of the State. I assure members on behalf of the Government that as soon as the silver lining becomes more apparent, we

hope to be able to bring about some relief in the taxation, this being greatly desired by the Government. I move—

That the Bill be now read a second time.

Hon. H. STEWART (South-East) [5.45]: I congratulate the Minister on the trouble he has gone to in explaining to the House the position, and in accepting the challenge put before him by Mr. Lovekin on giving the figures worked out by the Taxation Department, to show that they did not seek to gain 100 per cent. over and above the amount of revenue lost through the amendment carried last session in another place relieving the incomes under £300 from taxation. It seems to me that the figures given by the Minister are those for the assessment year, and not necessarily the amounts collected in the financial year. The Minister is quite clear on what he has put up, and if my surmise is correct he is putting up quite a proper set of figures. Because the return prepared by the Commissioner of Taxation is not in accord with that set of figures, it does not necessarily follow that the contention of Mr. Lovekin is right and that of the Minister is wrong.

Hon. A. Lovekin: We are both taking the assessment year.

Hon. H. STEWART: From my experience it seems to be an unwarranted attitude to take up that either the Minister or the department would seek deliberately, in a return of this nature, to mislead the House. It is an untenable position for a critic to take up at this stage. I am prepared to listen to what Mr. Lovekin has to say.

The PRESIDENT: Mr. Lovekin has not yet spoken.

Hon. H. STEWART: He has interjected, and I have no doubt he will speak later on.

The PRESIDENT: You cannot take notice of interjections.

Hon. H. STEWART: Mr. Lovekin intends to speak later on, and when he does speak I shall listen to him with an open mind just as I have listened to the Minister, who, by the way, has my sympathy for having been subjected to so much interruption by way of interjections. When Mr. Lovekin speaks we shall have the fullest light thrown on the matter, and doubtless the position may be somewhat clarified. With regard to the Bill, it is rather regrettable that we have incorporated in it amendments that should be in the Assessment Bill. It is to be hoped that this procedure will be discontinued next session. I am taking this opportunity in connection with Subclause 1 of Clause 2 to refer to land taxation, which Mr. Miles, by way of interjection, not only on this Bill but during the progress of other Bills has shown clearly that he wants largely increased. Mr. Miles has also been a great advocate of taking land away from people—land that is freehold or C.P., in fact land held under any conditions—compulsorily or arbitrarily to compel the holders to utilise it in a way that perhaps does not commend itself to those owners. He is also, I believe,

a strong advocate of a universal tax on unimproved land values. For the objective behind some of Mr. Miles' desires I have considerable sympathy, and in my opinion the Government, instead of bringing in measures such as the Closer Settlement Bill, which has already been before us in two previous sessions, should take action under existing legislation. The Government have the power at the present time to remedy all the evils that exist. At any rate by amending the Land and Income Tax Assessment Bill and the Land Tax Bill, the Government can inaugurate a system from which they can obtain valuable evidence as to the effect of differential and increased land taxation, and whether that effect will be to compel people to utilise fully the lands that may be idle, and raise revenue as well. We hear a great deal about the vast areas of land lying idle within easy reach of railway lines. The bona fide agriculturist who owns land and is utilising it to the utmost advantage has neither time nor sympathy for those people who do not make proper use of the areas they hold. There is no desire, however, to see legislation brought in, the effect of which will be inequitable, and which may result in the destruction of security of tenure. Security of tenure and the right to hold what people have acquired honourably is one of those principles in the British Constitution which we expect those in authority to uphold.

Hon. J. Cornell: They are entitled to that; but not to the unearned increment.

Hon. H. STEWART: Unearned increment! That is one of the catch cries that mislead the public to a large extent. With regard to agricultural land it takes a long period of years in a new country before there can be any unearned increment. In many cases we find that the unearned increment is a minus quantity. When it comes to city property in a rapidly developing country, there is a stage in that development when there is a substantial unearned increment. In many instances, however, people who have acquired a right and who, through many sacrifices have stabilised their position in order to acquire that right, get in return a very moderate rate of interest on the amount originally invested. With regard to my views on land taxation this is the proper place to offer some remarks, and as the opportunity has now occurred, I congratulate the Leader of the House that in the present session for the first time during my seven years' experience in this Chamber we have been told that any matter that is brought forward can be calmly debated and considered.

Hon. R. J. Lynn: What value is placed on the views expressed by members?

Hon. H. STEWART: At any rate I hope that the remarks I have been able to offer in recent years on land legislation and land valuation, which remarks have been put on record, will prove, sooner or later, of considerable value.

Hon. F. E. S. Willmott: Mr. Lynn suggests that you are casting pearls before swine.

Hon. J. Cornell: I have been here for seven sessions, and have never yet been gagged by any Minister.

Hon. H. STEWART: There have been debates in this House on the subject of land taxation, and I can particularly recall one on a motion submitted by Mr. Dodd two years ago favouring the taxation of land on the unimproved value, and the reduction of freights on the railways in proportion to the revenue obtained from the suggested tax. Let me ask Mr. Miles to consider carefully sections 64, 66, 68, 72, and 73 of the Constitution Act. He will find this statute in his copy of the Standing Orders. May I suggest to him that before he pursues that particular idea of his, he should seek from a higher constitutional authority an opinion as to whether the Parliament of this State, even if it carries legislation to that effect by the necessary statutory majority, will not be doing something that will be *ultra vires*.

Hon. G. W. Miles: The Government will carry out its policy.

Hon. H. STEWART: Governments have done some remarkable things in this and the other States, but there are some things that Governments cannot legally do, those things that are not in accordance with the Constitution.

Hon. G. W. Miles: There is nothing to prevent the Government increasing the land tax and reducing railway freights.

Hon. A. STEWART: A Government favourable to such a policy as that so strongly supported by Mr. Miles, could do so, and a succeeding Government could alter it.

Hon. G. W. Miles: You twisted on it.

Hon. H. STEWART: I have not twisted on it. I have never supported it, nor has my party supported it. It is not portion of our platform. Mr. Miles said something of the same description. Mr. Colebatch, when Leader of the House, said the same thing, but the fact remains there is not one iota of truth in the statement. If people holding responsible positions in this Chamber can indulge in such statements, it is deplorable. It is a pity that some hon. members do not give consideration to subjects before making loose statements unthinkingly.

Hon. J. Cornell: It does not matter much. No one believes it.

Hon. H. STEWART: Personally I endeavour to ascertain the facts before I make any assertion.

Hon. R. J. Lynn: We get pious resolutions passed at times.

Hon. H. STEWART: And how many of them have any practical effect? I commend to the consideration of hon. members the suggestion that practical schemes should be brought forward which will bear investigation and ensure that a Government bringing in increased land taxation accompanied by a partial remission of railway freights shall safeguard the position so that successive Governments would not be in a position to collect the increased taxation and also increase the railway freights.

Hon. F. E. S. Willmott: You cannot stop it.

Hon. J. J. Holmes: Of course not.

Hon. H. STEWART: Mr. Miles is one of the section not vitally concerned. He is only too pleased to see the other fellow taxed and revenue received, irrespective of the interests of the country. Since I have been in this Chamber I have advanced various suggestions regarding the utilisation of the idle lands.

Hon. R. J. Lynn: With no result.

Hon. H. STEWART: No, but the suggestions are on record and they are sound. They are there for some future Government to accept and derive revenue from.

Hon. F. E. S. Willmott: In the meantime, they have gone up in smoke.

Hon. H. STEWART: The Bill provides for a tax on the values of unimproved lands. There is a provision in the Land and Income Tax Assessment Act that in respect to land that is improved, 50 per cent. of the tax shall be remitted. There is also a provision that where income is derived from the utilisation of land, on which land tax is paid, and that income is greater than the income derived from other sources, the land tax is rebated. That is a wise provision which will foster development and encourage the agricultural industry. If the existing law is not sufficiently effective to bring into utilisation the lands which are not put to use now, I suggest that the Government should increase the tax. I would propose a tax on a sliding scale starting at 1d. and rising in succeeding years to 3d., 4d., 5d., or 6d., and thus force the owner to pay for the privilege of keeping his land idle. I made this suggestion in 1917, but nothing was done. If the tax were fixed at 3d., and the Land and Income Tax Assessment Act altered to remit five-sixths of the tax in the event of the land being utilised, it would mean that the man who used his land would pay a tax of $\frac{1}{2}$ d. as at present, but the man who failed to do so would pay a tax of 3d. If that were done it would probably bring in additional revenue amounting to about £15,000. Where there are any men who do not improve their holdings in accordance with the existing legislation, those people would have to pay for their neglect.

Hon. G. W. Miles: Why not bring forward a Bill embodying that suggestion? If you do so, you will get my support.

Hon. H. STEWART: If Mr. Miles understood the Constitution Act and our Standing Orders he would realise that I, as a private member, cannot bring forward Bills to amend the Land and Income Tax Assessment Act or to provide for increased taxation. It is for the Government to do that and I can only make suggestions.

Hon. G. W. Miles: That is what we have done.

Hon. H. STEWART: My suggestion is sounder than the ideas embodied in the Closer Settlement Bill or the proposal by the hon. member regarding a tax on the unimproved land-values with a remission of railway

freights. My suggestion merits attention. As it has not emanated from the Premier, Sir James Mitchell, I foresee that no consideration will be given to it by the present Government. We who look upon the financial position with anxiety, cannot but agree that for a certain period we must grant revenue to the Government by means of taxation. It was satisfactory to have the sympathetic assurance of the Leader of the House, on his own behalf and on behalf of the Government, regarding the undesirability of the supertax. I thought his sympathy would go to the extent of refraining from opposition should anyone suggest wiping that tax out. From his later remarks, however, I do not think his sympathies extend so far as that. Clause 7 is an interesting one and reads as follows:—

Section 56 of the Land and Income Tax Assessment Act, 1907, shall not apply to the land tax or income tax to be levied and collected for the financial year ending the 30th day of June, 1924.

Hon. A. LOVEKIN: That refers to moieties.

Hon. H. STEWART: That is so. I do not know whether the Leader of the House is bound to the clause. Difficult cases arise from time to time, and it would be more reasonable to permit a continuance of the old procedure and allow the payment of the tax in moieties, than to prohibit that system. I support the second reading of the Bill.

Hon. A. LOVEKIN (Metropolitan) [6.10]: I do not intend to traverse much of what the Leader of the House has said, because, from my point of view, as I indicated by interjection, it has "very little to do with the case."

Hon. F. E. S. Willmott: Don't throw up the sponge altogether!

Hon. A. LOVEKIN: There were two or three remarks made by the Minister to which I will draw attention. He said it was the desire of the Government to reduce taxation. The Government would not want to reduce taxation unless there was some reason for it. That reason is that our taxation is too heavy and its continuance is doing considerable harm to the State. The Minister told us what people with £200, £300 and other small incomes were paying. I would not be a party to suggesting any substantial reduction in taxation if these were the only taxes imposed. The taxation on the small amounts is almost immaterial. What we have to take into consideration is the tax payable by those with comparatively large incomes who provide employment and promote industries. The ability to secure large incomes is all for the benefit of the country. If 1,000 men had £1 each, each pound would be frittered away and no good would result. If one man had the £1,000, he could accomplish something with the money. He could build a house and provide employment. People with large incomes have to be considered and we should see that they are not unduly taxed. If we do not safeguard their

position, we may compel them to go elsewhere to carry on their businesses. On incomes over £6,672 the State taxation is 4s. 7d. in the pound and the Federal tax 8s. 1d. in the pound, making a total of 12s. 8d. on every pound earned by a substantial firm. When we add to that the amount not allowed to be deducted as a charge necessary for conducting the business—they are large sums, as we know—the residue left out of the pound is small and does not permit of any extension of the business or increased employment. The residue must be conserved to provide stocks and to carry on during the next year, and so, little or nothing is left. Persons having comparatively large incomes here are placed at this disadvantage compared with those in, say, Victoria.

Member: They should split up their incomes.

Hon. A. LOVEKIN: That is not advisable because the larger the income, the more one can do with it. No one keeps his money in his stocking; he enjoys it, and keeps it in circulation to the benefit of the country. We can have no better example of that than what happened in England recently. The Minister said that there were 1,300,000 people in England who were receiving unemployment doles from the Imperial authorities. Eighteen months prior to that, however, double that number were receiving doles. How did the Chancellor of the Exchequer, the present Prime Minister, Mr. Baldwin, deal with it? He said: "I will take 1s. off the income tax and release £50,000,000 to go back into industries." He took the risk.

Hon. A. J. H. Saw: He had to release it because he had a surplus.

Hon. A. LOVEKIN: He had no surplus. How could he have had one, seeing that he had just fixed up the American debt amounting to seven thousand million dollars?

Sitting suspended from 6.15 to 7.30 p.m.

Hon. A. LOVEKIN: I was endeavouring to show it was the people with large incomes that ought to be considered in the matter of taxation, because they alone are able to employ labour and to embark upon works of development. Therefore, it is necessary to leave them some margin of their profits so that they can carry on their business during the ensuing year. I incidentally remarked that Mr. Baldwin, ex-Chancellor of the Exchequer in England, had realised the necessity for leaving money in the businesses and industries, so that they could in turn employ labour and relieve the charge upon the exchequer for unemployment doles. I pointed out that 18 months ago the income tax was relieved of £50,000,000. Dr. Saw interjected that the Chancellor had a surplus. I think the revenue did show a surplus in that year, but it was practically hypothecated to liabilities in connection with the British debt to America and to the Canadian settlement, and on the whole there was a loss. I have a reference to the following year—March

last—when the British Budget showed an income of £318,000,000 and an expenditure of £316,000,000 in round figures, leaving an estimated surplus of £1,884,000. With that surplus the Chancellor of the Exchequer proposed to take off another 6d. in the pound income tax, involving £26,000,000.

The Minister for Education: We have not a surplus here.

Hon. A. LOVEKIN: Never mind. The British Chancellor had a surplus of £1,884,000 and took off income tax £26,000,000. The loss for the portion of 1923-24 was £19,000,000, equal to £26,000,000 for the full year. The company tax in the same year was also reduced from 1s. to 6d. The effect of releasing this £50,000,000 among the industries was so great that the Chancellor was prepared to go as far as he could this session and took off another £26,000,000 in the hope of accomplishing something more. It was said the immediate needs were such that not more than 6d. could be taken off because of the country's obligations to Canada and America. The result of releasing the £26,000,000 was to reduce the unemployed in receipt of doles to 1,300,000 people. This year, with the releasing of another £26,000,000, they will probably get rid of the payment of more unemployed doles. The Minister stressed the point about the small income tax and the small amount of taxation here. I have already pointed out what the larger men have to pay. Then the Minister tried to prove that taxation here was lower than in other States. The lines on which the Minister argued were those contained in an article in the "West Australian" on the 26th November last, which I touched on last night. It is impossible to make a comparison on that basis, because the writer took into account probate duties and stamp duties and omitted exemptions. Before we can make a comparison we must reduce everything to the same basis. If in this State a man in business was for ten years paying 4s. 7d. in the pound, and another in Victoria was paying only 6½d. in the pound, and if at the end of the decade both men died, one would have paid during his lifetime, when he wanted money to develop his business, ten times 4s. 7d., while the man in Victoria would have paid ten times 6½d. Obviously the Victorian would have more to pay by way of probate duty, because he had been able by reason of lower taxation to build up a greater industry and greater income.

Hon. A. J. H. Saw: All the Western Australians when they die are in Victoria.

Hon. A. LOVEKIN: The hon. member is a medical man and knows where they die, and what they die of. In the older settled countries with big populations land values are high, and there are a lot of people making transfers. High stamp revenues are thus obtained because of the high values. In this State there are few people, few transfers, low values and consequently little revenue from stamp duties. The two cannot

be compared. The Minister admitted that in Victoria the lowest incomes pay 15s. Here no one of these pays 15s. In Victoria a greater proportion of the people pay some tax, even if it is only 15s., but here more than half the people pay no tax at all. In the assessment year quoted by the Minister—the 14th assessment—39,421 people were taxed. We relieved of taxation practically everybody receiving up to £300. There is the £200 exemption and various other deductions and a sliding scale. Out of the 39,421 people then taxed, 27,900 are now exempt, leaving 11,700 people to bear the whole burden of taxation. To ascertain the exact position, the whole of the tax should not be divided by the whole of the population. In Victoria nearly everybody is paying taxation; here only a few are paying. To ascertain the average tax per capita, the Minister divided the total amount by the 350,000 in the State, and of course on that basis it looks comparatively low, but only 11,700 people are paying the whole. He should have divided the amount by 11,700 taxpayers. To compare things it is essential to reduce everything to a common denominator. To talk such stuff about lower taxation prevailing here is ridiculous. Getting down to practical politics: would sane men with money to invest take it elsewhere if the conditions of taxation were more favourable here?

The Minister for Education: I admit they are higher.

Hon. A. LOVEKIN: Of course they are. Do we not want the men that have money to remain here and start a woollen factory or establish other industries? The few men living from hand to mouth on wages are of no use to the community from the point of view of developing industries, so what is the use of trying to deceive ourselves by saying we are lower taxed than other people? The Minister said the speeches made by myself, Mr. Holmes, and other members were doing injury to the country. As representative men knowing the truth, we are bound to tell the people and not to hide it. When the Loan Bill was before us proposing to borrow money to pay interest, was is not our duty to point out the real significance of that provision? It may be to the detriment of the country to inform outside people, but is it not our plain duty to let our own people know of it? Mr. Holmes spoke last night of the Peel Estate. It may be said that he was crying stinking fish, but is it not only fair that the representatives of the people in this House should tell the people what is going on, the intention being not to injure the country, but to help save it for the future? Mr. Stewart referred to the low unearned increment here, and the low amount of tax. It helps the point I made regarding stamp duty. In a country sparsely settled, values are low and the duties are comparatively light. Elsewhere they are heavy. Hence the comparison that the Minister took from the "West Australian" article of the 26th November is valueless. The figures may

have originated with him and may have been given by him to the "West Australian." The other figures he quoted were some that had been prepared at the Taxpayers' Association.

The Minister for Education: I do not owe it all to the hon. member.

Hon. A. LOVEKIN: The hon. member quoted the rates per pound paid in Queensland, New South Wales, Victoria and elsewhere. Those are the identical rates that were prepared by the Taxpayers' Association.

The Minister for Education: You do not give one credit for anything.

Hon. A. LOVEKIN: I have undertaken to prove up to the hilt the need for reducing the taxation provided for under this Bill. As to whether it be by a reduction from .007d. to .006d. in the tax rate, or by abolishing the super-tax, I suggest that as the amounts would be nearly equal, we should abolish the super-tax in preference to reducing the tax rate. If we retain the super-tax and reduce the rate to .006d., the highest tax in the State must continue to be 4s. 7d. in the pound. The maximum amount that a person can pay is 4s., whether the rate be .006d. or .007d. With the super-tax it becomes 4s. 7d. in either case, but by omitting the super-tax the maximum can only be 4s. For appearances' sake, anyhow, it is better to get rid of the super-tax, and then the maximum tax in this State will be 4s. In order to justify the position I am taking up, I must go back to last session, when it was clearly understood by every member—as I shall show in a minute—that the Government, when they asked for an increased rate from .006d. to .007d., declared that they did not want any more taxation from the people, that they did not want to exploit the people further, but that they simply wanted to get back the money which was involved in making the exemptions by which those people who were on what Mr. Collier called the bread line would be freed from taxation. In order that there may be no mistake as to what I say, I have prepared a statement from last session's "Hansard," and now propose to put that statement before hon. members. During last session two Bills were before this House dealing with taxation. There was the assessment Bill and the tax Bill. The assessment Bill provided that all persons in receipt of incomes less than £200 per year were to be exempt from tax. With the other exemptions allowed by the Bill—travelling, medical expenses, insurance and allowances of £40 for children and dependants—practically all in receipt of incomes up to £300 per annum, including the sliding scale, were to be exempt from tax. The result of this was to relieve some thirty thousand taxpayers, and place the entire burden of the income tax upon the shoulders of those in receipt of incomes between £300 and £6,672. Incomes over £6,672 were not touched. Had they been, the recipients would have been called upon to pay more than 4s. 7d. in the pound to the State, as

well as 8s. 1d. in the pound to the Commonwealth. The amount involved to cover the exemptions up to £300 was estimated by the department at £30,000, and by myself and others at £35,000. To make good this loss to the Treasurer, the tax Bill provided an increase from 2 plus .006d. to 2 plus .007d. in the tax rate—an increase taking into account the super-tax of roughly 17½ per cent. The burden of this was placed upon the shoulders of the remaining non-exempt 11,700 taxpayers. There was also provision made by which those in receipt of dividends from companies should merge their receipts with their other income and become liable to the higher tax rate on the total income, if it should involve a higher tax rate than the 1s. 3d. in the pound charged to companies. Mr. Hughes, in another place—who is a skilled accountant—declared that the Treasurer would make a substantial profit, approximating £70,000. I calculated the profit at £64,000, and honourable members will find my statement to that effect in "Hansard" of last session. Mr. Colebatch, then Leader of this House, stated (pages 2363-4 "Hansard," 1922)—

The figures supplied by the Commissioner of Taxation suggest that if the Bill does give the corresponding revenue (that was 1920-21 revenue) it will not do more than that.

On the assessment Bill, in consequence of differences between the two Houses, a conference was held which was attended by the Premier, Mr. Angwin, and Mr. Angelo for the Assembly, Mr. Colebatch, Mr. Lynn, and myself for this House. During the discussion, the departmental estimate was strongly stressed by the Premier and Mr. Colebatch. I strongly pressed the other view, namely, that there must be a substantial profit. The Government representatives repudiated all idea of gaining revenue from the increased tax rate, and declared that they would be well satisfied if there was no loss. Although the matter of the increased tax rate was in no way the subject of the conference, the tax rate was more or less bound up with it. It obviously depended upon what might happen to the tax Bill whether the Assembly delegates could meet the wishes of the Legislative Council in regard to several of their amendments to the Assessment Bill. We were asked whether, if the amendments were conceded, the tax Bill would pass. I replied that we had no authority to pledge the House as to another Bill. Mr. Colebatch replied that he was aware of that fact, but he desired to know whether we (that is, Mr. Lynn and myself) would personally vote for it. After some further discussion, I said that as there was a difference of opinion between the departmental estimate and my own, I would give way for this session, so that we could ascertain from practical experience what the result would be. In consequence of this, Mr. Lynn and myself both voted for the Tax Bill as it stood. The Managers reported and the report was adopted.

Hon. A. J. H. Saw: This is not from "Hansard." This is conference matter, and is confidential.

Hon. A. LOVEKIN: I am entitled to mention this matter to the House.

The Minister for Education: What about "Hansard"?

Hon. A. LOVEKIN: It can be omitted from the report.

Hon. A. J. H. Saw: What about the daily Press?

Hon. A. LOVEKIN: When the Tax Bill came up for discussion in Committee, Mr. Holmes moved that the .007 be reduced to .006. "Hansard," at page 2375, reports thus—

Hon. J. J. Holmes: I move that in line 3 the figure "7" be struck out and the figure "6" be inserted in lieu.

The Minister for Education: We shall have to recover the taxation we have lost. If the amendment is carried, we shall lose £30,000.

Hon. A. Lovekin: I am satisfied that the .007d. will produce more than the Government have given away; .0065d. would be ample. Seeing we have made the exemption £200, and have provided for various travelling expenses, and got rid of the absentee tax, I am going to vote for the .007d. with an understanding on my part that, if the tax yields more than £30,000, I shall next session endeavour to reduce it.

Hon. G. W. Miles: I support the amendment. On the second reading I gave my reasons for opposing any increase of taxation. I am surprised to hear that Mr. Lovekin has changed his mind.

Hon. R. J. Lynn: I support the clause. I voted against the Land and Income Tax Assessment Bill. Had that measure been rejected, the Government would have been placed in the same position as they occupied last year. Having been outvoted, and the position having been compromised, I cannot possibly take from the Government the concession contained in the Assessment Bill and deprive the Government of the means of procuring the amount rebated under that measure.

The Bill then finally passed. That shows that what I said at the Conference was correct. We all agreed that we ought not to have any more taxation. Mr. Lynn and I were loyal to what had been agreed to. Mr. Holmes and Mr. Miles stood by what they had done. We have now waited a year and as the departmental estimate has been falsified and our estimate proved substantially correct, it is only fair to people whom this House more particularly represents, that the Government should honour the understanding on which the increased tax rate was passed, viz., that no accretion to the revenue was sought, but merely an avoidance of loss due to the exemption. On page 2303 of "Hansard" occurs the following:—

"Hon. A. Lovekin: The tax which the Government proposes to put on will produce at least £64,000.

The Minister for Education: You say so?

Hon. A. Lovekin: I say so.

The Minister for Education: Will you make up the difference if it does not come to that?

Hon. A. Lovekin: I do not mind doing that. I would make £15,000 or £20,000 easier than ever I made it in my life. The department has never taken into account the £244,000 that has been paid in dividends, a large proportion of which will now merge into the incomes and be taxable, not at the 1s. 3d. rate, but at the rate of tax applicable to the particular taxpayer. It may be 4s. in the pound plus the super tax."

Let us now see what has happened and what there can no longer be any dispute about. The Minister to-day read a typewritten statement, presumably supplied to him by the department.

The Minister for Education: Where did yours come from? From Mr. Horne, I suppose?

Hon. A. LOVEKIN: No. I have here the 14th annual report of the State Commissioner of Taxation.

Hon. H. Stewart: We shall be able to see how these figures compare with the figures in the 15th report.

Hon. A. LOVEKIN: But the 15th report is not complete. It is in the same condition as was the 14th report when we debated this last session. We must take the completed report. I am entitled to take this completed report of the Commissioner of Taxation.

Hon. H. Stewart: But I have here the 15th annual report.

Hon. J. W. Kirwan: It gives the assessment for the 13th, 14th and 15th. The 16th is not complete.

Hon. A. LOVEKIN: I am taking the completed reports upon which the Minister and I argued last session. To-day the Minister produced a typewritten statement for this same assessment year. I remember that in order that we might have some estimate I put up questions to the Minister here and, to have a check upon the answer, I asked a member of another place to put up identical questions in another place. The two sets of figures given in reply were not the same. However, the explanation was that so much more was collected for July, and the outstandings were so much less. But, to resume at the point where I was interrupted—

The basis on which the matter was argued was the 1920-21 assessment. The 1921-22 assessment had not then been completed any more than has the 1922-23 assessment up to the present time. We do know, however, that the actual cash received by the Treasurer for 1922-23, as shown in the Estimates, was £390,003. From answers to questions which will be found in the minutes of this House, we know what the carry forwards in each year were. During 1922 (see Commissioner's report, page 16) the collections were £240,166. Add arrears (see

answer to question, "Hansard," 1923, page 731) £103,849. Total tax 1922, £344,015. Collected during 1923 (see Estimates 1923-24), £390,003. Of this, £103,849 represented tax belonging to 1922 and not collected in that year. I subtract this from the £390,003. This leaves £286,154 of the 1923 tax which was collected and I add the outstanding (see answer to question, "Hansard," 1923, page 731) £121,966, making a total for 1923 of £408,120. Compare this with the amount accruing from the 1922 tax (£344,015) and you have a difference of £64,105, which shows that I was nearer the mark than the departmental estimate.

Hon. H. Stewart: Could not the incomes have been bigger that year?

Hon. A. LOVEKIN: We were dealing with what was to be given to the Treasurer that year as against the previous year. We said that, allowing for deductions and for taking the dividend duties into income taxation, if he got the .007d. he would be better off by £64,000 than if he had the .006d. To put the matter clearly I have framed a small table:—

Tax collected, 1922	£240,166
Outstanding	103,849
Total for 1922	£344,015
Total tax collected, 1923 ..	390,003
Less from previous year ..	103,849
Tax collected in respect to 1923	286,154
Add outstanding	121,966
Tax assessed, 1923	408,120
Tax assessed, 1922	344,015
In favour of 1923	£64,105

This was only £105 different from my estimate. It was farther away from Mr. Hughes' estimate, although his estimate was actually the nearer, because in the 1922 figures £13,000 was carried over from the previous year.

The Minister for Education: There is no comparison in the methods behind this statement and those behind the statement I put forward this afternoon.

Hon. A. LOVEKIN: What other way can we do it? This is the only way in which I can keep accounts.

The Minister for Education: What Mr. Willmott said is true. You can make figures prove anything.

Hon. A. LOVEKIN: There is an official authority for all my figures. The Commission's report shows how much he has received and there are the answers to the questions given by the Minister showing the amounts on the books, which I hope he will not deny.

The Minister for Education: No.

Hon. A. LOVEKIN: Seeing what the carry-forwards in each of these years were, a first form child at an ordinary State school could make this calculation. Instead of the Treas-

urer being only £30,000 to the good, he is £64,000 better off after every exemption has been allowed and provided for. The figures show that indisputably. I offered to give them to the Minister before I spoke, but he did not seem inclined to accept them from me. I only want to get at what is right. In the case of the Minister's predecessor, if I had any figures I gave them to him beforehand, because I want no advantage.

Hon. H. Stewart: It is rather original to be a voluntary writer of speeches for the Minister.

Hon. A. LOVEKIN: I did not write any speeches for the Minister. Though I may use figures I do not want to take anyone by surprise, if I can give them a copy beforehand. If they can show my figures to be wrong, all the better.

The Minister for Education: I appreciate that.

The PRESIDENT: I must ask members to refrain from interjecting, and to allow Mr. Lovekin to put his case.

Hon. A. LOVEKIN: If I am wrong I hope members will put me right. I do not mind interjections. If I am challenged by interjection perhaps I can satisfy members that I am right. I have studied this question. As the Government have £64,000 to the good it is only fair and honourable that they should not repeat the double tax this year. By omitting the super tax, which was really a war tax, and is an objectionable kind of tax. There will be a loss to the Treasury of £57,000.

Hon. F. E. S. Willmott: If the Minister's figures are correct it will be a loss of only £30,000.

Hon. A. LOVEKIN: He is out in his calculations. Fifteen per cent. on £390,000 is about £58,000, and the Minister makes it £68,000. By omitting the super tax the Government can keep faith with the House and the country, and give some measure of relief to the 11,000 taxpayers, who, this year, are being called upon to bear the whole burden which before was upon 39,000 taxpayers. For many reasons it is better to omit the super tax than reduce the tax rate. The amount involved is practically the same, but the appearance is better, because the maximum tax would then be 4s. instead of 4s. 7d. Appearances, especially outside, go a long way. Very few realise the serious injury which accrues to this State when our taxation is compared with the taxation of Victoria and other places. I have spoken to many gentlemen engaged in the financial world in this city. Most of them deplore the fact that the money from Western Australia is going to Victoria. I have heard of a money lender going to Victoria so that his taxable income may be there and his operations in this State. We want to do away with that position as soon as possible, and I am trying to help matters by getting some relief in the taxation. I am not alone in the view that these high taxes are harmful to the country. The "West Australian,"

which the Minister used the other day for his purpose, has something to say on the subject.

Hon. J. J. Holmes: The Government are using it every day for their own purposes.

Hon. A. LOVEKIN: When at school I learned some Euclid. There is an axiom which states that things equal to the same are equal to one another. The Minister read from the Commonwealth Year Book. The "West Australian" leader writer also read it, and both have got the same result. I also read it in the "West Australian." We are all equal to one another, and therefore we all must agree. The Minister made use of one part of the article, but did not use another part, and I will read something of that other part. The writer of the article, that appeared on Monday week last in the "West Australian" says—

Excessive taxation stifles enterprise. It checks the introduction of capital for investment. It increases the cost of production and distribution of all that we eat, drink and wear. Our income taxation being, in certain cases, higher than in the Eastern States, may have a tendency to drive people with considerable capital out of Western Australia. The retention of the super tax is particularly obnoxious, because it was introduced as a temporary expedient. To all these propositions a ready assent may be given.

That is the opinion of the newspaper that is ever the apologist of the Government, whether right or wrong.

Hon. J. Cornell: It is the testimony on which they swear.

Hon. A. LOVEKIN: The writer states commonsense. What I am trying to do is to get rid of this obnoxious super tax and prevent people from leaving Western Australia. It is only a little towards tax reduction, but we must make a beginning. I think I have said enough to satisfy members on two points. The Government undertook, and it was the common understanding amongst us, that if the increased rate from .006 to .007 yielded more than the amount sufficient to cover the exemptions, they would ask for no more. The figures I have quoted show that the tax yielded more. I am prepared to submit them to any actuary or accountant, but if they are wrong I shall be very much surprised, because they too have been checked more than once. If it is accepted that the Government did not want any more tax, and that they have obtained more in this way, I shall, in Committee, ask the Government to honour their obligations to the House and the country, and to agree, either to remove the super tax or reduce the rate of .007. I do not care which alternative is chosen, but seeing that the amounts are practically the same it would be more beneficial to the State to wipe out the super tax. I support the second reading of the Bill in order that we may go into Committee, when I shall move to amend the clause imposing the super tax. There is another clause to which Mr. Stewart referred. This amends Section 56 of the

principal Act, and prevents the tax being collected in moieties. That provision was made for the first time in the Bill of last session. Mr. Colebatch justified it owing to the Tax Bill being brought down so late in the session. It may be justified this year on the same ground. This taxing Bill is brought in when half the year has gone. The amount of tax required is known long before the 30th June in every year, and a Bill of this kind should be one of the first brought in so that the officers of the department can get out their assessments, and the people can be inconvenienced by paying the tax in two moieties. In some cases the one payment constitutes a great hardship. After people have spent their money they are confronted with a large bill for taxation. It cannot make any difference to the State if we help the people all we can. I do not know if Mr. Stewart proposes to press his point, but if he does I shall vote with him.

Hon. H. Stewart: It is a question of voting against the clause.

Hon. A. LOVEKIN: When we have to tax the people heavily every effort should be made so that the burden will fall as lightly as possible on them.

Hon. A. J. H. SAW (Metropolitan-Suburban) [8.27]: I am but a humble student of finance, and would not have risen had it not been for a reply by Mr. Lovekin to an interjection I made just before the tea hour. Mr. Lovekin was speaking of the actions of Mr. Baldwin, the Chancellor of the Exchequer in England, in taking, as he said, 1s. off the income tax. I interjected that Mr. Baldwin had a surplus to deal with, which the present Government have not. Mr. Lovekin denied the truth of the interjection. I am sorry I was not here when he continued his remarks, for I understand he made an explanation of his denial. I did not hear it, and would like to give the House what I understand to be the financial position in England. Although I am not an authority on finance, I do take a certain interest in the subject, and watch what is going on in the finances of other countries. At the end of the war, if my recollection serves me right, Mr. Austen Chamberlain was Chancellor of the Exchequer. Owing to the very high tariff and also to the excess profits tax he budgeted for a surplus, which, as people thought then, he wisely devoted to a reduction of the large debt which England had incurred. He was followed as Chancellor of the Exchequer by Sir Robert Horne, who also had a surplus which he applied in the same direction. He was followed by Mr. Baldwin. Sir Robert Horne had an overcharge of £100,000,000, and when Mr. Baldwin came into office he had a surplus of £100,000,000 to deal with. He devoted half of it towards the liquidation of the public debt and the other half towards the reduction of taxation, taking 6d. off the income tax, taking half off the Corporations Profits tax and taxing 1d. off beer, and in that way he produced a profitable budget.

Hon. A. Lovekin: The hon. member is not quoting the figures correctly.

Hon. A. J. H. SAW: I can quote from an article in the "Fortnightly Review" which I took the opportunity of reading after hearing Mr. Lovekin's contradiction. I generally read the "Fortnightly Review" every month. Unlike Mr. Lovekin I have not at my command a large library dealing with finance, neither can I instruct other people to dig up for me all sorts of information at short notice. The article in the "Fortnightly Review" is by a well-known public writer whose pseudonym is "Curio," and it is entitled "Nine months of Conservatism." The article appears in the issue of August, 1923.

Hon. A. Lovekin: I quoted from the official report.

Hon. A. J. H. SAW: The article contains the following—

In the previous year Sir Robert Horne for reasons which lie outside this narrative, had over-budgeted by 100 millions. The whole of this sum had gone automatically to paying off Government indebtedness. There was, therefore, a strong antecedent reason why the Chancellor in 1923 should lean rather in the direction of remission of taxation than of debt reduction. None the less, strong hopes were entertained in two quite different quarters that he would do nothing of the kind. That force which is technically known as "the City" or finance pure and simple, is always in favour of debt reduction at the expense of the consumer, the taxpayer, and the manufacturer. Mr. Austen Chamberlain while at Downing Street had been blindly subservient to this interest in the happy belief that he was raising the standard of purity in national finance. It was hoped in the city that Mr. Baldwin would prove equally accommodating. At the very same moment the entire official independent Press raised an outcry so simultaneous as to appear preconcerted against any reduction of taxation. Every penny, it declared must go to debt reduction, apparently for the curious reason, so childish as to be not worth discussing, that this would prevent the Labour Party inflicting the capital levy when or if it should come into power. The real motive was transparent enough. A thoroughly unpopular Budget of the kind recommended, with nothing off the income tax and nothing off beer might well have given the Ministry a final push down the incline leading to the abyss. The snare was, however, exposed rather too openly for the bird to walk into it. The Cabinet struck what was universally admitted to be a fair compromise, by which they set 50 millions a year annually aside for three years for debt repayment, and used their moderate sized surplus to take 6d. off the income tax, half the corporation profits tax, and a penny off beer. There was thus something for everybody, the middle

classes, the industrialist, and the consumer.

That I fancy is what I said, quoting from memory. Mr. Lovekin challenges it. Mr. Lovekin challenges the statement of the Leader of the House, he challenges the statements made by Mr. Colebatch, he challenges the Commissioner of Taxation and, in fact, he challenges every statement that is made excepting those of Mr. Horne, who I understand—

Hon. A. Lovekin: You said 1d. a gallon off beer.

Hon. A. J. H. SAW: I said 1d. off beer.

Hon. A. Lovekin: It is £1 a barrel.

Hon. A. J. H. SAW: I said 1d. off beer; I alluded neither to a barrel, a gallon, a quart, nor a pint. Not being a publican, and not being interested in drinking beer, I do not care how much is taken off it. I merely rose to correct Mr. Lovekin's misstatements because the positions are not comparable at all. We here are faced with a large deficit, whereas owing to the reasons I have mentioned, there is a surplus in England.

Hon. H. Stewart: They do not budget for deficits in England.

Hon. A. J. H. SAW: I do not understand how America comes into it; Mr. Lovekin said something about that. Mr. Baldwin went to America and arranged to fund the huge debt that England owed to America, as well as the terms on which repayment was to be made. And it was subsequent to his return to England that he introduced his budget. I do not think the Government of this State get as much credit as they are entitled to receive. We are faced with a very big deficit and we have to try to reduce it. There are three ways by which that can be done. The first is by reducing expenditure, the second is by economy in various directions and the third is by taxation. We know perfectly well that in this State the person with a small income practically does not pay any income tax at all. Consequently the burden of taxation has to be borne by those who have higher incomes. We know too that the cost of the free services of education and health is so great that every penny produced by direct taxation goes towards supporting those services, and I believe that it hardly meets the bill. Therefore the Government must get the money from somewhere.

Hon. A. Lovekin: You say that 11,000 have to carry 350,000.

Hon. A. J. H. SAW: No one is keener to reduce the income tax for the man with a small income than Mr. Lovekin, and that being so, the people who have the bigger incomes must foot the bill. But the hon. member does not seem to be pleased either way. If the Government do not reduce the deficit there is an outcry against the deficit. When they do try to find means of squaring to a slight extent the ledger, there is again an outcry against the imposition of the income tax.

Hon. A. Lovekin: I am only asking the Government to keep their promise.

Hon. A. J. H. SAW: I shall let the Leader of the House deal with the question of promise. Anyway, the financial position is that the money has to come from somewhere and my idea of taxation is that the broadest shoulders shall bear it.

Hon. J. CORNELL (East) [8.40]: It is not my intention to delay the House for any length of time on this question. We know that all taxation is irksome to those who are called upon to pay. I desire also to draw attention, not only that of the Minister but the Government, to the great number of people in this State who are evading taxation, particularly the single men, and this has gone so far that in many instances these people fail to secure either Federal or State enrolment. I know a dozen cases in this State of single men who should pay income tax and who do not. That is grossly unfair because there is practically no escape for the married man who gets hit every time. While such a set of circumstances continues, I am not surprised that 11,000 people are the only income taxpayers in the State. Taking into consideration the basic wage in the State to-day and the number of workers employed in the various industries, the number does not square with the figures that represent those who pay income tax. Those who evade payment are mostly single men and there has been no concerted action to make them pay.

Hon. A. Burvill: What about imposing a bachelors' tax?

Hon. J. CORNELL: While circumstances are such that there is no escape for the married man, it is criminal to allow the single men to evade their responsibility to the State. Dr. Saw comes and goes. He comes here to make an assertion, perhaps hurriedly to make a correction, and he leaves almost immediately afterwards. He told us that the income tax, owing to the deficit and other exigencies must be paid, and that those who can best afford to pay should pay. There is, however, a limit to that process of reasoning. I have reason to believe on fairly authentic grounds that because of the high rate of tax on big incomes in this State people are taking their securities to another State. I do not intend to deal with comparative figures that have been quoted. It is generally accepted by men who are in a position to speak in the financial world, that the great aggregation of securities is now in Melbourne. That being the case, we have not to go far for a reason. The reason is that the impost on those securities is more favourable in the State of Victoria than in any other State of the Commonwealth. A proof of what I am saying is also the fact that the Sydney Municipal Council recently raised a loan of some millions in Victoria. I contend that the system of imposing the income tax as levied throughout Australia to-day is fundamentally wrong and can only work out in the direction in which it is working out, particularly in respect of higher incomes, and that is by the States separ-

ately, and the Commonwealth as another separate entity levying different rates. That must of necessity work in the direction of benefiting the State that is most favourably situated, and that State is Victoria. For a long time I have realised that there is no necessity for seven separate taxing authorities in Australia. There is no valid reason why the burden of taxation should bear more harshly in Queensland and Western Australia than it does in Victoria, yet that is the position Australia is faced with. I formerly made the suggestion which I now repeat. Instead of the Premiers agreeing that the Commonwealth should vacate the field of income tax, they should agree that the Commonwealth should levy income tax and arrive at an equitable *pro rata* distribution as between the States. If that were done, we would not have the Minister placing before members such a list as he read out showing the difference in the income taxes levied in the several States. Were that done we would not have a State like Victoria placed in such a favourable position compared with the less developed States. It may be argued that it is not the function of the Commonwealth to levy income tax for the States. That point is arguable. The States entered into federation on the clear understanding that legislation discriminating between States would be unconstitutional. To-day in the field of taxation the States are discriminating amongst themselves and violating the spirit of the Constitution. The imposition of a flat rate would remedy that evil. There is much to be said in favour of Mr. Lovekin's remarks regarding the imposition of the super tax. My memory serves to convince me of the accuracy of Mr. Lovekin's version of what Mr. Colebatch, as Leader of the House, said when he stated that if the income assessed on the new basis exceeded the amount allowed by way of exemptions, it would be the desire of the Government to do away with the super tax.

The Minister for Education: That is not the position so far as the Government's calculations are concerned.

Hon. J. CORNELL: The Minister will be hard put to it to disprove the calculations submitted by the member for East Perth in another place and by Mr. Lovekin here, particularly if he submits the figures to a disinterested authority.

The Minister for Education: I would not be afraid to do that.

Hon. J. CORNELL: Similar calculations were submitted last year and the figures presented this session are supplementary, to substantiate the calculations formerly submitted to members. The Minister has said that figures can be made to prove anything. I am satisfied that if the Minister submitted to the Taxation Department the figures presented by Mr. Lovekin the department would put a totally different complexion upon them.

The Minister for Education: Of course they would.

Hon. J. CORNELL: That is what the department is there for. The only solution of the difficulty would be to submit the calculations to an independent authority. I am satisfied that his decision would be on the side of Mr. Lovekin. It has been asserted that the imposition of the super tax operates in the direction of encouraging the transference of big incomes and big securities to other States. If that is the position, then we are treading on dangerous ground. The question is, "Do we lose more indirectly by that process than we gain directly by the imposition of the super tax"? When we realise the aggragation of wealth available for local enterprises in prosperous States like Victoria and New South Wales as against the meagre amounts available here, we should pause and consider the position. We should consider whether it is not better to encourage people to keep their money in the State rather than to transfer it elsewhere. It is stated that by the abolition of the super tax, the revenue will probably suffer to the extent of £65,000 a year and that that amount will be added to the deficit. In the long run that loss might result in a direct gain to the State by retaining money here. There is another aspect of the super tax that appeals to me. It was levied as an expedient. Its imposition was urged as necessary because of the aftermath of the war. That contention might hold good to-day if the money so raised were used to liquidate some of the liabilities due to the war. It is not used for that purpose, but to meet current expenditure. I am satisfied that its imposition will continue unless some strenuous protest be made. After five years of peace it is about time we were rid of special taxation imposed to meet war difficulties. It would be better to increase direct taxation than to continue this special impost. It may be urged that, so far, I have been arguing from the capitalist's point of view. I can put up an excellent argument to show why the "money bugs" should pay to the last penny.

Hon. F. E. S. Willmott: There is such a thing as killing the goose that lays the golden egg.

Hon. J. CORNELL: The capitalist may not be all we could desire him to be, but we have means of using his money to the advantage of the State. Another matter to which I will draw attention is the abolition of the moiety payments of income tax. Mr. Lovekin pointed out that last session, the then Leader of the House said that the abrogation of that privilege was only enacted as an expedient and it would probably not be resorted to this year. We find, however, that the Government again seek this power. The clause may result in considerable hardship, particularly to those who may be classed as the small income tax payers. I refer to the married men of the working class section of the community. Those with families will be hard put to it to provide the taxation payment in a lump sum. A man earning from £4 10s. to £5 a week will probably have to

find £5 or £6 for the Federal tax and about £4 for the State tax. If he is allowed to pay the State tax in two instalments it will extend to that section of the community some little consideration. I will await the Minister's reply before determining whether or not I shall support the further imposition of the super tax. I intend to oppose the clause abolishing the moiety payments. It was given out distinctly last session that the latter provision was for one year only, and now we are asked to legislate in that direction for another year.

The MINISTER FOR EDUCATION (Hon. J. Ewing—South-West—in reply) [9.0]: I thank Mr. Lovekin and other members that have so carefully dealt with the question of taxation, but I consider Mr. Lovekin has not proved his case.

Hon. H. Stewart: How about adjourning the discussion to see what information you can get?

The MINISTER FOR EDUCATION: Many figures have been quoted to-night, but the way in which Mr. Lovekin arrived at his conclusions did not appeal to me.

Hon. J. Cornell: Say it is a Scotch verdict.

The MINISTER FOR EDUCATION: There must be room for grave errors in his calculations. The statement I have made is based upon separate incomes from £100 to £5,000. Everything has been carefully worked out by the taxation officials to three decimal points and checked and re-checked and will bear the closest investigation. I do not propose to take the Bill into Committee to-night, as I wish to give members until Tuesday next to become thoroughly conversant with the position. On that day, however, I hope there will be no delay. I shall not ask any member to forego his right to express an opinion, but I shall ask members to be prepared to sit later than usual in order that we may finish the business next week. Mr. Lovekin quoted Mr. Baldwin's statement that the surplus in Great Britain last year was £1,884,000, and the Government had made a rebate of 26 million pounds income tax. Then Dr. Saw, from an apparently reliable source, quoted Great Britain's surplus for the same period as having been 100 million pounds.

Hon. A. Lovekin: That was for debt reduction.

The MINISTER FOR EDUCATION: It meant a surplus of 101 millions.

Hon. A. Lovekin: That was not a surplus; it was hypothecated to debt reduction.

Hon. R. J. Lynn: Paradise would be here if you could get a similar surplus for one year.

The MINISTER FOR EDUCATION: I agree with members in their desire that taxation should be reduced. The hon. member said a conditional promise was given that the super tax would be removed. If such a promise was made, it was not made on behalf of the Government.

Hon. A. Lovekin: Yes, I quoted your predecessor.

The MINISTER FOR EDUCATION: He said that if the Government gained £30,000 it would be removed.

Hon. A. Lovekin: Yes.

The MINISTER FOR EDUCATION: If the Government were satisfied they had made that amount, the promise would be honoured, but no juggling of figures will prove to the Government that such is the position. It is a good thing for the country that we have members in this House with such great ability for discussing taxation questions, but we must credit the Taxation Commissioner with a desire to do his work honestly. If members will analyse my statement—

Hon. G. W. Miles: Cannot you get the Commissioner to refute Mr. Lovekin's statements?

The MINISTER FOR EDUCATION: I shall ask him to consider them. Last January the Government decided that the tax should be paid in one moiety. The incidence is being altered by this Bill, and it will be necessary for the Bill to become law before the Commissioner can make his assessments.

Hon. J. Cornell: The only difference is an additional allowance of £10 for each child.

The MINISTER FOR EDUCATION: Other alterations are involved.

Hon. J. Cornell: That is the only one.

Hon. G. W. Miles: The department are now collecting for only 1922-23.

The MINISTER FOR EDUCATION: The assessments for this year must be based on this measure.

Hon. G. W. Miles: You said it would not be retrospective.

The MINISTER FOR EDUCATION: I shall inquire regarding that. This year it would be well to allow the Government to get in the whole amount in one payment.

Hon. J. Cornell: No income tax Bill has ever been passed earlier than December.

The MINISTER FOR EDUCATION: I shall consider that question. It is convenient for a large number of people to pay in two moieties and the Government have no desire to harass anyone.

Question put and passed.

Bill read a second time.

BILLS (2)—RETURNED FROM ASSEMBLY.

- 1, Change of Names Regulation.
Without amendment.
- 2, Friendly Societies Act Amendment.
With amendments.

BILLS (2)—FIRST READING.

- 1, Women's Legal Status.
 - 2, Lake Grace-Newdegate Railway.
- Received from the Assembly.

[The President took the Chair.]

BILL—APPROPRIATION.

Second Reading.

Debate resumed from the previous day.

Hon. H. STEWART (South-East) [9.14]: The Leader of the House has given us a very full account of his interpretation of the State's finances and of the Government's proposals. He painted a glowing picture and claimed that Western Australia had undoubtedly turned the corner from its financial troubles. He told us, though I do not know that he proved it, that the public utilities are sound and prosperous. The administration, he says, is very efficient, and land settlement is proceeding rapidly and successfully. Altogether, according to the Minister, we are indeed in a happy and enviable position. He was so pleased with it that he felt some astonishment at people not rushing to Western Australia faster than hitherto, and at their not remaining here after they arrived—in which connection we had some significant figures given us by Mr. Moore last night. The Minister's remark that when people realise the possibilities of Western Australia, they will come here in crowds, brought to my mind one of the verses in which the inimitable Lewis Carroll described how the walrus and the carpenter were walking along the seashore, and how the oysters left the ocean and rushed up to join the carpenter and the walrus—

And thick and fast they came at last,

And more and more and more,

All hopping through the frothy waves,

And scrambling to the shore.

There were only the shells left when the walrus and the carpenter had finished. The Minister, in the course of his glowing account of the position of Western Australia, had the temerity to challenge a reply from any member who did not subscribe to all that he had uttered. It was such a challenge as, "Reply, or for ever hold your peace." It is unusual to have at this stage of the session four speeches of the length and the force of those already delivered on the Estimates. If all members accept the Minister's challenge, I do not think we shall finish with the Appropriation Bill next Tuesday. Turning to public finance, I do not intend to re-traverse the ground covered by Mr. Kirwan and Mr. Holmes. I subscribe to a good deal of what has been said by those gentlemen. They put up material for the Minister to answer and for the Government to consider. My remarks will be to some extent supplementary to theirs. I do not expect that if the Minister remains out of his place, there will be any benefit from my observations. However, their effect will be at least to put on record certain conditions which exist and which I do not regard as satisfactory. I do not propose this evening to deal with group settlements and the Peel Estate, as there are other Bills which will afford opportunity for speaking on those subjects. The indebtedness per head was referred to by Mr. Kirwan, Mr. Holmes, and Mr.

Moore. I propose to quote some figures in this connection from the latest "Statistical Abstract," No. 231. Taking the sinking fund rate at one-half per cent., we are at least £69,000 to the bad, because of the £13,814,396 of Treasury bills which form a portion of the total indebtedness of the State. Table 9 of the "Statistical Abstract" shows the position as regards revenue and expenditure over a period of years. Mr. Holmes has contended that the finances have been much improved in appearance because of the large expenditure of loan money, approximately £4,000,000 sterling during the last 12 months. A good deal of that money went by way of creating business for the public utilities, and thus revenue was increased. The position is seemingly buoyant, but this is due to the large expenditure of loan funds. Such is Mr. Holmes's contention, and undoubtedly there is a great deal in it. By increased taxation, by increased railway freights, and by increased charges for all services the Government have obtained a largely increased revenue. In 1918, when the Premier took office, the revenue amounted to £4,944,850. There has been an increase each year in succession. Probably next year's revenue will be considerably enhanced by increased returns from the various public utilities, particularly the Railway Department, which will benefit largely from payment of freights due to loan expenditure. I am not putting up a speech condemnatory of the Government, but am pointing out the facts for and against. While there has been this increase in revenue, there has also been an increase in expenditure. Fortunately, however, the increase in expenditure has not been comparable to that in revenue. A study of Table 10 of the "Statistical Abstract" leaves me under the impression that the expenditure in general has been reduced in proportion to the services rendered. Later I shall deal in some detail with certain public services which are claimed to be satisfactory and profitable, and are said to be self-sustained. According to the published returns, these services are not in such a satisfactory position as the public and the Minister for Education believe. A number of services, metropolitan services among them, are supposed to be paying for themselves, but in fact are not doing so. A study of the figures of finance from 1918 to the present time shows that there has been a real and sustained attempt to improve the finances and to curtail expenditure from Consolidated Revenue. The charges for services have been increased in the metropolitan area as well as in the country districts. The Government have not, however, been fair and candid in stating the position. In my opinion, they have not accurately indicated the financial situation of the State. They have continued to carry a large amount of Treasury bills, which bear no sinking fund impost.

Hon. A. J. H. Saw: Is not that a wise thing?

Hon. H. STEWART: The deficit is to obscure the actual position, and also to obscure

what will eventually be the case. In Clause 7 of the Loan Bill provision is made for raising £3,100,000 for arrears of interest accrued upon an outstanding debt to the Commonwealth. This amount represents a loan raised from the Commonwealth in 1914 at 4½ per cent. It was to be subject to any increased cost the Commonwealth might have in raising the money. Early this year the State Government learned that the money was to cost £4 14s. 5d. It was not the fault of this Government, but the increased money has to be paid. Yet we have been told nothing of that. Indeed, we were told that everything was satisfactory, that we had turned the corner, and that the State was going on well. If the Government want the confidence of the people, it is only fair that they should be candid in stating the position.

The Minister for Education: It was not my oversight.

Hon. H. STEWART: I am not reflecting on the Minister. Just the same it must have been known to the Government long ago. It is reasonable to suppose that when the Premier introduced his budget, Parliament could have been informed of the position. Table No. 14 of the "Statistical Abstract" gives the averages from 1913 of the yearly statements of liabilities and assets of the cheque paying banks of the State. From this it is seen that the present day position is not too comfortable. The total average liabilities of those banks in 1913 were £6,796,456, and the assets were £12,282,233, the difference between liabilities and assets being a surplus of assets of roughly five and a half millions. At the end of the third quarter of 1923, the liabilities were £12,834,315, and the assets £16,707,626, the difference between the liabilities and the assets being a surplus of assets of roughly 3.9 millions. That does not seem to me to be a generally satisfactory position. It is not as though we were dealing with deposits. We are dealing with assets and liabilities. The position is somewhat modified if we take in conjunction with the figures, the transactions of the savings banks, Tables 12 and 13. In 1913, the Commonwealth Bank had on deposit £112,259, and at the end of June, 1923, the amount was £2,099,187. In 1913 the State Savings Bank had on deposit £4,624,482, whereas at the end of June, 1923, the amount was £5,866,286. So taking into account the money in the savings banks due to depositors and the surplus assets over liabilities in the cheque paying banks, we have an increase of £1,600,000 from 1913 to 1923. We noted that between 1914 and 1923 there had been a substantial falling off in the net surplus of assets over liabilities in the cheque paying banks; but on the whole there has been an increase of £1,600,000 in assets plus the amounts due to depositors in the savings banks. That does not seem to me to be an entirely satisfactory position. It is suggested to me that probably our taxation has increased to such an extent as to militate against the building up of these resources, which are the life blood of

a new country. Turning to the Loan Estimates, I wish to comment on the sale of Government Property Trust Account. In Schedule C we find the amount authorised for expenditure during the current year. I give this as an instance of the method by which loan funds get into revenue. The Government Property Sales Account is built up on loan money spent to a large extent on Government works or on departmental properties. Later on, through the sale of Government property, these funds go into this trust account. In this instance we are authorising an expenditure of £63,000. This is ostensibly an appropriation of what has been loan moneys. They were used in the first place for capital purposes, but have come back into this trust fund, and this is how the money is to be spent. The expenditure was not, as one might expect, made in connection with definite buildings, but in renovations.

The Minister for Education: In main buildings.

Hon. H. STEWART: We find here "School buildings and quarters, including additions and equipment" (equipment is surely something perishable), "New buildings and renovations, £21,629." It seems to be a lot of money, that is ostensibly loan money, to spend on renovations. I do not suggest that the whole of this £21,000 is spent in this way, for 99 per cent. of it may be spent on new buildings or bona fide additions. Renovations, however, should not be provided under the Sale of Government Property Trust Account. Then we find "Albany Hospital, re-shingling roof, £44; Claremont Old Men's Home renovations, £179; Kalgoorlie Hospital, hot water service reinstatement, £735." One cannot call that bona fide capital expenditure. If it is a renewal it is maintenance. Then there is the item "Hospital buildings generally, including additions and renovations £3,000." This is all included under the expenditure from the Sale of Government Property Trust Account, and in my opinion should not be made from that account. The practice may have been followed for the last two decades, but now that the matter has been drawn attention to it may be followed up by other members. It may also place members on the track of becoming more conversant with the immense business of public finance, which in this State covers such a wide scope. No one member can expect to be familiar with the details of any branch of the Government service. The Minister refers to the soundness of our public utilities. We have heard how profitable the tramways are, particularly have we heard of the Como tramway. I have always believed in private enterprise, and in municipal enterprise, as opposed to the Government taking over concerns that are more suitably administered by municipalities or trusts. I have not been able to find in the Railway Commissioner's report, or elsewhere, any authenticated statement as to the paying condition of the Como trams. There was a great outburst

about this service being started in violation of a promise made to Parliament. I have no reason to accept any statement made by the Minister in charge of tramways. Although he would not make a false statement, he has made one which, while being true, is very deceptive.

Hon. E. H. HARRIS: An adept at figures.

Hon. H. STEWART: When Mr. Scaddan was vindicating his action in starting the Como trams, he said that the tramways of Perth constituted a very profitable concern, and had paid a good return on the capital invested ever since they had been acquired by the Government. It is difficult to refute that statement unless one traverses the official figures and reports since 1913. One can show that the administration of the tramway service has been rotten, and that since it was acquired by the Government it has gone from bad to worse, although some improvement has been shown since Mr. Taylor was placed in charge. I think I can show that, while Mr. Scaddan may have been perfectly correct in the statement he made, the profits have fallen off from year to year until they reached the position when they were showing a loss. I have never seen a tabulated statement in connection with the water supply and sewerage until I asked for it yesterday in order to find out what the position was. That service has not paid the interest and sinking fund of a half per cent. People say "We will pay for the sewerage and we are paying for it," but if we turn up the records we find they are only paying something towards it. I will deal with that later. In dealing with the Perth trams we have to go back to 1913, when they were acquired by the Government from the private company. When I entered the House in 1917 I began asking questions about them, and drawing attention to them. In 1913 the Perth trams made a profit of £20,521. They employed 268 persons, operated 31 miles of equivalent single track, their capital was £506,000, and they made this profit after allowing £10,000 for belated repairs. When the Government took them over they found the roadways were in such a condition that they arranged to set aside £10,000 a year for a considerable period, to be charged against the working costs, for belated repairs. In the next year the profit fell to £11,744, nearly 50 per cent., and the number of employees had slightly increased. In 1915-16, after £10,000 had been allowed for belated repairs, the profit fell to £9,227, and the number of employees had increased in the two years to 372. In the three years, although the earnings were the greatest in the last year, the number of employees had increased by nearly 50 per cent., and the net profit was reduced by less than 50 per cent. of what it was in the first year's operations. In 1917 I drew attention to this, and forecasted that, if this position of affairs continued, the trams would shortly be running at a loss. In 1916-17, after £10,000 had been allowed for repairs, and 3 per cent. for contributions to the municipal

council, the profit shown was £4,683. These figures are reduced to a common basis. We have now reached a stage when there was not much profit. It is contended that the figures cannot be obtained from the last Government report. They were available in the report of 1917, and I am now able to produce a series of tables covering a period of 10 years. Members who are interested in this public utility, and having heard the Minister's speech about its satisfactory position, will realise how advantageous it is to be able to get figures showing the operations of the trams under Government control. As I have said, it could well have been operated by the municipality.

Hon. J. Duffell: Which municipality?

Hon. J. M. Macfarlane: Perth.

Hon. J. Duffell: They could not come to a decision in three years.

Hon. H. STEWART: The next figures I have are for 1917-18. The balance of profit, after paying working expenses, was £5,000. In that year £14,000 was allowed for belated repairs, and £4,000 for the 3 per cent. contribution. In that year, too, the tramways paid a much heavier amount on this account than in the preceding year. In the following year there was a deficiency of £4,046, after allowing £20,000 for belated repairs and any other payments that were accruing. In the next year there was a profit of £10,000 after the usual allowances had been made. The position, therefore, showed a substantial improvement. The position in 1920 was that had the basis of comparison been the same as in 1913-14, the first year in which the tramways were operating, the profits instead of being £20,000 would have been roughly £15,000 or £16,000. The payments on account of belated repairs and contributions in 1921 were only £5,000 and £6,565 respectively, and there was a deficiency of £9,334 in contrast to a profit of £20,521 in 1913-14. The net revenue in 1921 was over £25,000 less than the net profit in 1913-14. They altered the basis of belated repairs in that year to "relaying the track." After making allowances for tracks repairs, £11,212 in 1922, the net profit was only £3,835 in 1922. We come now to last year, and we find that after an estimated allowance of £4,626 for track repairs, the net profit was £8,342, showing an apparent improvement. It is absolutely incontestable to anyone who cares to go into these figures to fail but come to the conclusion that in 1913-14, the first year in which the Government operated the trams, when there were 286 employees, when the capital was about £506,000 and when the net profit after allowing £10,000 for belated repairs was £20,000, the position was better than it is to-day. The position to-day is that the capital is £850,000. The number of employees is 543. The mileage of equivalent single track is 41 as compared with 31 in 1913-14. There is a falling off of more than 50 per cent. in the profits, and there is an increase in the percentage of people employed of practically 100 per cent. The whole position is that with State control there is not that efficient management that in other cir-

cumstances we would expect to find. The State employs more people and does not get the same service in return. You, Sir, pointed out that the State's indebtedness per head was £142, that we were asked to pass a Loan Bill for nearly £4,000,000, and that we had spent nearly £4,000,000 last year, while the population had not increased as might have been expected. We have to develop this country and spend loan money in so doing. We should spend it, however, where it will give the best return and spend it efficiently and economically and not on works that are carried out by day labour. We should let more contracts and get results that will enable the undertakings to provide some return. Only last week Mr. Angwin in another place said that the trams were losing £50,000 a year. That is wrong. They are not providing reasonable interest on the amount of the capital involved, not by any means. They are making a profit, but compared with the capital invested and compared with what was done 10 years ago they are making far less on a bigger mileage. The position to me seems to be entirely unsatisfactory, and nothing like the glowing picture painted by the Minister for Education.

The Minister for Education: The position is improving.

Hon. H. STEWART: I challenge the Minister to reply to the figures that I am giving. He cannot prove that the position of this public utility is improving. We have heard it stated also by metropolitan members in another place that tramway extensions in the metropolitan area were not justified. Looking relatively at the necessity for loan expenditure in different parts of the State, we cannot afford at the present time to go in for tramway extensions that will not give us the same return on the outlay that can be obtained from expenditure on developmental work.

The Minister for Education: You must consider the city people.

Hon. H. STEWART: I do not wish the Government to consider the city people merely to procure their votes, and at the same time put a burden on the community and make it necessary to impose heavy taxation. There should be an accumulation of surpluses which should provide funds for the internal development of the country. If we had these funds there would not be the same necessity to go outside to the extent we are doing to borrow money for the development of the country. Is it not the responsibility of the Government to point out that it is not a question of spending so much here and there, but that whatever is spent shall be spent for the welfare of the State? It is well known that those who are developing the country are creating wealth which will be reflected in the city. In connection with tramway extensions the Government have been asked to placate certain sections of the community who would have been content to continue to give them that full measure of support that has kept the Government in office.

Hon. E. H. Gray: In nearly every instance the tramway extensions sought have been guaranteed by the local authorities.

Hon. H. STEWART: What are such guarantees worth?

Hon. E. H. Gray: The guarantee is made from the funds of the local bodies.

Hon. H. STEWART: Mr. Scaddan told another place that the tramways had proved a reasonable investment. If we totted up the surpluses and deficits since 1913 when the trams were taken over by the State, we would find that the result would not be $4\frac{1}{2}$ per cent. on the amount invested. That is about the most it can be and it shows what, in the Minister's view, is a good investment. If the Government are to take over the control of tramways, water supplies and other services, that could well be left in the hands of a trust or a local governing authority, it is clear that they limit their borrowing capacity for developmental works which could not be done by any local authority or trust. I refer to such developmental operations as schemes for the opening up of the North-West, the fostering of the agricultural districts and such like ordinary State functions. If hon. members peruse the statistics on page 27 of the report of the Commissioner of Railways for the current year, they will see that after paying working expenses and allowing £11,000 for relaying the track, the tramways showed a profit in 1922 of £3,385, during which period the capital invested totalled £779,081. This represented about one half per cent. on the capital invested. The loss during the previous year ran out at $1\frac{1}{2}$ per cent. That shows an entirely unsatisfactory position. Such a public utility most certainly should provide a sinking fund. After paying expenses and interest, the profit for last year was about one per cent, but only £4,626 was spent on track repairs. I specify the tramways, because they afford a splendid illustration of the trend of Government control. We can compare the tramway system with a business of reasonable dimensions and we find that since the Government took control they have overmanned the system and incurred losses, thus demonstrating that they cannot manage such a scheme with reasonable efficiency.

Hon. E. H. Gray: They give a better service than the company did.

Hon. H. STEWART: The municipal authorities in Glasgow run a better service more efficiently with lower fares than the Government do here.

Hon. E. H. Gray: That is municipal socialism.

Hon. H. STEWART: But it is not Government control. Turning to the Government electricity supply, hon. members realise that for many years that scheme has involved a big capital outlay. Difficulty was experienced because at the outset there were not enough consumers to take the current to anything like the capacity of the plant. To-day it is loaded up with a fair capacity and it is reaching the stage when it should become remunera-

tive. Now we hear of a movement in favour of increasing the supply of electricity by means of a scheme from the Collie district. This proposal is advanced just when there is a reasonable prospect of the current turned out by the East Perth station being utilised. In view of the State's financial position, we should not rush in and incur further capital expenditure, particularly seeing that just now there is a reasonable demand to absorb the current supplied. The year 1923 was the first when the electricity supply showed a profit after paying interest and antiquation charges. According to the statistics the loss in 1919 was £5,722; in 1920 it was £1,850; in 1921 it was £9,560; in 1922 the loss was £566 and in 1923 the profit recorded was £2,781. One reason why the scheme was unprofitable for so long was on account of the agreement entered into by the Government with the City of Perth. Under that agreement current was furnished at a low rate, and that operated against the financial success of the scheme. It was on the advice of the consulting engineer that the agreement was made. The war and increased Arbitration Court award rates militated against the low working cost the consulting engineer anticipated. The result was that the contract was an unprofitable one for the Government. On a capital outlay of £754,921 the profit of £2,371 represented between one-half and one-third of one per cent. on the capital cost. That cost has been considerably increased during this year as a large turbo-generator costing £175,684 was installed. This practically completes the power house as originally planned, bringing the undertaking to a stage where its full capacity will be reached. When the plant is foreseen to be fully loaded it will be time to seriously consider the proposals advanced by Royal Commissions and select committees and to make available further cheap power to foster industrial undertakings. I had intended dealing with the railways along similar lines, but it cannot be done as effectively as with the tramways. From my perusal of the returns I am convinced that if it were not for the new lines which have been run out in different directions under the present management, the position from a financial standpoint might have been improved. The tramway system seems to have been more efficiently managed recently than during the period when it was run apparently without regard to the system being a profitable or a losing one. If one follows the returns right through it will be seen that the tramways have a particularly bad record. With the railways, of course, it is well known that freights have been considerably increased and that has led to the improvement in the returns. The returns show that greater care is being exercised in general administration than in years past. In 1912-13 the railways showed a profit of £25,000. That was under the Liberal Government. In 1913-14 the profit was £128,000. For a considerable time the position was not altered appreciably. In the first year of the Labour

Government the losses began. There has been a great tendency for the number of employees to increase in comparison with the volume of work done. In 1920 the average number of persons employed was 7,689 and in 1921 it was 8,213. In 1920 the loss on the railways was £399,000 and in 1921 £418,000. The total ton miles of goods and livestock hauled in 1921 was roughly 200 millions, whereas in 1920, the ton miles totalled 207 millions, although there were considerably fewer employees. In 1922-23 there were two factors accounting for the improvement in the railway finances. One was the increase in freights. The earnings per train mile increased from 132d. in 1921 to 148d. in 1922 and 155d. in 1923, showing that the prosperity of which the Minister spoke so glowingly is largely due to the increased imposts the people have had to pay. Like the super-tax it represents a tax on industry, and the desire is that the community should be relieved as early as possible of such increases as were rendered necessary to meet the financial exigencies. These burdens the people have borne with considerable patience. The Minister attributes the improvement to migration and development, but it is more likely accounted for by loan moneys passing into revenue and to increased taxation, and it behoves us to take up the challenge and point out that the improvement is due to these imposts and not to some other source of real prosperity. The Government should remember this and exercise extreme care regarding all expenditure. They should aim at greater efficiency than is being attained at present. The total ton miles of paying goods and livestock hauled in 1920 was 207,000,000; in 1921, 200,000,000; in 1922, 208,000,000; and in 1923, 210,000,000. Last year the volume of work was the highest for those four years, and to the credit of the Commissioner be it said the average number of employees was the lowest. There is substantial ground for congratulating the Commissioner. These figures inspire a hope that the railway service is being watched closely, and that the position there is not being abused as apparently it is in the tramways by employing more men than are warranted.

Hon. E. H. Gray: Still the Commissioner sent out of the State for locomotive boilers instead of manufacturing them in this State.

Hon. H. STEWART: The workshops are fully employed and no more boilers can be built there. Previously when the service was apparently overmanned, that section of the works may not have been fully manned, while other sections may have been carrying a greater staff than was justified. The railway position would probably be satisfactory if we could get a coal supply at a satisfactory price. Perhaps in the not too distant future we may find other coal fields in the South-West, possibly coal fields of better quality and situated on a railway line, and possibly nearer to a port than the Collie field is. I turn now to another of the public utilities declared by the Minister to be efficiently

managed and profitable—the metropolitan water supply. If members will refer to the twenty-fifth annual report of the Water Supply, Sewerage, and Drainage Department, they will find on page 20 table A, showing the financial results of metropolitan water supply, apart from sewerage and drainage. It appears that for 1919-20 the administrative expenses exceeded the income of the metropolitan water supply section by £1,692.

Hon. A. Lovekin: Those figures are no good.

Hon. H. STEWART: So far as I know, they have not yet been proved incorrect. The onus is on someone to prove their incorrectness.

Hon. A. Lovekin: I can show you to-morrow figures compiled by the Auditor General proving that those figures you have are wrong.

Hon. H. STEWART: For 1920-21 the water supply section paid for itself with a debit of £3,743, and in 1921-22 the debit was £6,743. The section has increasing deficits in successive years. There was a time, prior to 1919, when the water supply section of the department did in general pay its way. In saying that I mean that the cost of the work, sinking fund, and all expenses of administration and maintenance were taken into account. But, as time went on and more people were served than ever before, as custom grew to its maximum, there were losses, and increasing losses. We are not justified in adopting Mr. Macfarlane's suggestion to take a summary and see whether from start to finish there is a credit balance on the metropolitan water supply section as a whole. We should pay regard to the present position, which has been stressed by the Leader of the House. I say that the position during the last five years and last year in particular has not been so buoyant and lovely as he maintains. During those years the successive deficits have been, in round figures, £1,600, £6,600, £3,700, £6,700, and £8,200. The loss has been increasing; the last year was the worst, absolutely. The Minister told us that this service was remunerative. It should be remunerative. The Loan Bill, I believe, proposes that something like £700,000 shall be expended on works for supplying Perth with water. People in the metropolitan area contend that they pay for these services themselves and the country folk have been led to believe that there is some truth in the statement. The statistics, however, show that the metropolitan people do not pay for their water supplies. They have not even paid for their sewerage services, which have been as much as £17,000 so the had in one year.

Hon. J. Nicholson: What about a Royal Commission to inquire into the position?

Hon. H. STEWART: The Minister challenged us by making certain statements and I have carefully investigated some of them. Even at this late hour it is only fair to me that I should go into these matters, and place the results of my inquiries on record. Mr.

Holmes and Mr. Lovekin may pay for their own water supplies, but it is only right that the people in the country who do not get half the water necessary for the development of the country, and who have to cart water over distances of from 10 to 20 miles, should know what is the real position.

Hon. J. Cornell: They have enough common sense not to bother about what goes on here.

Hon. A. Lovekin: Don't we pay for the expenditure in the country areas in various directions?

Hon. H. STEWART: Other people may not think so, but I believe I am putting up sound arguments. On page 21 of the report hon. members will find that the net indebtedness of the sewerage system, after paying for depreciation, sinking fund and making provision for redemptions, amounted to £598,640, while the total capital involved was £678,093. The accumulated deficit as at 30th June, 1923, in connection with the metropolitan sewerage supplies is shown as £94,000. When people in the country are prepared to put up the money to help themselves, they should be encouraged. We have heard some hon. members talking about the way the farmers are spoon-fed through the Industries Assistance Board and in other directions. We in the country, however, can draw attention to the way the people in the metropolitan area have been spoon-fed in connection with sewerage. As to the storm water drainage the position is practically fifty-fifty. Sometimes the people pay for the services rendered, sometimes they do not. The amount involved during the last 12 years is £333,344 and an accrued surplus of £5,347 is shown. Thus the system pays at times and sometimes it does not. During the past two years it has been remunerative and, therefore, we are prepared to admit that the system appears to be paying for itself. That is the least we should expect in connection with the other services I have dealt with. The Minister pointed out that provision was made in the Estimates for agricultural water supplies, irrigation and drainage of £30,000. Just fancy that amount being provided! I wonder if the Minister would be satisfied if the whole amount were spent in his own province on irrigation and drainage. He is interested in drainage works and how far would that amount go there? Water supplies are necessary for the development of the country. I do not think water is always conserved under the best conditions. This is particularly so in those portions where water supplies are most necessary and where the demand is greatest on account of the climatic conditions. This is because the run-off is bad owing to the country there being so absorbent and flat, and difficulty is experienced in filling the dams. In past years I have been an adverse critic of the wheat areas because of the insistent demand for water supplies. I believe the farmers should provide dams on their own farms. I understand that in many instances it cannot be done in the wheat belt and the farmers have been appeal-

ing for an extension of the goldfields water supplies. Moreover, they are prepared to pay for the services rendered. It should be remembered that when they offer to pay they are prepared to do so. They are not like other people I have referred to.

Hon. A. Lovekin: According to the Auditor General's report the services are paid for out of loan.

Hon. H. STEWART: If that statement is correct it is certainly a wrong practice. The Government in making provision for such a small amount as £30,000 are simply playing with the work. It is ludicrous.

The Minister for Education: Will it not make a start?

Hon. H. STEWART: Perhaps so. A fortnight ago I was out at Newdegate which, last year, was virgin forest. The settlers have taken up 150,000 acres. Almost every one of them is an ex-service man. This season, if they see a reasonable prospect of getting a railway to lift their harvest, they will put in 15,000 acres of crop. Newdegate is 32 miles from Lake Grace. Half way along the track the Government put down a big dam on the side of a hill. When, in March last, I was there with the Minister and others, the dam had just been finished. Despite a good winter's rainfall, when I was there again recently, the dam was empty. The trouble is, it will not hold water, having been put in the wrong position and in bad holding ground.

Hon. F. E. S. Willmott: Is it not puddled?

Hon. H. STEWART: No, and it cannot be puddled under existing conditions. There is a fine rock catchment, so plenty of water runs into the dam, but the dam will not hold.

Hon. J. J. Holmes: What would it have cost, hundreds or thousands?

Hon. H. STEWART: Only a few hundreds. Still, the people of the district were relying on it. There is a long stretch of 32 miles between the old and the new settlements and now, in the first summer, there is no water procurable at the half-way stage.

Hon. F. E. S. Willmott: Could not the dam be lined with wire netting?

Hon. H. STEWART: The wire netting would hold water just as well as does the dam. With the expedition out there recently was the agricultural editor of the "Western Mail." Here are his remarks on water supplies:—

The two progress associations brought under the notice of the visitors the parlous condition of the water supply. They could go on developing for a time without a railway, but not without water. Newdegate township is 32 miles east of Lake Grace. Sixteen miles on the track the Public Works Department started to put down a 2,000 yard tank on a hill slope adjacent to a large granite outcrop. Apparently they did not test the ground, and about one-quarter of the supposed excavation has not been taken out because it is rock. The tank is filled with every rain, but the water leaks away as soon as the rain ceases. There is no water between the 32-

mile tank at Newdegate and Lake Grace. The settlers were mild in their language compared with what one might expect to hear in the circumstances. Everything has to be carted over a wretched track with no water for 32 miles, because of the blundering of someone. Seventeen miles north of Newdegate townsite, or the 32-mile tank, there is a 2,000-yard tank which Mr. W. M. Witham, chairman of the North Newdegate Progress Association, informed me had less than five feet of water and would dry out before Christmas. There are fully 30 settlers, clearers and dam sinkers, with their horses, depending on this tank, and when it gives out all these will have to clear out or draw on the 32-mile tank, 17 miles away. Unless providential thunderstorms occur the position is serious. I did not win applause by telling the settlers that in many respects they had been given a better start than those in most wheat belt settlements, but in the matter of water supplies I consider that the Government has been guilty of very great shortsightedness. This, after so many years of experience, is not what it should be.

We don't want to see money absolutely wasted in doing work in that way. When the people took up the land they were told dams would be constructed. In consequence those people went ahead with their development as fast as they could. Now they are left without water. For the last two summers we have heard an outcry about the water in the metropolitan area. But in the metropolitan area one can, on a comparatively small expenditure, instal a series of tanks and have a supply of pure rain water sufficient for domestic purposes, leaving the bore water for use on floors and gardens. In point of water supply the people of the metropolitan area ought to be invited to contrast their lot with that of the people at Newdegate and Lake Grace, and on the wheat belt, many of whom have not a galvanised iron roof on which to catch water sufficient even for their immediate requirements. I would impress on the Minister the utter inadequacy of the £30,000 on the Estimates for the provision of water supplies in agricultural districts. In contrast with this is the sop to the metropolitan constituencies of £700,000 for water supplies that will not contribute on jot to the development of the State. In view of this it is farcical to refer to the Government as a country Government. If a proportionate amount were spent on water supplies in agricultural districts, the indirect revenue would pay for the installation of the supplies, and in addition there would be an enormous increase in the wealth produced in the State.

On motion by Hon. J. Mills, debate adjourned.

BILL—PUBLIC SERVICE APPEAL BOARD ACT AMENDMENT.

Received from the Assembly and read a first time.

BILL—LUNACY ACT AMENDMENT.

Message from the Assembly received and read notifying that it had disagreed to the amendment made by the Council.

BILL—FACTORIES AND SHOPS ACT AMENDMENT.

Message from the Assembly received and read notifying that it had agreed to amendments Nos. 1 to 4, and 6 to 8, and had agreed to No. 5 subject to an amendment in which it desired the concurrence of the Council.

House adjourned at 11.14 p.m.

Legislative Assembly,

Thursday, 6th December, 1923.

	PAGE
Questions: Police and dairyman	1894
Lake Clifton lime deposits	1895
Jandakot Commissioner	1895
Dwarda-Narrogin Railway	1895
Group settlements	1895
Njookenbooro and Gwelup	1895
Bills: Women's Legal Status, report, 3r. ...	1895
Lake Grace-Newdegate Railway, 2r., com., 3r.	1895
Redistribution of Seats, Com.	1897
State Trading Concerns Act Amendment, 2r.	1900
Yarramony-Newcarrie Railway, Com. ...	1900
Architects Act Amendment, Com., report ...	1904
Public Service Appeal Board Act Amendment, 2r., Com., 3r.	1906
W.A. Trustee, Executor, and Agency Co., Ltd. (Private), 2r., Com.	1907
Lunacy Act Amendment, Council's amendment	1908
Factories and Shops Act Amendment, Council's amendments	1908
Brookton-Dale River Railway, 2r.	1909

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

QUESTION—POLICE AND DAIRYMAN.

Mr. MUNSIE asked the Premier: 1, Has his attention been drawn to the following paragraph appearing in the "West Australian" of the 10th November, 1923: "A Policeman threatened"—"Provocation of circumstances" was the excuse offered by Mr. M. Cantor on behalf of Charles Chantler, a dairyman, who was charged with having used threatening language to P.C. Drysdale, at Osborne Park, on Wednesday last. It was stated that the policeman offered no provocation, but the accused was in a very excited and troubled state of mind because of certain