

# Legislative Council,

Thursday, 22nd November, 1934.

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

## OBITUARY—HON. J. SCADDAN, C.M.G.

**THE CHIEF SECRETARY** (Hon. J. M. Drew - Central) [4.37]: We were all shocked last evening to hear of the death of Mr. John Scaddan, one who had been closely and largely identified with the progress of this State, and one who, until recently, appeared to be in perfect health and strength. The late Mr. Scaddan, as a young man of 28 years, entered Parliament in 1904, as member for Ivanhoe in the Legislative Assembly. He soon commanded the attention and respect of the House, and, in 1911, when only 35 years of age, he became the Premier of the State in the second Labour Government. He held office for five years, and, under his leadership, reforms were effected, great enterprises undertaken on an unparalleled scale, and extraordinary difficulties were faced and conquered in a manner which proved his courage and force of character. Needless to say he encountered much criticism from the opposition who were hostile to much of his policy, but he mastered it with great debating power. Mr. Scaddan was a Minister in subsequent administrations, and his marked ability again manifested itself both in the House and as an administrator. It was my pleasure to be one of his Ministers when he was Premier of the State, and, as will be realised, I had ample opportunities of judging him from all standpoints. I may say that I not only admired his intellectual gifts, but I had a still greater admiration for his fine personal qualities. He was a

most genial man—nothing could disturb the evenness of his temper, and he was always kindness itself. We can all regret his death: we can all recognise the public service he rendered the State, and we all feel profound sympathy for his widow and family, whose loss it is not possible to measure. I move—

That this House desires to place on record its appreciation of the public services rendered to the State by the late Hon. John Scaddan, C.M.G., and to express its deepest sympathy with his family in the irreparable loss which they have sustained, and that the President be requested to forward the foregoing resolution to Mrs. Scaddan.

**HON. J. CORNELL** (South) [4.39]: It is with feelings that are tinged with deep regret that I rise to support the motion. I personally and intimately knew the late Mr. Scaddan for 33 years. Notwithstanding all the trials, tribulations and vicissitudes of the public arena, I know of nothing that can be said detrimental to his career. I recollect, as if it were yesterday, when he made his first political speech on the Boulder block 31 years ago. From then on he and I were intimately associated. His public career will compare favourably with that of any public man who has heretofore been known in Western Australia. An outstanding characteristic of his was that he never grew up. He always appeared to wear that boyish demeanour that so many of us wish we ourselves could wear. Speaking as one who followed him closely into the political wilderness during the great crisis in the history of our Empire, I can honestly state that the step he took clearly demonstrated whether there was any bias in his make-up or not. He had not the slightest bias in his composition, and he bore no ill-feeling towards any man. He was a model that any family man could follow. He was the personification of what a good family man ought to be. His first, last and practically only consideration was that of his home and his family. I join with the Chief Secretary in expressing the deepest sympathy for his widow and family.

**HON. A. THOMSON** (South-East) [4.41]: I deeply regret the occasion that has called for the moving of this motion. When I first entered public life, in 1914, the late Mr. Scaddan was Premier. Although I was opposed to him politically, I grew

to love and respect him. It can truthfully be said of Jack Scaddan, as he was known, that he was a white man. It is said that a world without friends is like a garden without flowers. We can say that our esteemed friend has gone after serving this State in a way that was a credit to himself and his family, and that now he has gone he has left behind him a garden full of flowers.

**THE PRESIDENT:** I should like to add a few words to what has been said. I first met the late Mr. Scaddan more than 30 years ago, after he was first elected to Parliament as the member for Ivanhoe. He was then a young man of 28 years of age. After meeting him I realised how little experience he had, what little knowledge he possessed of public life or the requirements of public life, and that he knew nothing whatsoever about legislation, administration or business. In fact, I had rarely met any man who, upon entering Parliament, had seemed to be so ill-equipped in many ways for the work that was ahead of him. It is very greatly to the credit of the late Mr. Scaddan that he applied himself more assiduously than anyone else I have known to making himself thoroughly efficient for the duties of a member. He became acquainted with the work of Parliament. He was a close student of Bills, and there was nothing he could do that he did not do to fit himself to represent his constituency and his country. The result was that after he had been for less than six years in Parliament he became Leader of the Opposition in the Legislative Assembly, and a year later the Premier of the State, and he held the office of Premier for nearly five years. His life seems to me to be an incentive to young men of his type to take an interest in the affairs of their country, and to assist in the parliamentary and governmental work of the State. Because of his very lengthy experiences, we were all looking forward to the State again having the advantage of his knowledge and ability, and we can only deplore the fact that he has been cut off at a time when it seemed that so many useful years of life lay ahead of him. I ask members to carry this motion in the usual way, standing.

Question passed, members standing.

**THE CHIEF SECRETARY** (Hon. J. M. Drew—Central) [4.44]: As a further mark of the respect of members for the memory of the late Mr. Scaddan, I move—

That the sitting of this House be suspended until 7.30 p.m.

Question passed.

*Sitting suspended from 1.45 to 7.30 p.m.*

### ELECTORAL—SWEARING-IN OF MEMBER.

**The PRESIDENT:** Pursuant to Section 166 of the Electoral Act, 1907-21, I have received a copy of the order of the Court of Disputed Returns in the matter of James Thomas Franklin, petitioner, and James George, respondent. In the order, it is declared that at the election of a member of the Legislative Council for the Metropolitan Province held on the 12th May, 1934 the respondent, James George, was not duly elected, and that the petitioner, James Thomas Franklin, was duly elected. I am therefore prepared to swear-in Mr. Franklin now.

Hon. J. T. Franklin took and subscribed the oath, and signed the roll.

### QUESTION—STATE GARDENS BOARD

Hon. J. NICHOLSON asked the Chief Secretary: 1, Has the State Gardens Board taken over the old Soldiers' Institute in Stirling Reserve, Perth? 2, If so, has it been leased or let to any person? 3, If so to whom, and for what purposes, and on what terms and rental?

The CHIEF SECRETARY replied: 1, The State Gardens Board advise me that they have taken over the old Soldiers' Institute. 2, No. 3, Answered by No. 2.

Hon. J. Cornell: That reply is not correct.

### BILL—LOAN, £3,938,000.

*Second Reading.*

Debate resumed from the previous day.

**HON. C. F. BAXTER** (East) [7.38] With other members, I feel that the Loan Bill is for an amount that is rather staggering. Five years ago Australia was faced with a crisis, in common with other parts of the world. As a result, we found that

Governments, financial institutions, principally banks, and others had become alarmed. There were hurried meetings, and finally it was decided that all expenditure had to be cut down and loan expenditure reduced to a minimum. It was also resolved that budgets should be balanced over a period of years. Since that crisis, there has been some improvement, but in one industry only has there been such a decided improvement as to warrant any extension beyond the scope it had attained by the time the crisis overwhelmed us. I refer to the gold mining industry. Every other industry has languished, particularly so far as the export trade is concerned. It is to that form of trade we must look for our very existence. The price of wool rose, declined, and, fortunately, has shown a slight improvement again. For five years the wheatgrowing industry has been reduced much below the payable margin. That industry is the most important in the State, from a labour point of view. It provides more employment and circulates more money than any other industry we have. Yet that industry is in such a position that Governments have had to render assistance, otherwise it would have gone out of existence altogether. The fruitgrowing industry is, practically speaking, of little value, and the meat industry is in a very parlous condition. Nevertheless, we find that the Loan Council is prepared to borrow a huge sum of money, and lend vast sums to the different States. The question of balancing budgets seems to have been forgotten altogether, and very few States are attempting to reach a sound financial basis. The Bill provides practically £4,000,000 of loan funds for the State. The Government, in common with other State Governments, and the public generally seem to rejoice at the fact that we are able to raise so much money. It seems to me that everyone forgets the day of reckoning must come, and it will not be long delayed.

Hon. G. W. Miles: It means unification, which is part of Labour's policy.

Hon. C. F. BAXTER: I admit that.

The Honorary Minister: What would you do without Loan funds?

Hon. C. F. BAXTER: I admit we cannot do without some Loan funds, but we should do with less than that covered by the Bill, and we should endeavour to get down to a basis on which we can balance our budgets.

Hon. G. W. Miles: We should not give back £90,000 to the civil servants.

Hon. C. F. BAXTER: It is either that, or we must be forced into unification. The Federal Government seem pleased that we should borrow such an amount at a time when a large section of the community is working hard to secure secession. When I deal with the figures later on, I will demonstrate that the State is swiftly and surely heading in the opposite direction. We are heading towards unification. The time must come—I do not think it will be long delayed—when Western Australia will not be able to pay its interest bill. We cannot meet those charges by internal works, even if they should return interest. It means we must get money from outside—new money. When that time arrives and the State cannot meet its interest bill, we will have to approach the Federal Government for assistance. It will be interesting to note the attitude of the Federal Government towards Western Australia, which has given the Federal authorities so much trouble regarding secession and has been, not without justification, hard up against the Federal regime, when that crisis is reached, and we will surely be confronted with that position, unless there is a drastic alteration in our methods. Will the Commonwealth take the State over, or will they look upon it as an ordinary commercial trading concern and deal with it as a bankrupt institution? Will they appoint commissioners who will really be trustees? That is what we are heading for. There seems to be a feeling that we should borrow as much as we can, and that means hurrying on the day when we shall be confronted with the trouble that lies ahead. The remedy is to be found in restricting borrowing as much as possible. I know there are not many such avenues, but we should use what borrowed money we raise only in directions that will return interest and will, in addition, provide us with increased revenue. We cannot carry on if we keep on borrowing all the time. We should bend our energies towards increasing our exports in every direction. We have the commodities that can be exported. Wheat, I admit, is languishing at the present time, although I notice that one of the countries that in the past purchased our wheat will in all probability be doing so again, since she is realising that she cannot afford to find the enormous amount of

money that is required to grow wheat. Other countries that also thought it was possible to grow wheat are beginning to realise that it is too costly a proposition, and therefore the industry in this State, and in other wheat growing countries, is likely again to come into its own. There ought to be an expansion in the sale of our timber. When I was Minister in charge of the trading concerns I tried hard to bring about a reduction of charges in order to help our exports. Only a small reduction is required to make the timber saleable in competition with the timber from other parts of the world. We should not neglect the timber trade, and it is not to be expected that we can sell our products while other timber-growing countries have men going about everywhere, carpet-bagging so to speak, and placing their wares before prospective clients. We have never systematically advertised our timbers: we have been satisfied with occasional visits to countries that were likely to become customers. It is four years since a representative from this State went to Colombo, England and certain parts of Europe. That visit resulted in very good business for the State. Later there were two visits to South Africa with intervals of 12 months between them. The result there too was very satisfactory, but it is three years since that market was exploited. All our prospective customers should be visited regularly. That is what is done by other countries and that is how they succeed in placing their wares. We cannot possibly expect to hold the trade unless we are continually advertising our products. With regard to our public debt, the Auditor General's report shows that it is now approaching ninety millions sterling. In 1929 the public debt was £60,000,000. In 1932 it was £80,000,000; in 1934 it was £85,000,000, and, as I have already stated, it is now very close to £90,000,000. It would be as well to compare our public debt with that of the other States to show that ours has increased at a more rapid rate than has that of any of the other States. My figures are taken from the official Year Book and are to 1932. In 1929 our public debt was £168 per head of the population. In 1932 it had advanced to £188, the increase in that short period being £20 per head. In New South Wales the increase during the same period was £49,000,000, but that State

can boast of a very large population, though some hon. members may attribute the increase to the Lang regime. In spite of that huge increase the per capita figure is only £12, or £8 less than ours. Victoria's increase in the same period was £14,000,000 and per head the figure is £4. Queensland's increase was merely £400,000, but of course that State is in the fortunate position of having an industry which is heavily bonused, an unfortunate fact for the taxpayers of the Commonwealth. South Australia's increase was £8,000,000 or £11 per head of the population. Thus it will be seen that our increase was £8 per head higher than that of the highest of any of the other States. The position of Tasmania is hardly worth mentioning. How long can we continue at the rate at which we in this State are borrowing? The time must come in the not distant future when we shall not be able to pay our interest bill. I admit that the loan money it is proposed to spend in the near future will bring in a certain amount of interest, but we know that internal money does not assist us to any great extent. Really true economy is the spending to obtain revenue. Before I conclude there is a small matter to which I wish to refer. The Minister for Mines in another place a few days ago, when asked whether it was proposed to recondition Caves House, mentioned that after the building had been destroyed by fire the amount of the insurance had been paid, but that the previous Government had spent the money in other directions. The amount mentioned by the Minister I think was £2,000. I happened to be administering the department controlling the Caves House at that time, and therefore can say that the Minister for Mines did not know what he was talking about when he made that statement. The Minister should have made certain of his facts. The Caves House was insured for a little over £12,000 and the claim paid after the fire, was about £3,200.

Hon. R. G. Moore: When was that?

Hon. C. F. BAXTER: About four or five years ago. To expect that that small amount would be sufficient to carry out the reconditioning of Caves House would be foolish, but a sum of £1,570 was spent on the building to make it habitable and the balance was held to the credit of the account. That was the position when I handed over the depart-

ment to my successor. The money was not spent elsewhere as the Minister for Mines told another place. The Caves House and surrounding country are good propositions that should be properly exploited so that tourists may be catered for. It is a reflection on all Governments that that part of the State should have been neglected for so long. I put up a proposition to my Treasurer which would have meant the expenditure of £20,000 there. The figure, however, was cut down to £16,000, but unfortunately some other urgent matter cropped up and I had to forego my scheme of improvement. I urge the Government not to miss the opportunity to spend a sum of money in the caves district as soon as funds are available. I am convinced that the investment will be sound. Of course I intend to support the Bill, but I trust the Government will search for every possible avenue for expenditure that is likely to prove profitable. Roughly one and three-quarters of the total amount to be raised is to be spent in the metropolitan area on works that will return interest. That is a colossal sum to spend in the metropolitan area of a primary producing country.

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

### **BILL—MINE WORKERS' RELIEF ACT AMENDMENT.**

Received from the Assembly, and read a first time.

### **BILL—GOLD MINING PROFITS TAX ASSESSMENT.**

Message from the Assembly received and read notifying that it had agreed to the Council's amendment.

### **BILL—ROAD DISTRICTS ACT AMENDMENT (No. 2).**

Message from the Assembly received and read notifying that it had agreed to the Council's amendments.

## **BILL—APPROPRIATION.**

### *Second Reading.*

**THE CHIEF SECRETARY** (Hon. J. M. Drew.—Central) [8.4] in moving the second reading said: This is the annual Bill required to appropriate moneys for services covered by Revenue and Loan estimates and by the Advance to the Treasurer. It covers the whole of the Government expenditure, with the exception of that provided for under Special Acts. The expenditure provided for this year under the Revenue Estimates, exclusive of Special Acts, is £5,584,095; by General Loan Fund £3,142,319; and by Advance to Treasurer £500,000; the total amount requiring appropriation being £9,226,414. Supply Bills covering £2,900,000 have already been passed, and the balance now requiring approval is £6,326,414. Schedule "A" of the Bill details the amounts on the various Estimates. Schedule "B" gives details of the requirements from Consolidated Revenue Fund, and Schedule "C" covers Loan Fund requirements. Schedule "D" refers to the Advance to the Treasurer. Schedules "E" and "F" give details of excesses which were granted last year under Consolidated Revenue and Loan Funds, and for which approval is now required.

The appropriation from General Loan Fund is greater than that of last year, the amount provided for being £3,142,319 as against the actual expenditure last year of £2,664,022, an increase of £478,297. This is due to the fact that it is generally recognised that Governments must continue the policy of finding work for the unemployed, and to this end all States have entered into a more vigorous programme of relief works. The principal increases are:—

	£
Railways and Tramways .. ..	151,360
Departmental .. ..	6,189
Harbours and Rivers .. ..	82,339
Water Supply and Sewerage .. ..	537,705
Roads, Bridges, Buildings, etc ..	129,806

The item covering appropriations for excesses under the "Advance to Treasurer" Vote for the year 1933-34, calls for little comment, as it merely gives approval for expenditure that was incurred in the last financial year. Last year the estimated revenue was £8,541,492, and the actual revenue amounted to £8,481,697, a shortage of £59,795. The estimated expenditure was £9,289,867, and the actual expenditure

totalled £9,270,609, thus showing a saving of £19,258. The estimated deficit was £748,465, and the actual deficit amounted to £788,912, or an excess of £40,447.

The estimated revenue for this year is £8,846,607, and the estimated expenditure £9,491,059, leaving a deficit of £644,452. The estimated revenue thus shows an increase of £344,910, as against last year's. Taxation returns are expected to yield £272,930 more than they did last year. It is estimated that the principal increases will be:—

	£
Taxation .. .. .	272,930
Territorial .. .. .	30,182
Law Courts .. .. .	218
Public Utilities .. .. .	140,860

In addition, the receipts from the Commonwealth will be greater this year by the amount of a non-recurring grant of £133,000, being this State's proportion of a sum of £2,000,000 provided by the Commonwealth Government for distribution among the States, partly for the purpose of reducing deficits and partly to assist in providing employment for youths. Departmental revenue is expected to show a decrease of £199,554, and Trading Concerns a decrease of £12,774. The increased estimate for taxation is partly due to the expected receipt of £80,000 from the gold profits tax, and probate duties are expected to return an increase of £20,846 as a result of the proposed amendment of the Administration Act. The expected increase in Territorial Revenue of £30,182 is due largely to an estimated additional sum of £28,114 from land rents. Pastoral lease rents are based on the average price of wool for the previous year, and the higher estimated income reflects the enhanced price which obtained last year.

The decrease in departmental revenue is mainly due to a decision to reduce the amount which could be taken into revenue for interest on the capital of the Agricultural Bank. Last year a reduction of £72,000 was made on account of the capital lying idle in properties which have reverted to the Bank. This year it is intended to increase the concession to £150,000.

The estimated expenditure for this year shows an increase of £220,450 as compared with that of last year. The actual expendi-

ture last year was £9,270,609, and the estimate for this year is £9,491,059. The expenditure under Special Acts is expected to increase by £95,527. The principal expenditure under these Acts is for interest and sinking fund payments. Interest due on overseas loans is expected to show a decrease of £51,402, due to the savings made in connection with two conversion loans and the redemption of the £998,353 loan in January of this year. The interest on Australian indebtedness, however, is expected to show an increase of £97,243, owing to the increase in the debt. Sinking fund payments will increase by £34,485. Other payments under Special Acts are expected to show an increase of £15,201. Governmental expenditure is expected to show a decrease of £78,895, due mainly to decreased expenditure on unemployment relief, and partly of savings that will be made in Treasury Department expenditure on exchange. The savings on exchange are estimated to amount to £29,710 and on unemployment relief to £132,182. Increases in other departments however are estimated to amount to £82,928, the largest individual increase being £37,704 on account of the Education Department and is due to the expansion in the obligations of the department. It has been decided to re-open the Claremont Training College for a term of six months to provide tuition to some of the student teachers. The Chief Secretary's Department shows an increase of £7,684. A large proportion of this sum will be required for the provision of extra staff and for maintenance in connection with the new wing that has been added to the Hospital for the Insane at Claremont. This necessitates the provision of three extra attendants and 16 extra nurses. Increased gaol expenditure and other minor items account for the balance. Health Department expenditure is estimated to increase by £6,560. This is mainly due to the appointment of three doctors for service in the North-West, and the additional cost of transport and maintenance of lepers. Some hon. members will undoubtedly wish to be supplied with additional information, and I will be pleased if they will indicate their requirements during the second reading debate on the Bill, in order that I may be given sufficient time to obtain it and furnish replies. I do not intend to rush the Bill through, but will

bring it up from time to time and so enable members to submit any matters with regard to which they require information or investigation. I move—

That the Bill be now read a second time.

On motion by Hon. G. W. Miles, debate adjourned.

## **BILL—FINANCIAL EMERGENCY TAX ASSESSMENT ACT AMENDMENT.**

### *Second Reading.*

Debate resumed from the previous day.

**HON. H. V. PIESSE** (South-East) [8.16]: When the Financial Emergency Tax Bill was before the House last session, Mr. Nicholson moved an amendment to endeavour to reduce the taxation imposed on life assurance companies. I have been asked to bring up this matter again, as no provision has been made in this Bill for a reduction under this heading.

Hon. J. Cornell: But that is in another Bill—the taxing Bill.

Hon. H. V. PIESSE: But this is the taxing Bill.

Hon. J. Cornell: No, it is the tax assessment.

Hon. H. V. PIESSE: The taxing of the life assurance companies is decidedly unfair, and I should like to explain the position of the A.M.P. Society. Two years ago the Federal Government were approached, and the A.M.P. promised that, in the event of the taxation being reduced, they would be prepared to write off a large amount of the interest being charged on mortgages throughout Australia. They promised that if the Federal Government would reduce the taxation, they themselves would reduce mortgage interest to  $4\frac{1}{2}$  per cent. The position is that those doing business in Western Australia were faced with an increase of  $\frac{1}{2}$  per cent. interest by the A.M.P. in Western Australia. They were being charged 5 per cent., and on this being brought before the A.M.P., with the suggestion that there would be a reduction of taxation this year under the financial emergency legislation, the A.M.P. decided to reduce mortgage interest to  $4\frac{1}{2}$  per cent.

Hon. G. W. Miles: They made a definite promise in Sydney, and they brought it down in this State.

[The Deputy President took the Chair.]

Hon. H. V. PIESSE: When it was pointed out to the A.M.P., they reduced the mortgage interest to  $4\frac{1}{2}$  per cent. in response to the mortgagees, who said this increased taxation was because of the A.M.P. not reducing their interest below 5 per cent. I have here a memorandum, as follows:—

### **Memorandum re Taxation of Life Assurance Companies.**

The managements of mutual life assurance companies contend that as purely thrift institutions, such companies should be exempt from income tax along with savings banks, friendly societies, and similar institutions—at any rate, if not exempt they should receive preferential treatment. As a matter of fact, life assurance companies are more heavily taxed than any other financial institutions. In his annual report laid before the Commonwealth Parliament recently, the Federal Taxation Commissioner makes an analysis of the various sources from which revenue from income tax is derived, from which it would appear that for the year under notice—1932-1933—the contribution of the banks and other financial institutions was £236,712, and insurance companies (life, fire, marine, etc.), £1,067,803. It is not disclosed as to the share of life companies in his latter contribution, but I know that the A.M.P. Society, whose assets are over £90,000,000, contributed about £500,000. The assets in the Commonwealth held by the banks amount to about £300,000,000, so that if they were assessed on the same principles as life companies, they would have paid somewhere about £1,500,000. The banks, however, are more correctly assessed on their net earnings, that is to say after allowing, amongst other items, for the interest they pay on their fixed deposits. The Commonwealth Government has since recognised the case for the life companies, and has amended the income tax legislation with regard to them, by allowing as a set off the interest credited to policy-holders' reserves, as provided for in the calculations of the premiums chargeable.

The method of taxation in Western Australia under the Dividend Duties Act is practically on the same lines as the Commonwealth prior to 1934, viz., upon income from interest on its investments, and the figures with regard to this State in respect of banks and life assurance companies for the year 1932-1933 were—

	Investments. (approx.)	Tax paid. (approx.)
	£	£
Banks .. ..	22,000,000	3,000
Life assurance companies .. ..	8,000,000	11,000

Of the £8,000,000 life assurance assets in Western Australia, the A.M.P. Society holds about £6,000,000. As stated above with regard to the Commonwealth figures, were the banks taxed on the same principles as the life com-

panies, their contribution in this State would be somewhere near £30,000 instead of £3,000.

I understand that the State Governments have arrived at an arrangement for uniformity of procedure in this matter, taking the Commonwealth legislation as a basis. If this be so, and arrangements with regard to life assurance companies follow the recommendations of the Royal Commission (see attached extract from their report) such companies will in some measure be relieved of the unfair and disproportionate weight of taxation previously suffered.

Here is the extract from the third report of the Royal Commission on Taxation—

#### Life Assurance Companies.

Three different methods of taxing life assurance companies are adopted in Australia. These are as follow:—

#### On the basis of the Investment Income.

854. This is used by the Commonwealth, New South Wales, and Western Australia, but the method is not applied in exactly the same manner. The Western Australian method is the simplest. A company is taxed on the interest on its investments in Australia, subject to the deductions apportionable to the investment income. In New South Wales the taxable income is arrived at by taking all assessable income from investments and rents, both in and out of the State, and treating as income in the State the proportion based on the amount assured under New South Wales policies. A deduction is allowed for the proportion of the expenses of general management attributable to investment income. No assessment is made unless the company derives a profit and surplus from its business. The Commonwealth arrives at the taxable income in another manner. From the total income of the company, premiums received in respect of life policies are excluded. Conversely, the expenses incurred in gaining these premiums are deducted from the total expenditure. A deduction is allowed of that portion of the expenses of general management incurred in gaining the investment, and also of an amount equal to 4 per cent. of that part of the valuation of liabilities at the end of the year which bears to that valuation the same proportion as the value at that date of the assets from which the company derived assessable income bears to the value at that date of all the assets of the company. The method of valuing the liabilities is specified in the section.

#### On the basis of the Premium Income.

855. In Victoria and Tasmania life assurance companies are assessed on a percentage of the premium income they receive. Queensland arrives at the taxable income in the same manner, but adds to it the profit on the sale or writing up of any Queensland assets, and deducts interest received by the company from the Queensland Government Loan of 1920 or any conversion thereof less the expenses of earning such interest.

#### On the basis of Profits.

856. In South Australia the taxable income is that portion of the company's profits and surplus from life assurance which would be actuarially distributed among the South Australian holders of the company's policies. Interest on Commonwealth Government securities is excluded from the actuarial calculation of surplus.

After Mr. Nicholson's amendment of last session was rejected, the manager of the A.M.P. approached the Premier and discussed this matter with him. The Premier gave an undertaking that the taxation would be considered on the lines now carried out by the Commonwealth Government. Unfortunately—the Premier's ill-health may have been the cause of it—that promise was not fulfilled. The only method by which the insurance companies operating in Western Australia can get relief would be by the Council requesting the Assembly to insert in the tax Bill the following:—

That in line 2 of subparagraph (viii) of paragraph (a) after "more" the following words be inserted:—"provided that in the case of a life assurance company any rate of tax herein applicable to every such company shall not exceed fourpence in respect of every pound of interest received from its investments as mentioned in section eight of the said Act."

The DEPUTY PRESIDENT: The hon. member had better keep that until the taxing Bill comes down.

Hon. H. V. PIESSE: I should be glad if the Council would make that request to the Government, so that this matter might be fully gone into. I feel sure the Government are sympathetic on this matter, and I know it is not their wish to impose an excessive tax on the thrifty who invest in life assurance; for it is really imposed on the assets of the people who propose for insurance.

On motion by Hon. C. F. Baxter, debate adjourned.

*House adjourned at 8.27 p.m.*