Motion (progress) thus negatived.

Clause, as amended, put and negatived.

Title—put and negatived.

[*The Speaker resumed the Chair.*]

The CHAIRMAN: I have to report, Mr. Speaker, that the Committee have considered the Bill, agreed to Clause 1, (Short Title), and disagreed to the rest of the Bill.

Mr. SPEAKER: That settles the Bill.

BILL—ELECTORAL ACT AMENDMENT.

Second Reading—Amendment "six months" —withdrawn.

Debate resumed from the 4th November on the motion—

That the Bill be now read a second time, and on the amendment by the member for Fremantle that "now" be struck out, and "this day six months" be added.

MR. SLEEMAN (Fremantle) [9.18]: After perusing the Bill, and finding nothing very much against it, I ask leave to withdraw my amendment.

Amendment, by leave, withdrawn.

Question (that the Bill be now read a second time) put and passed.

Bill read a second time.

In Committee.

Mr. Angelo in the Chair; Mr. Keenan in charge of the Bill.

Clause 1—agreed to.

Clause 2—Amendment of Section 70:

Mr. SLEEMAN: On behalf of the member for Hannans I move an amendment—

That the following proviso be added:—"Provided that in the case of an election to fill a vacancy caused by the acceptance by a member of any of the principal offices of the Government liable to be vacated on political grounds the date fixed for the polling may be less than fourteen but not less than seven days after the date of nomination."

Mr. KEENAN: I see no objection to the amendment, and am prepared to accept it.

Amendment put and passed; the clause, as amended, agreed to.

Title—agreed to.

Bill reported with an amendment.

House adjourned at 9.22 p.m.

Legislative Council,

Tuesday, 17th November, 1931.

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

ASSENT TO BILLS.

Message from the Administrator received and read notifying assent to the undermentioned Bills:—

1, Reserves (No. 2).

2, Roads Closure (No. 3).

3, Dried Fruits Act Continuance.

4, Local Courts Act Amendment.

QUESTION—WORKERS' HOMES BOARD.

Hon. W. H. KITSON asked the Chief Secretary: 1, Has any action been taken with reference to my question asked on 6th October, 1931, regarding a reduction in interest rates to clients of the Workers' Homes Board? 2, If not, when will the Government take action?

The CHIEF SECRETARY replied: 1, Yes. 2, Answered by No. 1.

BILL—DEEDS OF SEPARATION ALLOWANCES REDUCTION.

Introduced by Hon. J. Nicholson, and read a first time.

BILL—LICENSING ACT AMENDMENT (No. 3).

Read a third time and *passed*.

BILL—LAND ACT AMENDMENT (No. 2).

First Reading.

Received from the Assembly and read a first time.

Second Reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [4.42] in moving the second reading said: Like all other industries the pastoral industry has experienced great hardships since the collapse in the prices of primary products, and some months ago it was obvious that something would have to be done to assist it to withstand the difficulties which beset it. Generally speaking, the pastoral industry has been self-reliant; it has caused the Governments of the day very little worry and yet it has always been somewhat prominent in its contributions to public funds. But now the outlook of the industry has changed and the men engaged in it are in the grip of disastrous financial circumstances. It therefore becomes necessary to extend to them some relief in the abnormal position in which the industry finds itself. That view of the situation cannot be questioned. The Government propose to meet it, so far as circumstances will allow, by the amendments of the Land Act set forth in this Bill, the main feature of which is the provision to ease the burden of Crown rents.

Few words are required to justify the necesstiy for the provision that pastoral rents should be reduced. I am sure that members will subscribe to the same view when they recollect the difficulty with which the industry is faced in the matter of market prices for stock and wool. For a period of years, it is true, it had a successful run, but during that period a re-appraisement of rentals took place, and the rentals of pastoral areas were increased. During the last two or three years, owing to the fact that a good deal of money has been borrowed to assist the industry, the pastoralists have found themselves in grave financial difficulties, and now the industry is on the verge of collapse.

For years the industry has been the subject of investigation, and both here and elsewhere the result has been a mass of printed matter with very little subsequent action. Members are well aware that a Royal Commission reported in 1928 on the meat industry in Western Australia, and that a similar commission reported on the beef cattle industry in Queensland. Those reports were followed by a joint report of both the Queensland and Western Australian commissions on the cattle industry of Queensland, the North-West of Western Australia, and the Northern Territory. This was made in 1929, but it is regrettable to say that despite the plenitude of information which had been collected, the efforts of those concerned were unrewarded by any governmental or legislative action. That state of affairs continued until April last, when the present Minister for Lands took the matter in hand. At that date the position in regard to the cattle industry was very unsatisfactory and the price of wool was still on the decline. Those aspects convinced the Minister that a careful investigation was urgently necessary to ascertain the true position, and what measure of relief, if any, should, and could, be given by the Crown. Accordingly he appointed a committee consisting of Mr. R. G. Courtenay, the Accountant of the Lands Department; Mr. G. Drake-Brockman, who, as Resident Engineer of the North, had had considerable opportunities of making himself acquainted with the pastoral industry; and Mr. Pelloe, a retired inspector of the National Bank, who, on account of his banking experience in this State and in Queensland, appeared eminently suitable for inclusion on the committee. The gentlemen concerned at once made a very exhaustive investigation, in the course of which they carefully perused all the documentary evidence available. They then consulted the interests concerned and eventually submitted certain recommendations to the Minister, with the result that, acting on the advice of the committee, this Bill has been brought down.

As previously stated, its principal feature is the provision in Clause 2 that the rents of pastoral leases in the Eucla, Eastern, North-Western and South-Western Divisions of the State, also the leases in the Kimberley Division devoted primarily to the raising of sheep, shall rise or fall at the rate of 6 per centum for every 1d. increase or decrease above or below 1s. per lb. in the price of greasy wool produced in Western Australia for the preceding season as fixed by the Government Statistician, the maximum increase or decrease being 30 per cent. Further, in regard to the leases in the Kimberley Division devoted primarily to the raising of cattle, the Bill provides that rentals east of the 127th degree of longitude shall be reduced by 40 per cent., and west of the 127th degree of longitude by 20 per cent. That difference in the rate of percentage reduction in respect to the Kimberleys

is accounted for by the pleuro restrictions against the removal of stock from East Kimberley, but the main reason for the application of the proposal to the Kimberley Division is on account of the low prices being secured for cattle.

Another aspect of the matter is that East Kimberley has the advantage of the Wyndham Meat Works, but West Kimberley must depend on the southern market which, of course, is adversely affected in so far as the Kimberley producers are concerned, by the competition which is yearly increasing by means of supplies coming forward from other parts of the State. At present all pastoral leases are subject to reappraisement with effect from the 1st April, 1933, and in view of that fact, this Bill provides that the reduction of rent on the Kimberley leases shall operate only till such appraisement takes place. That restriction applies only to the leases in the Kimberley Division, and in regard to leases in the other divisions of the State, provision has been made in the Bill that the next period of assessment shall not take place until the expiration of 10 years from the 1st January, 1932. The latter provision in the Bill practically extends the period during which the present assessment operates on leases, other than those in the Kimberley Division, from the 1st April, 1933, to the 31st December, 1941.

In that regard it will be appreciated that leases that have been granted during the last few years would run for 15 years under the present assessment, and, fixing the period of re-assessment at 10 years from the 1st January, 1932, would, in some instances, shorten that period of 15 years. But as against that, and unlike the lessees of cattle propositions in the Kimberley Division, the lessees of sheep runs will receive the privileges of this proposed Act in regard to a reduction of rentals when the price of greasy wool is below 1s. per lb. The rate of 1s. per lb., which is provided in the Bill as a basis of calculation for reduction or increase, has been arrived at as a result of evidence secured by the committee already referred to, who were of the opinion that such evidence was in general agreement that 1s. per lb. for greasy wool was the lowest figure which would enable sheep stations to be worked at a profit.

The estimated concession this Bill will afford pastoralists is £33,310 out of a present total annual rental of £139,518. That £33,310 is made up of the writing off in East Kimberley of £3,374, in West Kimberley of £2,216, and in the other divisions of the State, £27,720. However, if wool drops in value, the concession will be more next year, whereas if wool improves in value, the concession will be correspondingly reduced. Although the figures mentioned will not give the industry all the relief which it expects from the Crown, they nevertheless represent a considerable writing off, and much more cannot be expected of the Crown in the present time of financial stringency, seeing that other activities must be provided for and kept in mind, as well as the necessity to protect our primary industries.

I omitted to mention earlier in my remarks that the principle of basing the rental of sheep stations on the price of wool has not been adopted elsewhere; it is quite a new suggestion and the Government are hopeful that it will open the way to a large measure of assistance to the woolgrower.

Hon. Sir Edward Wittenoom: How are you going to arrive at the average price?

The CHIEF SECRETARY: The remaining matter in the Bill—that dealt with in Clause 3—refers to free homestead farms. It is proposed that in certain cases the Minister shall have the power to extend the area of such grants wherever he considers it necessary. There is nothing new in the proposal, because Parliament agreed to a similar principle in 1922 in respect to group settlement. If Parliament approves of the extension of the principle, it will enable persons who have been selected by the Minister for absorption in a scheme of settlement, to be given increased areas of free homestead farms even though the farms exceed 160 acres, which is the maximum area for a homestead farm, as fixed under Part 8 of the Land Act.

Hon. V. Hamersley: Is there any limit?

The CHIEF SECRETARY: If the authority is given, it will apply roughly to between 170 and 180 people, and perhaps the Government will be able to settle a few more people under similar conditions. For the moment it is intended to apply the authority, if given, to the settlements for the absorption of a certain number of unemployed married persons at Nornalup,

Nannup, Busselton and North Albany. In the past there has been merely a certain proportion of the survey fees charged up against those particular blocks, but in the future the whole of them will have to carry the full survey fees. It is unfair to charge up that cost against Consolidated Revenue. From now on it is proposed to charge against each block the actual cost of the survey, instead of as at present, one-fifth being charged against the block and the balance against Consolidated Revenue. Admittedly the Bill makes a new departure in fixing values, but the pastoral industry is in a sore plight, and something must be done to afford it some relief. Many producers borrowed money in good times, and now their holdings are over capitalised. Therefore, unless relief is given, the recovery of the industry will extend over some years.

Hon. J. Cornell: This is something like a Greek gift !

The CHIEF SECRETARY: The Government desire to encourage the beef cattle industry and are anxious to improve the flocks. They are of the opinion that both can be achieved to some extent if the present proposals are acceptable to honourable members. I move—

That the Bill be now read a second time.

HON. J. J. HOLMES (North) [4.54]: I desire to offer a few brief remarks concerning the Bill. It is gratifying to know that the Government appreciate the difficulties that confront the pastoralists. The Minister seems to have grasped the situation but, in my opinion, the circumstances justify me in saying that the Bill does not go far enough. The fact remains that the pastoral industry in the North has been in grave difficulties for a long time past. If those interested in that industry are to overcome the difficulties, and become prosperous once more, and, as a result of that prosperity, help the State out of its difficulties, I believe the pastoralists must receive in the immediate future a greater measure of relief than the Bill provides. To begin with, the Bill sets out that the reduction of rentals suggested by the Government shall operate as from the 1st January next. All other rent reductions of which we are aware —and some of them have been fairly drastic—have dated from the proclamation of the Act, which was about August last. The House should realise the difficulties of the position confronting the pastoralists and if they take cognisance of the circumstances in which the industry is carried on to-day, they will reasonably expect the rent reductions to date as from the 1st July last, instead of as from the 1st January next. The Bill further provides a different means of arriving at the rentals as between the cattle country and the sheep country. In East Kimberley, which is cattle country, it is suggested that there shall be a 40 per cent. reduction in rentals for 15 months as from the 1st January next, and after that period there is to be a reappraisement of the leases. With respect to the West Kimberley Division, there is to be a reduction of 20 per cent. in rentals and a reappraisement at the end of 15 months as from the 1st January. Why the Bill should provide a 40 per cent. reduction in East Kimberley, and 20 per cent. only in West Kimberley, is difficult to understand at this stage. Had the Bill been introduced 12 months ago, when the West Kimberley district had the advantage of the metropolitan market, and the East Kimberley growers did not, there might have been some justification for the differentiation as between the two divisions. On the other hand, owing to the quarantine restrictions recently imposed upon the West Kimberley growers, who are prohibited from sending their cattle south except by steamer, combined with the difficulties with which the East Kimberley pastoralists are also confronted, I think members will agree that at any rate while the quarantine restrictions continue, the growers in West Kimberley should be placed on the same basis and a 40 per cent. reduction provided instead of the differentiation set out in the Bill. The Minister has pointed out that the Bill introduces a new system of fixing rentals of the territory occupied by the sheep raisers. That is a new departure, and as I understand it, the basis is to be as follows: The price of the wool is to be fixed at 1s. per lb., which does not cover the cost of production, but for every increase in the value of wool of over 1d. per lb., the pastoralist will be expected ot pay a 6 per cent. increase in rental, and for every decrease of 1d. under the 1s., he will get a rebate of 6 per cent. There is to be a maximum reduction of 30 per cent. and a maximum increase of 30 per cent. This has been arrived at after very serious consideration, I understand, on the part of all

parties concerned. The cost of production was put up before Chief Justice Dethridge in the Federal Arbitration Court. The result of his investigation was as follows:—

In the audited balance sheet of 50 stations —the prinicpal pastoral properties situated in the pastoral districts of this State—the cost of producing a pound of wool in Western Australia was 12.55d. This cost did not take into consideration interest on owners' capital, Federal or State income taxation, or allowance or remuneration for owner's services. The cost of 12.55d. was arrived at after allowing for the profit made by 43 of the stations for the year on the sale of their surplus livestock amounting in terms of wool to 1.7d. per lb.

As few, if any, stations have made any such profit this year—a number have made a loss —the cost of producing one lb. of wool, namely, 12.55d., will be increased by 1.7d. That was when sheep were being sold at a profit, but now that sheep in the far North are practically unsaleable, it will be realised that the pastoralists will not receive the same value as set out in the statement I have read. The average price realised in Western Australia, including all wool from the farming districts of the State in the year 1929-30 was 9.75d. per lb., and in 1930-31, 7.67d. per lb. It is admitted that it cost more than 1s. per lb. to produce the wool, and those engaged in the industry have been cut down from 9½d. in 1929-30 to 7½d. in 1930-31. It will thus be realised how serious is the difficulty the pastoralists have been and are up against. The Bill will be of some assistance to them, but as I said at the outset it does not go far enough. We should remember that the pastoral industry in this State was developed by private enterprise, by men of energy, grit and youth on their side, and that all went into the far North and pioneered that country without any assistance from any Government. When we bear in mind the millions of money that have been spent in developing the dairying industry in the South-West, we cannot but admire the work that has been done by those who have developed the north unaided by the State, or perhaps granted but meagre relief, something in the nature of the assistance it is proposed to give by the Bill we are now considering. Comparing the two—the North and the South—it will be seen that the North has fared very badly, and that little, if anything, has been done to encourage the men who have been prepared by their strength, ability, enterprise and their own capital, to develop the pastoral portions of the State. I should like to quote a few figures relating to the shipment of cattle from West Kimberley; I shall not elaborate them because the matter is now the subject of investigation at the hands of a Royal Commission. The figures I shall give, however, will not in any way have any bearing on the inquiry. Owing to the restrictions imposed regarding the quarantining of the cattle that have come down from West Kimberley, the number of buyers down here have become limited. In fact nobody but butchers buy the cattle on arrival. One shipment of 280 bullocks, fit to enter any market in the world, most beautiful cattle, netted to the producer 16s. 9d. each. Another consignment of 158 bullocks netted 11s. 1d. A third consignment—sent down by a grower who was born in the South and who went to the North about 40 years ago and has battled right through—consisted of 140 bullocks, and after all charges had been paid, a debit note was sent to the grower of 6s. per head. Can the growers of the North continue under conditions such as these? I should also like members to note the fact that the leases in East and West Kimberley are appraised according to their supposed carrying capacity. Let us examine the position and see how the appraisement is arrived at. To me it is difficult to understand. The leases have been appraised from 15s. per 1,000 acres down to a lesser amount per 1,000 acres. I know of an area in East Kimberley on the border of the Northern Territory that was appraised at 15s. per 1,000 acres. We must bear in mind that there is an imaginary line that divides that lease, one portion of the property being in Western Australian territory, and the other in the Northern Territory. The owner is paying 15s. per 1,000 acres to the Western Australian Government, though under the Bill he will be asked to pay 9s. per 1,000 acres, but to the Northern Territory he is paying 3s. 10d. per 1,000 acres. There is to be a re-appraisement of the Northern Territory leases in 1935 and further re-appraisements in 1945 and 1955. The Western Australian leases will expire in 1948, and the Northern Territory part will expire in 1965. True, the present Western Australian Act provides that there shall be only one appraisement between now and 1948, but the Bill will alter that somewhat. The Northern Territory Act provided for a re-

appraisement to be made in 1928, but that re-appraisement has not yet been carried out. From what I can gather an appraisement will be made in 1935. I understand, however, that the controllers of the Northern Territory areas are not likely to interfere with the rental in any way. Their concern is to get people to hang on, and that will have to be the concern of the Western Australian Government also. It should be their concern to see that the people there are encouraged to such an extent that they will remain on their properties until the markets of the world improve and the prices will enable them to show a reasonable profit. The present Government have done something towards relieving the distress of those people, but a lot more has yet to be done if it is our wish that they should remain there and battle through. I know that at the present time the big stations of the North, almost without exception, are being financed by the banks. The banks are greatly concerned about what will happen under this Bill. I know also that many of the smaller station owners, particularly in East Kimberley, are being financed by the Government in order that they may continue to occupy their holdings until such time as conditions alter and there is a profitable market for their products. Without any breach of confidence I can say that the banks are staying their hands, especially those banks which expected proceeds from cattle shipped last year, proceeds which did not become available. The banks are staying their hands to see how much relief will be granted under the Bill, and whether it will be worth while to stand by the station owners. I have been associated with the cattle industry for 20 or 25 years, and I have no hesitation in saying that a bullock cannot be produced, fit for the market, at less than £5. He has to be nursed for four years, at all events. Meantime rents, taxes, and station administration costs have to be paid. Owing to high freights, those costs are almost outrageous. The difficulties of the Kimberleys include tick, tick fever, buffalo fly, dogs and other pests. The men engaged in the industry there are working under climatic conditions which are not conducive to the enjoyment of existence, at any rate. Only a small percentage of the bullocks ever get fit for market. Cattle are like human beings in that respect. Some human beings, no matter how good the food they get, never fatten. Similarly with cattle. Some lean cattle, put on pastures rolling with fat-producing grasses, never fatten. Thus it comes about that only a percentage of the cattle ever become fit for market. In placing the cost of production of a fat bullock at £5, I am not exaggerating in the slightest. Thousands of cattle have been delivered at the Wyndham Meat Works this year. The figures are not yet available, but I believe I am quite safe in saying that the amount realised up to date by the owners for those cattle pans out at about £2 per head. I know that if the meat is sold on a rising market in London, something will be added to the £2; but from the outlook of the meat market the price is not likely to increase. The owners of the bullocks may get something out of the exchange, provided that the exchange holds until the meat is sold. Without any exaggeration whatever, it looks as if cattle which cost £5 to produce will not realise more than £3 net as the result of the operation of the Wyndham Meat Works. In connection wtih the development of the Kimberleys, it is interesting to note that the pioneers and their descendants have been battling ever since that country was opened up. It was developed some 40 years ago. Not too many of the pioneers have made any money out of the transaction. I know of one man in this town at the present moment, who came from Queensland to Kimberley 40 years ago.

Hon. V. Hamersley: Fifty years ago.

Hon. J. J. HOLMES: The man was 2½ years coming over from Queensland. I think he and his party had three mobs of 2,000 cattle each. He went into East Kimberley to develop it. Some of those who developed the Kimberleys lost their lives through natives, others lost their health. At the present moment I can think of only one pioneer who made enough money to get out. The descendants of the others have had to battle along under difficulties such as I have described. That applies to West Kimberley as well as East Kimberley. I can remember Mr. Rose as one of a party when West Kimberley was opened up, about 40 years ago.

Hon. E. H. Rose: Forty-five years ago; in 1885.

Hon. J. J. HOLMES: I know that the young men of the South stampeded into West Kimberley. They got there under all

sorts of conditions. Some went in small sailing craft, taking their cattle and sheep. Some landed at Broome and travelled their stock overland to Kimberley. They battled on there, and their descendants are battling on now. As has been pointed out this afternoon—and I hope the House appreciates the fact—these people are harder up against it to-day than they have ever been, and this through no fault whatever of their own. The existing Land Act contains numerous anomalies, some of which might have been rectified in the Bill. The Act under which existing leases were granted provided that proximity to a port or a railway station must be taken into consideration by the appraiser in fixing the value of the leasehold. In other words, a lease close to a port, with no distance to cart stores or materials and no distance to travel stock, would pay the highest rental provided the country is good. As one gets further back, the rent of the leasehold automatically decreases, provided the class of country is similar. All the sheep country adjacent to Roebourne, which formerly was served by the Point Samson jetty, was appraised on the basis of proximity to port. The holders are paying to-day—and this Bill does not rectify the anomaly—on the basis of proximity to port. Yet some five years ago the port in question, consisting of the Point Samson jetty, was blown away by a willy-willy. The jetty has never been restored. There is no chance of that jetty, or any other jetty in the locality, being constructed in the near future. Yet the leaseholders to whom I refer are expected to pay higher rentals on the ground of proximity to port. It costs those leaseholders 5s. per bale to lighter their wool from the shore to the ship with a high rate of lighterage on all other goods. They will continue to pay higher rents on the ground of proximity to port until somebody realises their position and introduces a measure granting the relief to which they are entitled. Anybody who has travelled over this sheep and cattle country will wonder how the appraisements were made, and will be likely to conclude that they were made in a Perth office instead of as the result of personal inspection of the leases. I hope that when re-appraisement does come about, especially in the Kimberleys—and that will be in 15 or 18 months' time—steps will be taken to examine the leases and ensure that the rents are adjusted in accordance with the carrying capacity of the country. Many owners have told me that they have what is known as breeding country leased from the Government, country on which cattle will breed but not fatten, and that for these leases they are paying higher rentals than for fattening country. Such a fact justifies one in saying that the appraisements were made in an office in Perth instead of as the result of inspection of the leaseholds. Mr. Miles can bear out my statement that some of the small men in the Kimberleys have been charged such high rates of rental that they have been forced off their holdings, simply because they could not pay the rentals. Recently I moved for a return of pastoral country surrendered in East Kimberley and West Kimberley. A reference to that return will show hon. members that a tremendous area of country has been surrendered, and that fresh holdings have been taken up. I do not know of any new people coming into the Kimberleys, and the presumption is that the men who have been forced off their holdings by unjust appraisements have taken lesser areas, throwing the balance back on the hands of the Government. Such people did not want to surrender their leaseholds to the Crown, but they could only retain what they were able to pay for, and what was worth the money the Government were asking. The Minister has dealt with the matter very fairly indeed. He has been quite frank about the position in which the pastoralists are placed. He has been quite frank about the actions of the present and past Governments, and as to the manner in which they have treated the recommendations contained in the report of the Federal Royal Commission on the beef industry. I appreciate the Minister's frankness, and I hope and believe that now he and the other members of the Government realise what the pastoral industry is faced with, steps will be taken in the immediate future to grant even more relief than the Bill provides. It is pleasing also to note that in another place Labour members to a great extent supported the Bill: in fact, I think some of them have said that it does not go far enough. They realise the condition of the pastoral industry, and that, I think, points to the fact that had the Government introduced a more liberal measure than

this, a measure providing for a further extension of the leases—a matter about which the banks are so much concerned—no opposition would have been shown to it by members of the Labour party in another place; in fact, some of them indicated that the leases should be extended. As I explained at the onset, an amendment should be made to strike out "January, 1932" and insert "July, 1931," which would serve to make the reduction as from the 1st of July last. Then I think if we were to strike out the 20 per cent. for West Kimberley and insert 40 per cent., the same as East Kimberley, that would meet some of the objections to the Bill and grant relief to those who most deserve it. In Committee I will move those amendments, and I hope to get the support of members. The only other point referred to in the Bill is the proposed increase in the area of homestead farms. According to my reading, this will give the Minister power to grant a homestead farm of any area. Personally, I think it is too great a power to put in the hands of any Minister. In the past the area of a homestead farm has been fixed by Act of Parliament. The Minister, when moving the second reading, said this was intended to apply only to homestead farms in the South-West. However, there is no such limitation in the Bill, for there it takes the form of a general power given to the Minister to grant land up to any area he may think fit. I do not say I will oppose that provision, but I do ask the Minister to make clear the necessity for it, because it proposes to give a power which I do not think should be in the hands of any Minister. I will support the second reading.

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

BILL—LAND TAX AND INCOME TAX (No. 2).

Message from the Assembly received and read notifying that it had made the amendments requested by the Council, now considered.

In Committee.

Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

Preamble, Title—agreed to.

Bill reported without amendment, and the report adopted.

Third Reading.

Bill read a third time and *passed.*

BILL—SWANBOURNE RESERVE.

Received from the Assembly and read a first time.

Second Reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [5.40] in moving the second reading said: This matter of the Swanbourne Reserve was previously before the House in 1929. In that session the principles of this Bill were set forth in Clause 7 of the second Reserves Bill, and on that occasion the Council decided, after the question had been reported on by a select committee, to delete the clause referring to the Swanbourne Reserve because the select committee stated—(1) that the whole of the proposals in regard to these "A" Class reserves are complicated, and should be dealt with in a separate Bill; (2) that there was apparently no urgency. The report of the select committee was presented to the House on the 31st October, 1929, and members can obtain it from the records of the House if they desire to peruse it. Since then considerable discussion has taken place between the Government and those concerned, and the matter is now resubmitted in this Bill for the decision of the House.

As previously stated, the object of the present Bill is similar to that of Clause 7 of the 1929 Reserves Bill; that is, to amend the boundaries of Class A Reserve No. 7804 at Swanbourne, which is now vested in the Claremont Road Board for recreation and park lands, so that certain portions will be eliminated and other land added. At the back of the present Bill there is a plan which may assist members in the consideration of the measure, but I would advise them to peruse the coloured litho. on the Table of the House as, in my opinion, it explains the position more clearly than the one in the Bill. The Swanbourne Reserve proposals date back to 1922, when a deputation waited on the Premier of the day and asked for a loan from the Crown to enable the Claremont Road Board to purchase some land adjoining Reserve 7804 with the object of adding it to the reserve. A generous Government advanced £2,500.

The purchased land is lettered "D" on the plan, and it was understood at the time

that when such land was purchased it would be surrendered to the Crown in consideration of some other land being granted to the board so that that body could sell the land so granted and repay the loan of £2,500 to the Crown. Those hopes have not materialised, and it is now proposed to adjust the difficulties that have arisen and to do so in the manner outlined in the Bill, namely, to eliminate from the reserve the land lettered "ABBB," as being unsuitable for recreation purposes such as football, cricket, etc., and to apply it to residential uses. The land lettered "A" will then be given to the Educational Endowment Trustees in exchange for the lands lettered "C" and "J," and at the same time the land lettered "BBB" will be granted to the Claremont Road Board in exchange for the land lettered "D," which is to be included in the reserve, which is lettered "EEE." The land lettered "D" is particularly suitable for attachment to that portion of the reserve lettered "EEE." It is low-lying land, and some time ago the Crown advised the board that it was unsuitable for residential purposes. However, it lends itself admirably for recreation purposes, and since it has been secured by the board it has been laid out in football grounds, cricket pitches and tennis courts, and fencing and dressing sheds have been erected, water supply has been provided, and a certain amount of drainage has been completed.

The recreation reserve will consist of the portions marked "EEE," "C" and "D," and the pieces of land marked "J" to be received from the Educational Endowment Trustees will be used for road-widening, authority for which will be sought in another Bill to be introduced later. Between Reserve 7804 and the coast are a one-chain road and a strip of land from 1 to 3 chains wide, which is reserved for recreation and vested in the road board. Members of the select committee expressed the opinion that the frontage to the coast was being given away. That is hardly correct, as members will see, if they peruse the plan closely, that the piece of land for recreation purposes is there. The whole matter of the Swanbourne reserve has been exhaustively investigated by the Lands Department in the years that have elapsed since the trouble arose, and it is now necessary that it should be finalised. The land lettered "D" was purchased by the board at a cost of £2,800. Class A reserve, No. 7804, as it stands, contains 38 acres 3 roods and 9 perches. The portion lettered "A," which is to be given to the Educational Endowment Trustees in exchange for the lands lettered "C" and "J," contains six acres, and the areas lettered "BBB" to be handed over to the Claremont Road Board in exchange for the land lettered "D" embrace about 14 acres.

At the time of the rejection of Clause 7 in the 1929 Bill, there seemed to be an impression in the minds of some members that the Crown was granting land to the road board merely to enable the board to sell it and reimburse themselves for the money which they had spent, and which they were under an obligation to repay to the Crown. That erroneous impression had much to do with the rejection of the clause. As a matter of fact, the board had purchased about 14 acres of land with the money obtained from the Government. That land was to be surrendered to the Crown and added to the existing reserves, and, in consideration of the land obtained from the board, the Government were to make an equivalent area available in fee simple so that it could be sold by the board at suitable opportunities. The proceeds were to be remitted to the Government in repayment of the loan on which the board are still paying interest.

The whole proposal is, therefore a quid pro quo in so far as the board are concerned, but in regard to the Educational Endowment Trustees, it is considered advisable to include a portion of the present endowment reserve, and to give the trustees in lieu thereof an equivalent area out of the existing Class A Reserve, 7804. To that proposal the trustees have agreed. Provision has been made in the Bill for certain proposed roads. The boundaries of the land to be given to the Educational Endowment Trustees and the road board are slightly different from those dealt with in Clause 7 of the 1929 Bill, but the area will be the same. The reserve, when finally adjusted, will be of practically the same area as at present, and it will contain land that will lend itself more to the purposes for which it was declared.

Since Clause 7 was struck out of the 1929 Reserves Bill, other local governing

bodies in the vicinity, namely, the Claremont Municipal Council, the Peppermint Grove Road Board, and the Cottesloe Municipal Council, have been very much concerned lest the sanitary reserves on the north of Reserve 7804, which are at present in use, would be interfered with under the Bill. That matter has been fully explained to the local governing bodies, who are now satisfied that there is nothing whatever in the Bill to take exception to, in that the reserves are not mentioned. The Claremont Road Board have felt some concern about the extension of Reserve 7804 to the north and the probable inclusion therein at some future date of portions of the sanitary reserves, but there is nothing in this Bill touching on the subject, and consequently members need not worry themselves about that aspect, which can be dealt with at a later date should it ever arise. Members can rest assured that the sanitary reserves will not be interfered with in any way by this Bill; and if, as is feared by the Peppermint Grove Road Board, the present access to the sanitary reserves may be obstructed by the Claremont Road Board, then the board will be compelled to provide other adequate means of access to the reserves. However, it not a question which can be introduced into this Bill, or one in which the Crown is at present concerned, but should it ever arise, then it will be dealt with promptly. I move--

That the Bill now be read a second time.

On motion by Hon. Sir Charles Nathan, debate adjourned.

BILL—LAND AGENTS ACT AMENDMENT.

Received from the Assembly and read a first time.

BILL—INDUSTRIES ASSISTANCE ACT CONTINUANCE (No. 2).

Second Reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [5.53] in moving the second reading said: It is necessary every year to pass a Bill to extend the life of the Industries Assistance Act, so that the board may be placed in a position to control the crop proceeds of those clients whose debts are still in the course of funding and to enable the board to protect existing security rights. In previous sessions it has been usual to prolong the life of the board from year to year ending on the 31st March, but in this Bill it is proposed that the board shall continue to function until the 30th June, 1933. This alteration will bring the operations of the board into line with the financial year. As members are aware, the board have been instrumental in alleviating distress in the agricultural industry during a critical period, and have rendered great assistance in the settlement of discharged soldier settlers on the land. Moreover, the board have been a great factor in maintaining the securities of the State and have been responsible for the production of an abundance of wealth, in which all have participated. Since the last continuing Act was passed the number of settlers on the books of the board has been reduced by 79. There are still 1,399 settlers under the board, but 1,011 of them have had their debts placed under the instalment mortgage plan, and the accounts of the remaining 388 settlers are still the subject of negotiation with the same object in view. Those figures are very satisfactory compared with those disclosed when the matter was under discussion last year. Although no new accounts were opened during the year, the board found it necessary to provide assistance to the non-funded section by refunds and further drawings on the Treasury to an amount of £106,549 18s. 7d. During the last 12 months, repayments, inclusive of interest, amounted to £198,442, and the amount outstanding on the board's books at the 31st March last was—

	£ s. d.	£ s. d.
Mortgage Accounts—		
Principal	1,156,519 9 7	
Interest	139,779 11 6	
		1,296,299 0 7
Accounts Non-funded but in course of funding		497,520 8 6
		£1,793,819 9 1

The losses written off to the 31st March last amounted to £748,742 1s. 8d., after the recovery of £132,973 16s. 3d. from the Commonwealth Government in respect of the

losses incurred on soldier settlement. An analysis of the losses is as follows:—

	£	s.	d.
Losses on trading	25,278	2	3
Excess cost of administration and interest on capital, over interest earnings and discounts, etc.	308,942	13	8
Bad debts	455,709	4	1
Cancelled debts	91,515	17	11
Total	£881,445	17	11
Less recoveries from Commonwealth	132,973	16	3
Net loss	£748,472	1	8

The board's total indebtedness to the Treasurer is now £2,568,065 12s. 2d., of which the sum of £186,343 0s. 9d. was drawn from the General Loan Fund during the year. The average rate of interest payable by the board to the Treasurer on that debt is now 5.62 per cent. per annum. The principal cause for the increase in the board's capital debt was the extremely low price of wheat, and of course, for that reason, it could not be avoided.

The number of clearances from the board during the year was three only, making a total of 1,966 since the inception of the Act. Owing to the funding of settlers' accounts, it is difficult to assess the wealth produced by the board's settlers, but it is estimated that the value is in excess of £12,000,000 sterling. With an improvement in the price of wheat and a bounteous harvest, the board's accounts should be more healthy during the next twelve months. Already there are signs of better times in store for the agriculturists, and the Government anticipate that the affairs of the board will not be so depressed when the next continuance Bill is submitted. I am sure members will be relieved if such is the case. I move—

That the Bill be now read a second time.

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

BILL—DIVIDEND DUTIES ACT AMENDMENT.

In Committee.

Resumed from the 10th November: Hon. J. Cornell in the Chair, the Chief Secretary in charge of the Bill.

Clause 2—Amendment of Section 6:

The CHAIRMAN: The question is that the clause, as amended, be agreed to.

Clause, as amended, put and passed.

Clause 3—Amendment of Section 8:

The CHIEF SECRETARY: It has been discovered that, if the Bill is proclaimed immediately, it will inflict a hardship upon people we have no desire it should affect in that way. If the Bill were proclaimed next week, agents or persons who have been doing business for people abroad would be called upon to pay for the business they are doing, and they would therefore suffer, whereas if the Bill took effect from the 1st January it would give them time in which to make their arrangements to meet the duty. Lloyd's agents, for instance, who receive a low rate of commission and pay their costs from that commission, would have a hardship inflicted upon them if they had to pay this duty in addition.

Hon. J. J. Holmes: I thought you told us the Bill was designed to catch people like that.

The CHIEF SECRETARY: Quite so. But if the amendment I have on the Notice Paper stands as it is, we shall catch a number of unfortunate people it is not designed to catch. Associations or companies operating outside the State will eventually be placed in the same position as firms who are operating within the State. I move an amendment—

That all the words after the numeral "3" be struck out, and the following inserted in lieu:—"As from and including the 1st day of January, 1932, Subsection (3) of Section 8 of the principal Act is amended—

(a) by inserting after the word 'company,' in line four, the words 'or for any person, firm, or association'; (b) by excising the word 'or,' in line seven, and by inserting after the word 'person,' in line seven, the words 'firm or association'; (c) by inserting after the word 'Australia,' in line ten, the words 'or receives money for insurance premiums, or solicits or negotiates for contracts of insurance in Western Australia on behalf of any person, firm, association, or company carrying on insurance business outside of Western Australia.'"

Amendment put and passed; the clause, as amended, agreed to.

Title—agreed to.

Bill reported with amendments.

Recommittal.

On motion by the Chief Secretary, Bill recommitted for the purpose of further considering Clause 2.

In Committee.

Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

Clause 2—Amendment of Section 6:

The CHIEF SECRETARY: When the Bill was last before the House an amendment was passed to include certain words which are not acceptable to the Government, and I feel sure will not be acceptable to many members who may have given consideration to the matter. The amendment is of a drastic nature, and will make such inroads into the finances of the Government that it cannot be accepted. The Dividend Duties Act is quite distinct from the Land and Income Tax Assessment Act. I cannot understand the line of reasoning followed by some members when they say there should be the same deductions under the Dividend Duties Act as under the other Act. The profits of companies are assessed at a flat rate of 1s. 5¼d. in the pound; whereas taxpayers' incomes under the Land and Income Tax Assessment Act are assessed at a graduated rate of tax commencing at 2d. in the pound, and rising to a maximum of 4s. less 20 per cent. Consequently there are many individual taxpayers who pay a much higher rate of tax on their profits than the dividend duty rate of 1s. 5¼. In every other State of the Commonwealth incorporated companies are assessed at a special rate of tax, generally a flat rate, and in no cases are losses incurred in previous years allowed as a deduction. A company may distribute its income by the appointment of a number of the shareholders as directors and officers, and by the payment of salaries, fees and bonuses to such persons, and thereby evade almost entirely payment of dividend duty, and at the same time escape the payment of income tax at the higher rates of taxation. For instance, in past years many individuals and persons in partnership were making large profits, and paying income tax at the higher graduated rate of tax. Subsequently, however, by the formation of their businesses into incorporated companies, they were able to bring in members of their families and other relatives, who participated in salaries, fees and bonuses as directors and officers, with the result that the profits were considerably reduced and taxed at a much lower rate than under the Land and Income Tax Assessment Act. Let me take an individual who in 1928 was making £10,000. He would have been taxed at 4s. in the pound, less 33⅓ per cent., or 2s. 8d. in the pound; whereas a company making the same profit would pay dividend duty on such amount at 1s. 5¼d. in the pound. But in almost every case the company would reduce the taxable profits to, say, £3,000 more or less, and pay duty on this sum at the rate of 1s. 5¼d., and the balance of £7,000 would be distributed as salaries, directors' fees and bonuses to a number of persons, such as directors and shareholders, and would be subject to income tax at various rates of tax, less in many cases than 1s. in the pound. If losses are allowable as a deduction to incorporated companies, some hundreds of companies in this State would be able to arrange their accounts in such a way as to obviate the payment of duty for many years, if at all, and pay the so-called directors and officers amounts that would return very little income tax.

Sitting suspended from 6.15 to 7.30 p.m.

The CHIEF SECRETARY: It would be possible for a company to pay salaries to a number of directors not exceeding the statutory exemption and concessional deductions allowed under the State Land and Income Tax Assessment Act, and thereby escape the payment of any tax, income or dividend duty. In Western Australia companies are assessed at a lower rate of tax in the pound than in any other State of the Commonwealth. The rate in Western Australia is 1s. 5¼d. on the net taxable profits. In New South Wales the commencing rate is 2s. in the pound on the first £500, increasing by 1d. in the pound for every £500 in excess of the first £500 until £4,500 is reached, when a flat rate of 2s. 9d. in the pound operates. In Victoria the rate is 1s. 9d. in the pound. In Queensland the rate of tax is based on the rate of interest earned on the capital employed by a company. Where the amount of the taxable profit does not exceed six per cent., the rate is 1s. 6d. in the pound. Where it does not exceed 7 per cent., it is 1s. 8d. in the pound, increasing by 2d. in the pound for every one per

cent. increase in interest, until a flat rate of 3s. 10d. is reached, and when the percentage rate of interest is over 19 per cent. In South Australia the commencing rate is 11d. in the pound, plus one two-hundredth of a penny on every pound of taxable income that does not exceed £5,000. The rate of tax over £5,000 is 3s. in the pound. In addition there is a 25 per cent. super tax in operation. The following will illustrate the operation of the South Australian rate of taxation:—

£1—tax is 11d.
£200—tax is 1s.
£400—tax is 1s. 1d.
£600—tax is 1s. 2d.,

the rate increasing by 1d. for every £200 of taxable income. Added to these rates is the 25 per cent. super tax. In Tasmania the rate is 1s. 6d. in the pound. Under the Commonwealth law, companies are taxed at the rate of 16.8 pence in the pound, but this cannot be compared with the State taxation. The Commonwealth are interlopers in the field of taxation, and naturally under such conditions are quite prepared to give way regarding all sorts of concessions and therefore any comparison is unreasonable. It will be seen that in other States, companies are taxed at a much higher rate than in this State. In Western Australia, as in all the other States of the Commonwealth, companies are not allowed the concessional deductions for State income tax or land tax, and Federal income tax and land tax. The amendment seeks to give companies in Western Australia this deduction which, as previously stated, will result in a considerable loss of revenue to the State. It would be difficult to determine what amount should be allowed for Federal income or land tax, in view of the fact that there are many companies carrying on business here that are branches of companies operating in the other States of the Commonwealth, and under the Federal income tax and land tax laws, the profits of companies and the land they own are assessed at an aggregate rate of tax on the total gross income earned throughout the Commonwealth, and on the total unimproved value of land owned in the Commonwealth. It would therefore be difficult to make an apportionment in order to arrive at the true amount of income tax and land tax attributable to the profits earned in Western Australia, or the land owned in this State. For this reason I consider it is inadvisable to make any provision for the allowance of Federal taxation as a deduction before arriving at the taxable profits of a company. Furthermore, incorporated companies are assessed at a flat rate that is considerably less than the maximum aggregated rate of income tax payable by taxpayers under the State Land Tax and Income Tax Act. All companies, like individuals, are entitled by law and not by "act of grace," to the whole of the expenditure incurred in the earning of profits. The Dividend Duties Act taxes the net profits of a company and Lord Herschell, a judge of the Privy Council, in dealing with the income tax law, and explaining the definition of "profits and gains," states: "You do not arrive at anything in the nature of profits or gains until you have deducted the whole of the expenditure incurred in earning those profits or gains."

Hon. H. Seddon: Is that part of our law?

The CHIEF SECRETARY: It is recognised and adopted. In proof of that assertion, there has never been one dispute under that heading. This definition by the learned judge has been accepted by all taxation commissioners as the basic principle on which to arrive at taxable profits, and while there is no specific provision in the Dividend Duties Act in regard to deductions, all companies have been allowed the expenditure incurred in the production of their taxable profits. If this were not so, there would have been many appeals to the court against the assessments of the Taxation Department, but in no instance has a case been brought before the courts by a company for any disallowance by the Taxation Department of any item of expenditure incurred in the production of a company's income. The losses arising from the annual trading of a company in excess of the profits earned, and which are allowed to taxpayers under the Land and Income Tax Assessment Act, are purely concessional deductions, and cannot be claimed as actual expenditure incurred in the production of income. Furthermore, companies by reason of their constitution are able to give to their shareholders a protection not enjoyed by individuals or partners of a partnership. Companies may permit a distribution of the

profits by way of fees, bonuses and salaries to the directors and thereby reduce the taxable profits as well as lighten the burden of income tax payable on such directors' and shareholders' remuneration, fees, etc.

In Western Australia the greater number of companies subject to the Dividend Duties Act are foreign companies, namely, those trading in Western Australia and elsewhere and whose accounts, incomes and deductions are very difficult to check. In many cases these companies invoice their goods to branches in Western Australia at prices considerably in excess of cost prices, with the result that the true profit earned in Western Australia is not returned for taxation, and is difficult of ascertainment. Interest on capital and trading losses incurred outside Western Australia have been claimed and allowed as deductions because the department has not always been able to detect and check such claims. Consequently if such companies are to be permitted to deduct losses incurred in previous years, it will be difficult, if not impossible, for the Commissioner of Taxation, without considerable cost by inspection in other States of the Commonwealth, to check such claims with the object of disallowing them.

Another method of escaping taxation adopted by taxpayers, or a number of them, who are interested in several business concerns is to form each concern into a liability company and to draw directors' fees or dividends from each, and in this way prevent the aggregation of their earnings as would be the case if they were assessed as individuals under the State Land and Income Tax Assessment Act or the Federal Income Tax Act, and paying tax at the higher income rates under the Acts mentioned. This was successfully carried out by the Abrahams Bros. for a considerable number of years until they were discovered and brought to book. They were interested as partners in about 20 different companies in the several States and in this way escaped taxation in all States of the Commonwealth. They were eventually caught and paid for their scheming in Western Australia and under the Commonwealth taxation laws, but they paid nothing in the other States. This is a very sound reason why losses in previous years should not be allowed as a deduction to companies that would considerably benefit shareholders who already derive a benefit by being assessed at the lower rates of tax and the companies assessed at the flat rate of tax under the Dividend Duties Act. I hope the Committee will realise just what the amendment means, and will agree with me that the proviso should be deleted from the clause. If retained, it will place the Government in the unfortunate position of losing much revenue to which they are justly entitled. It is not possible to get the same results under the Dividend Duties Act as it is under the Land and Income Tax Assessment Act. I have shown how many people have successfully evaded taxation under the former Act and the proviso will merely afford further assistance to those people. It will practically destroy the possibility of the Government receiving any income under the Dividend Duties Act. I know members do not desire that end and I hope they will agree to the deletion of the proviso. I move an amendment—

That the proviso be struck out.

Hon. J. NICHOLSON: The Minister has reiterated in great part the argument he advanced when the Bill was in Committee at an earlier stage.

The Chief Secretary: I said that some members were not in the House when the proviso was agreed to.

Hon. J. NICHOLSON: I am not taking exception to the Minister's remarks. The Committee formerly agreed that it was merely fair and reasonable to put companies as nearly as possible in the same position as individuals regarding taxation, and that was all my amendment sought to accomplish. I recognise the question is difficult and complex, but we can hardly desire the Commissioner of Taxation to adhere to a system that has given the State so much benefit under the Dividend Duties Act, but which would not have been achieved had companies been assessed under the Land and Income Tax Assessment Act. Part of my argument is: Is it good business for the State to place companies in this disadvantageous position? Are we likely, by agreeing to the clause as it appeared originally, to get companies to invest money in this State and help to secure the development that is so essential. We want capital, and we want to see development. The whole position has been changed, and we find that all companies, local and outside companies, are taxed on their profits and therefore the title "dividend duties" is wholly a misnomer. We have to realise in what way

those companies are assessed on so-called profits. Under the Dividend Duties Act there is an entirely different way of arriving at assessment of profits under the Income Tax Act and the difference lies in this, that under the Income Tax Act, to arrive at profits that gives the right to deduct certain trading losses extending over a period of three years. A similar right is given under the Federal income tax law, and most of the other States arrive at profits in the same way as we do under the Dividend Duties Act by not allowing the deductions, but by granting deductions, and then the assessment is made on profits after the deductions have been allowed. Our companies are in a different position and are not given the benefit of bringing to account losses extending over three years which companies have the right to do under the Federal income tax law. There are also in the Federal Act provisions to prevent the very evil the Leader of the House seeks to prevent, the evil of having a multiplicity of companies. It would be a simple matter to introduce legislation similar to that passed by the Federal Parliament.

The Chief Secretary: They did not catch the Abrahams!

Hon. J. NICHOLSON: Those things have to be made manifest first before a way can be found to circumvent them; but there are provisions now to overcome those matters. Why should we not have a uniform Act The law should be similar to the Federal Act so as to overcome all the complexities. The most scientific principle is that laid down in the Federal law. As I have said, there is a scientific and an unscientific method of assessing the profits of a company. The scientific method has been worked out after much thought, as one can see from the address delivered by Mr. Robert Ewing, the Federal Commissioner of Taxation, before the Melbourne University Commerce Society some time back. It would clearly be working an injustice to try to put a company on the same basis as an individual. The total tax paid under the Federal law by a company at present is 1s. 4.8d. As the Commonwealth acts as collector for Western Australia, it would be better to have the Federal and State income tax laws on the same basis instead of having, as now, three confusing methods. Under our State Dividend Duties Act a company pays 1s. 5¼d., representing 1s. 3d. plus super tax. I look at the matter purely and simply from the scientific aspect. Obviously we have been pursuing a wrong course in the past. We should not continue on that course. The sooner we rectify the position, the better it will be for everyone. I hope the Committee will adhere to its former decision.

Amendment put, and a division taken with the following result:—

Ayes	.. .. ..	11
Noes	.. .. ..	7
Majority for	.. ..	4

Ayes		Noes	
Hon. C. F. Baxter		Hon. V. Hamersley	
Hon. J. Ewing		Hon. W. J. Mann	
Hon. J. T. Franklin		Hon. E. Rose	
Hon. G. Fraser		Hon. C. H. Wittenoom	
Hon. E. H. Gray		Hon. G. A. Kempton	
Hon. E. H. H. Hall			*(Teller.)*

Noes.	
Hon. J. M. Drew	Hon. H. Seddon
Hon. J. J. Holmes	Hon. A. Thomson
Hon. Sir C. Nathan	Hon. G. W. Miles
Hon. J. Nicholson	*(Teller.)*

Pair.	
Ayes.	Noes.
Hon. W. H. Kitson	Hon. H. J. Yelland

Amendment thus passed.

Hon. J. J. HOLMES: I move an amendment—

That the following be added to the clause:—"And the said section six is also amended by adding to subsection two thereof a further proviso, as follows:—Provided further, that, in the case of a company engaged in agricultural and/or pastoral business, the Commissioner shall (for the purpose of calculating duty) deduct from the amount of the said assessment—(a) any net business losses incurred during the year in respect of which the return has been made or during both or either of the two years immediately preceding that year; and (b) any net losses arising over a like period from the loss of crops or live stock due to droughts or other circumstances over which the company had no control or which it was unable to prevent or insure against; but so that no losses which have previously been allowed to the company as deductions under this Act shall be so deducted by the Commissioner as aforesaid, and that nothing in this proviso shall be deemed to deprive any company of the right to be allowed any deduction which it might be allowed if this proviso were not in force, and that no losses in respect of fixed capital assets shall be allowed as deductions under this proviso."

This amendment is not nearly so drastic as that just passed, which is likely to have a far-reaching effect. The Minister referred to foreign companies, and how they were to be dealt with. My amendment applies to

companies engaged in agricultural and pastoral pursuits, in which pursuits foreign companies do not usually engage. Losses may occur through error of judgment or bad management; but those who engage in pastoral and agricultural pursuits are liable to losses through natural causes, and they should be entitled to set off such losses against the profits of subsequent years. The agricultural and pastoral industries, above all others, are entitled to the relief proposed.

The CHIEF SECRETARY: I must oppose the amendment. I dealt extensively with the subject in speaking against a previous amendment. Under Subsections 2a, 15 and 17 of Section 21 of the Land and Income Tax Assessment Act, all the other deductions are allowed.

The CHAIRMAN: This amendment applies only to a company engaged in agricultural and/or pastoral business. All discussion should now be directed as to why the proposed concession should or should not be allowed to companies engaged in those industries. We have had the general discussion, and all that the Minister is now advancing has been voted upon already. Had this amendment not been so circumscribed, I would have ruled it out of order; so this discussion must be out of order.

The CHIEF SECRETARY: During the past 10 years many pastoralists and agriculturists have converted their businesses into limited liability companies with the definite intention of escaping the higher rates and having their properties assessed on a lower rate for taxation.

Hon. J. J. Holmes: You told us this afternoon the pastoralists were not making any profit.

The CHIEF SECRETARY: But they are not always going to be in that position. Again, they have escaped taxation by including their families among the shareholders and splitting it up in that way. This amendment proposes to allow as a deduction losses incurred in previous years. If that is to be put into force, we shall have to alter the incidence of the taxation and put it on a graduated scale.

The CHAIRMAN: This amendment would apply only to a company engaged in the agricultural or pastoral business.

The CHIEF SECRETARY: Quite so.

The CHAIRMAN: But the hon. member is arguing generally.

The CHIEF SECRETARY: Many companies have been formed for the purpose of evading taxation.

Hon. J. Nicholson: They were not formed for that purpose at all.

The CHIEF SECRETARY: I know several that have been, and I know all the particulars regarding them.

Hon. J. Nicholson: They were formed for for the purpose of holding certain areas.

The CHIEF SECRETARY: Some were formed specially to avoid taxation. I know what I am talking about. Why does the hon. member stand there, and in his Scotch way contradict me?

The CHAIRMAN: I remind Mr. Nicholson that he has the right to challenge the Minister, when making a general statement, to name the company.

Hon. J. J. HOLMES: The Minister is very difficult to follow. This afternoon, with tears in his eyes, he told us the pastoralists were making no profits at all, that they were up against it and were likely to be so for years to come. He admitted that the temporary relief to be granted them was sufficient only for immediate requirements, and would have to be increased in the future. Now he says the pastoralists have formed companies in order to evade taxation. There may be no profits available at present, but I am quite sure that whenever there are profits there will soon be a Bill to amend the Dividend Duties Act. And let me say that when we reach that stage the Minister shall have my assistance. If any section of the people are going to save the country, it will be those engaged in the production of wheat and wool, and, incidentally, of gold. What has put us in our difficulties has been the slump in the prices of wheat and wool. While those prices were up we were permitted to borrow, and but for the collapse of those prices we would have been borrowing to-day, and so getting deeper into the mire. The Minister says the pastoralists have formed companies to evade taxation. What really happened was that a lot of the pioneer pastoralists, having through no fault of their own lost everything they possessed, had to look for assistance, and were advised to turn their properties into a limited liability. It was for that reason, and that reason alone, that the companies were formed, not to evade taxation. On

the question of losses, is it not equitable that the profits of one year should be set off against the losses of another year, when perhaps severe drought conditions prevail?

Hon. E. H. H. Hall: The Minister says it is.

Hon. J. NICHOLSON: I would not have taken part in this discussion but for the interjection of Mr. Hall, who seems to be under a misapprehension. The Minister was quoting from the Income Tax Act, which allows an individual to deduct his losses spread over a period of three years. Mr. Holmes's proposal is a very much reduced deduction, which is not co-extensive with that which an individual or a firm has under the Income Tax Act. Under the Dividend Duties Act no power is given to a company to make a deduction in arriving at its profits. Losses cannot be taken into consideration. An increase in the flock is taken in as a profit. Although there may not have been a penny piece earned, each sheep is reckoned at a certain rate, and the profit is ascertained on that basis. Is it not equitable that some deduction should be made if in the following year there is a drought resulting in great losses?

Hon. J. J. Holmes: The same applies to the wheat industry.

Hon. J. NICHOLSON: Yes, it does. I think the hon. member's amendment is a very reasonable one.

The CHIEF SECRETARY: I want it clearly understood that Subsections 2, 15 and 17 allow deductions in income tax, but no such deductions are allowed in dividend duties. I do not wish to mislead members in that respect.

Amendment put and a division taken with the following result:—

Ayes	13
Noes	5
Majority for	8

Ayes.

Hon. J. M. Drew	Hon. J. Nicholson
Hon. J. T. Franklin	Hon. E. Rose
Hon. E. H. H. Hall	Hon. H. Seddon
Hon. J. J. Holmes	Hon. A. Thomson
Hon. G. A. Kempton	Hon. C. H. Wittenoom
Hon. G. W. Miles	Hon. V. Hamersley
Hon. Sir C. Nathan	(*Teller.*)

Noes.

Hon. C. F. Baxter	Hon. W. J. Mann
Hon. J. Ewing	Hon. G. Fraser
Hon. E. H. Gray	(*Teller.*)

Amendment thus passed; the clause, as further amended, agreed to.

Clause, as amended, agreed to.

Bill again reported with a further amendment.

BILL—STAMP ACT AMENDMENT (No. 4).

Recommittal.

On motion by the Chief Secretary, Bill recommitted for the further consideration of Clause 9.

In Committee.

Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

Clause 9—Amendment of Section 72:

The CHIEF SECRETARY: Certain defects have been pointed out by the officials.

Hon. J. Nicholson: I pointed out some of them.

The CHIEF SECRETARY: Yes.

Hon. J. Nicholson: I am glad you admit it.

The CHIEF SECRETARY: I move an amendment—

That in Subclause 2 all the words down to "from," in line eleven, be struck out and the following inserted in lieu:—"Where a purchaser under a contract or agreement for sale, before having obtained a conveyance or transfer of the property, enters into a contract or agreement with a sub-purchaser for the sale of the same property, such last-mentioned contract or agreement shall be charged with ad valorem duty in respect of the consideration moving from the purchaser to the original vendor, and also in respect of the consideration moving from the sub-purchaser to the purchaser, but so that in assessing such ad valorem duty credit shall be given for the amount of any ad valorem duty already paid on the first-mentioned contract or agreement between the purchsaer and."

Amendment put and passed.

The CHIEF SECRETARY: I move an amendment—

That the following be inserted to stand as Subclause 3:—"(3.) Notwithstanding any stipulation to the contrary, where any sub-purchaser under a contract or agreement for sale referred to in subsection (2) hereof is required to pay on such contract or agreement any ad valorem duty in respect of the consideration moving from the purchaser to the vendor under any preceding contract or agreement relating to the same property, such sub-purchaser shall be entitled to deduct from th

consideration moving from him to his immediate vendor the amount of any such ad valorem duty which he is required to pay as aforesaid."

The object of the amendment is to protect sub-purchasers. Each purchaser will have to pay his own stamp duty, instead of the whole burden falling on the last purchaser.

Amendment put and passed.

On motions by the Chief Secretary, clause further amended by inserting after "declaration" in subparagraph (a) of the proviso the words "by him"; by deleting in subparagraph (a) the words "by a competent valuator"; and by substituting "value" for "valuation" where it first occurs in line 2 of subparagraph (b).

The CHIEF SECRETARY: I move an amendment—

That "exceed" in line 27 be struck out, and "is less than" be inserted in lieu; and that in line 22 "person's valuator" be struck out and "person" inserted in lieu.

Amendment put and passed.

The CHIEF SECRETARY: I move an amendment—

That "exceed" in line 27 be struck out, and "be less than" inserted in lieu.

Hon. A. THOMSON: What is the meaning of this? If there is an appeal, and the appeal shows the valuation to be less than that submitted, will the contractor have to pay the costs?

The CHIEF SECRETARY: This refers only to merchants and goods. It is the word "exceed" that is wrong, and the amendment will make the paragraph clear.

Amendment put and passed.

Hon. J. NICHOLSON: I move an amendment—

That after the words "be less than" (previously inserted) the words "the value" be inserted.

Amendment put and passed.

The CHIEF SECRETARY: I move an amendment—

That in line 37 of sub-paragraph (d) of paragraph (i) of the proviso, after subsection 3 of the proposed new Section 72, the words "does not exceed" be struck out, and "exceeds" inserted in lieu.

Amendment put and passed.

Hon. J. NICHOLSON: I submit that the word "valuation" should be changed to "value." I move an amendment—

That in paragraph (d), line 3, "valuation" be struck out and "value" inserted in lieu.

Amendment put and passed.

The CHIEF SECRETARY: I move an amendment—

That to the proposed new Section 72 a subsection to stand as Subsection 5 be inserted as follows:—This section shall apply only to contracts or agreements made after the commencement of this section, but as regards any contracts or agreements made before the commencement of this section, and still subsisting thereafter the provisions of this Act and of section seventy-two of this Act as the same was contained therein prior to the commencement of this section shall apply.

Some doubt has been expressed regarding contracts that are entered into. It is not intended that the Bill should apply to them, but this amendment will put the matter right.

Amendment put and passed; the clause, as amended, agreed to.

Bill again reported with further amendments.

House adjourned at 9 p.m.

Legislative Assembly.

Tuesday, 17th November, 1931.

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