

Hon. S. W. Munsie: I say it is.

The ATTORNEY GENERAL: Then the hon. member does not know. He is merely expressing an opinion as to the particular High Court judgment that came under his notice. That was only one test case out of half a dozen or more cases. The sum on the Estimates, I repeat, is a fair and reasonable compromise in view of the legal position, which was defined by the judgment of the Privy Council. What has been done is final and conclusive, and it was just about time it was final and conclusive. I am prepared to support what has been done.

Mr. BROWN: I wish to refer to the bonus to farmers for wheat carting.

The CHAIRMAN: There is no item for it.

Mr. BROWN: Last year £7,155 was provided, but this year there is no amount.

The CHAIRMAN: There is no item and it cannot be discussed.

Vote put and passed.

Progress reported.

BILL—LOCAL COURTS ACT AMENDMENT.

Returned from the Council without amendment.

*House adjourned at 12.47 a.m.
(Wednesday).*

Legislative Council,

Wednesday, 4th November, 1931.

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QUESTION—FARMERS' DISABILITIES COMMISSION.

Hon. A. THOMSON asked the Chief Secretary: 1, Is it the intention of the Government to introduce legislation to safeguard the farming industry on lines suggested by the Farmers' Disabilities Commission? 2, If so, will the Government give consideration to the scheme submitted by the Katanning Chamber of Commerce and Primary Producers' Association District Council to the commissioners, and recorded on page 41 of their report, as one best suited to meet the primary needs of the business and farming communities?

The CHIEF SECRETARY replied: 1, No. It is considered that existing legislation affords reasonable protection. It must be remembered that the Commonwealth Bankruptcy Act overrides any State Act. 2, This plan was not endorsed by the Commission.

QUESTION—FARM LABOUR SUBSIDY SCHEME.

Hon. A. THOMSON asked the Chief Secretary: How many single men were placed with farmers under the farm labour subsidy scheme? 2, What percentage of the number so placed do the Unemployment Board estimate will be added to the unemployed list after the 14th November? 3, Are the Board aware that hundreds of farmers having statutory liens over the whole of their possessions will not be in a position to employ labour to take off their crops in the interest of their creditors if the scheme terminates on the 14th? 4, Will the Government reconsider their decision to terminate the farm labour subsidy scheme, and at least continue it to those farmers whose proceeds are under a lien, or who are not in a financial position to enable them to employ labour to take off their crops?

The CHIEF SECRETARY replied: 1, 2,632. 2, None, as we are advised that there is an improved demand for labour in country districts with the harvest approaching. 3, This is not within the knowledge of the Unemployment Board. 4, No. The scheme was introduced to provide subsidised farm labour to enable other than normal work on farms to be undertaken.

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

QUESTION—SLEEPER CONTRACT.

Hon. G. FRASER asked the Chief Secretary: 1, Are the Government, in co-operation with the Forests Department, utilising sustenance workers for hewing jarrah sleepers? 2, If so, are these sleepers being supplied to a private company, who were the successful tenderers for the last contract made with the Ceylon Government? 3, Did the State Saw Mills tender for this contract? 4, Is the reported price of £4 per load, f.o.b., Busselton, correct? 5, If so, do not the Government consider that one of our most precious assets is being sacrificed? 6, If sustenance workers are being used, will the Government discontinue the practice, thereby compelling tenderers to obtain supplies through the usual industrial channels?

The CHIEF SECRETARY replied: 1, The men employed are registered hewers of long experience who have been engaged on a part-time basis for the past 12 months cutting Western Australian Government railways sleepers for stock 2, Yes. 3, Yes. 4, No. 5, Yes, but exceptional times may necessitate exceptional measures. 6, The practice will be discontinued immediately there are indications of a return to more normal trading conditions. "Usual industrial channels" has meant during the past 12 to 18 months foreign labour operating on private property to the exclusion of registered Australian cutters whom the Government have been forced to assist by accumulating stocks of local sleepers, which will not be required for years ahead.

QUESTION—WHEAT CARTING SUBSIDY.

Hon. J. CORNELL asked the Chief Secretary: 1, Is it intended to pay a further subsidy for wheat carting similar to that paid last year? 2, If so, upon what conditions will the subsidy be paid, and to whom will it apply?

The CHIEF SECRETARY replied: 1, Yes. 2, At the rate of 9d. per ton per mile to settlers for every mile over 15 miles from a railway, in the country from Southern Cross to Mount Madden, including Lake Magenta.

QUESTION—HOSPITAL FUND TAX.

Hon. J. NICHOLSON asked the Chief Secretary: 1, What amount has been received from the Hospital Fund Act from 1st January to 30th June 1931, inclusive? 2, How has this amount been disbursed?

The CHIEF SECRETARY replied: 1, The amount received was £64,834 5s. 3d. 2, A copy of the accounts duly audited is being laid on the Table of the House to-day, as provided by the Hospital Fund Act.

ASSENT TO BILLS.

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

- 1, Destitute Persons Relief.
- 2, Firearms and Guns Act Amendment.
- 3, Licensing Act Amendment (No. 4).
- 4, Poor Persons' Legal Assistance Act Amendment.

BILL—STAMP ACT AMENDMENT (No. 4).

Second Reading.

Debate resumed from the previous day.

HON. H. SEDDON (North-East) [4.37]: Mr. Nicholson, when dealing with this Bill, pointed to several matters which required explanation. I also wish to draw attention to one or two matters that should be looked into. One of these, I am convinced, is in the nature of an oversight. I cannot think that the Government contemplate introducing anomalies that are suggested by the proposed amendment to Section 72 of the principal Act. I would draw attention to the clause dealing with this on page 4 of the Bill. That clause says that Section 72 of the principal Act is repealed, and a new section inserted in lieu thereof. There is a paragraph dealing with the question of contracts. Under this heading in the original Act certain exemptions are provided amongst which are goods, wares, merchandise, stock, or marketable securities. The exemptions in Subclause 1 of the Bill do not include stock or marketable securities. When a broker effects a sale of shares at present, the contract note carries certain stamp duty. These are as set out in the Second Schedule. It provides that, where sales are effected, if

the sale is for an amount under £50 the stamp duty is 3d., if under £100 it is 6d., if over £100 and under £500 it is 1s., and if over £500 it is 2s. By the omission of reference to stocks and shares in the exemptions of the Bill, the position has been created that every contract note will have to carry a stamp duty of 1 per cent. Members will see what will happen. In the other States provision is made for a very much lesser amount than 1 per cent. I think there is only one State that comes near ours, namely, New South Wales. In the other States the amount of duty is much smaller in the case of the transfer of shares. I am, of course, speaking of contract notes. The provision there is for a stamp duty of 6d. per cent. That holds good in South Australia and other exchanges. It is enforced on contract notes on the London exchange. In the case of stamp duty on contract notes in Western Australia, the original provisions were in line with those obtaining on other exchanges. When we come to the stamp duty on transfers, quite a different set of affairs is created. In this State the stamp duty is 1 per cent., the same as obtains in the transfer of land. That is not in force in the other States, though I understand recently there has been an amendment in New South Wales which brings up the stamp duty on the sale of shares to the same figure. In Adelaide, Melbourne and Brisbane the stamp duty on the transfer of shares is very much lower. Local brokers have been endeavouring to establish a local market here for the sale of securities and investments. They are very seriously handicapped in competing with old-established and larger markets such as are found in Adelaide and Melbourne. They have this additional handicap of 1 per cent. imposed on the transfer of shares, etc. If these transfers are registered in Western Australia there is the charge of 1 per cent. Any company that is registered in Western Australia, and carries on a business enterprise here—

Hon. J. Nicholson: Other than a mining company.

Hon. H. SEDDON: Is penalised to the extent of one per cent. on every share transfer, whether the business is one of buying or selling. If an investor invests his money in an Eastern States company, he has to pay the stamp duty chargeable in the capital city there. I think in Adelaide it is 5s. per

cent. It will be seen that for the privilege of assisting to develop Western Australia by the establishment of commercial enterprises within the State, those endeavouring to assist in that direction are very "generously" penalised by the Government to the extent of 1 per cent. in respect of stamp duty, whereas any company operating in Western Australia but registered in the Eastern States escapes that penalty. I contend these two anomalies—that introduced by the deletion of the provision regarding contract notes dealing with the sale of marketable securities, and that relating to stamp duty on the transfer of shares—will act adversely regarding the interests of a considerable section of the community, particularly those who are prepared to invest their money in Western Australian enterprises. Another point arises in connection with the imposition of 1 per cent. stamp duty. I have already pointed out that any company registered in Western Australia has to pay 1 per cent. on the transfer of shares, whereas, if the company is established in the Eastern States and operates in Western Australia, its shareholders will escape that penalty. Then again, if a shareholder in Western Australia invests in an Eastern States company, he escapes stamp duty. If an Eastern States company opens a register in Western Australia for the benefit of the local shareholders in order that they may have their shares registered here, then those shareholder will have to suffer from a penalty rate of 1 per cent. stamp duty. If, on the other hand, a company is formed to operate a Western Australian concern, but the company is registered in the Eastern States, then the concern will escape stamp duty again, and the investors interested in it will benefit to that extent, and the State will lose a considerable amount of revenue through the loss of stamp duty. I will give an illustration to drive home the point I am making. Some time ago a well-known Western Australian resident died. He had shares in a Western Australian company, but those shares were registered in Melbourne. When the will was presented for probate, it was found that probate had to be obtained in Victoria in order to deal with the shares that were held in the Western Australian company, but which were registered in Melbourne. The effect of this was that probate duty had to be paid in Victoria, whereas if the duty had been less, the benefit of that

probate would have been received by the Western Australian Government. The Government here deprived themselves both of stamp duty and of probate duty on that portion of the estate, because the high stamp duty imposed here forced the business to the Eastern States. Had not the stamp duty been double and the probate duty so much heavier, in all probability the company would have been registered in Western Australia. At present there is much inquiry in the Eastern States regarding Western Australian investments. Eastern States investors realise that there is an excellent future for industrial enterprises in this State. With that in view, they have been making inquiries with a view to obtaining holdings in Western Australian concerns. But when those people are informed that they will have to pay such heavy stamp duty on acquiring shares, they will be apt to look at the proposition twice. They will realise they will have to forfeit a considerable proportion of their first year's dividends in order to pay stamp duty. In all probability they will say, "We are anxious to invest our money in Western Australia and assist the development of the State by forming companies to operate here, yet we find we are to suffer a penalty rate such as your stamp duty here! Why should we do it?" As a result, their eyes will be turned elsewhere for investments. Thus, if any attempt is made to develop Western Australia with Eastern States money, we will find the companies floated in Adelaide or Melbourne and the concerns operated from those centres. For these reasons I have placed two amendments on the Notice Paper, and I trust members will give them serious consideration and help me to have them embodied in the Bill. The effect of one will be to restore the position regarding contract notes, and the other will bring our stamp duty on the transfer of shares more in line with what obtains in the older established exchanges in the Eastern States. If Western Australia is to be helped back to prosperity, it must be by the introduction of capital. We have had considerable experience of what happens following upon the introduction of capital through Governmental channels. It generally means that the people are heavily loaded with increased indebtedness. On the other hand, if money is brought into the country by private persons for investment in indus-

trial enterprises, that money is found by those interested in the concerns, and the enterprises launched are almost invariably such as will promote our commercial and industrial life and provide employment for our people. From that standpoint the enterprises are directly productive. In those circumstances we should see to it that our legislation does not impose penalties upon those who are willing to establish industries in our midst. We should do everything possible to encourage those who are willing to invest their money in Western Australia. Hon. members have received certain circular letters dealing with these points, and also another suggesting an amendment to the proposed new Section 72 relating to the transfer of land. That provision sets out that where land is transferred under a contract of sale, the contract must bear the whole of the stamp duty. In the past the practice has been that the contract had to be stamped by the payment of 2s. 6d., and then when the transaction was completed, the stamp duty was imposed on the transfer. I can see advantages under the proposed amendment in that the Government will be sure to get their stamp duty on the transaction, but I can also appreciate the fact that considerable disadvantages may accrue. For instance, after the initial transaction, the property may pass from one to another, and it may mean that the second or third sub-purchasers may be involved in extra expense. In these circumstances, I recommend hon. members to consider the position with a view to amending the proposed new Section 72 along the lines that have been suggested. If they adopt that course, it will mean that an undertaking will be given by the seller and the purchaser that every subsequent sale will be notified and thereby the Government will be kept in touch with transactions.

Hon. J. NICHOLSON: You will move to strike out the clause?

Hon. H. SEDDON: I do not know that I will actually move in that direction, but I have thrown out the suggestion to hon. members. My amendment on the Notice Paper deals with the position of brokers, because that is most important. The penalty rate is heavy and may be the means of closing down on any suggested dealings in local enterprises. If the law is to be as suggested, it will mean that investors will merely carry on operations through Ade-

laide or Melbourne. Anyone interested here can, by simply telegraphing to Melbourne or Adelaide, buy shares there, with the result that our people in this State will lose business, the Government will lose revenue, and the whole thing will be to the detriment of the State.

Hon. J. Nicholson: In addition to which the State will lose probate duty.

Hon. H. SEDDON: I have already pointed out that phase. Up to 1919, the stamp duty was 10s. per cent., but as a result of the war and the financial stress that followed, the rate was raised to £1 per cent., and has remained fixed at that ever since. I trust that the points I have raised will receive consideration, and that later on we may amend the Bill accordingly. I support the second reading of the Bill, with the reservations I have indicated.

HON. E. H. H. HALL (Central) [4.55]: After listening to Mr. Nicholson yesterday and Mr. Seddon to-day and studying the Bill, I find it difficult to understand why the Government should introduce a Bill of this description without taking the trouble to find out from those who have had experience in connection with the activities that will be affected by this legislation, what the effect of it will be. Surely their point of view could have been ascertained. I fail to see why the Government should not extend courtesy to people who are carrying on business in a legitimate way. They should gain the benefit of their experience in order to assist them in framing the legislation. It is difficult to believe that what we are trying to guard against will be safeguarded under the provisions of the Bill. We should do everything possible to encourage people to come here and invest their money, and it seems inconceivable that the Government should propose legislation that will have the effect of driving capital to the Eastern States. That phase should be continually borne in mind when dealing with such legislation before Parliament. It seems inexplicable to me that such legislation should pass the Legislative Assembly and be presented to this House in its present form. If one had doubts regarding the bicameral system of Parliamentary Government, surely it is when such measures as this are introduced that all such doubts should be removed. There are two sides to every question, but unless the Minister can give me

a satisfactory explanation in answer to the objections taken against the Bill, I shall consider it my duty to see that the interests of our citizens are safeguarded in every direction possible when the Bill is dealt with in Committee.

On motion by the Chief Secretary, debate adjourned.

BILL—SALVATION ARMY (WESTERN AUSTRALIA) PROPERTY TRUST.

Received from the Assembly and read a first time.

BILL—DRIED FRUITS ACT CONTINUANCE.

Assembly's Message.

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

BILL—LAND TAX AND INCOME TAX (No. 2).

Second Reading.

Debate resumed from the previous day.

HON. H. J. YELLAND (East) [4.59]: I had something to say when a similar Bill was before us on a previous occasion, and I find that the present Bill embodies exemptions that we advocated when Mr. Drew was Leader of the House. The Bill differs from those we have had in the past few years in so far as it makes two exemptions—the exemption for pastoral lessees and the exemption on improved lands. The money that will be lost to the Treasury under those conditions will be made good by reducing the rebate on income tax, which is at present 33 1/3rd per cent., to 20 per cent. The question arises whether these are legitimate exemptions, and secondly whether the methods of recouping the loss are being fairly distributed amongst the other taxpayers. The exemption means that the Government will lose about £37,000, but it is expected that the reduction of the 33 1/3rd per cent. rebate on income tax to 20 per cent. and the proposed additional stamp tax will more than make up the expected loss. The exemption it has been said in this House is

class legislation. I give that an emphatic denial.

Hon. Sir William Lathlain: On what basis?

Hon. H. J. YELLAND: We will come to that in a moment.

Hon. J. Cornell: What do you call class legislation?

Hon. H. J. YELLAND: Call it class distinction. As a matter of fact the land and income tax in the past has been nothing but the penalising of a class. No other class of the community has been penalised as have those it is now proposed to exempt, namely the primary producers. No other class has been penalised by having capital taxed, and that is what has taken place in the past. Before 1924, the Government that preceded the Labour Government levied only the one tax, either the land tax or the income tax, whichever was the greater. If a man paid land tax, it was a tax upon his capital and he paid no income tax, but if the income tax was greater than the tax that was levied upon his capital no land tax was paid. That was recognised at that time as being a fair adjustment, but when the Collier Government came into power in 1924 they removed all the exemptions and insisted that a tax on both land and income should be levied, no matter what the amount. Clearly then it was a tax levied upon capital. That was not so much a matter of class taxation as it was penalising the person who had gone upon the land. The only sections of the community that have had to pay tax upon their capital have been the primary producers and the pastoralists. Now it is proposed to relieve both of an unjust burden. I suppose there is no other avocation that has had such a tax levied on it. If, say, Mr. Drew entered into the printing trade and I went on the land, I would have a double tax to pay while Mr. Drew would escape paying tax on the capital he placed in his business.

Hon. Sir William Lathlain: He would not escape paying that tax.

Hon. H. J. YELLAND: If I entered a profession, whether it be medical or legal, whatever money I put into it would not be taxed, but if I bought a property from which I would expect to earn an income, I would be taxed. This is not a matter of relief to the farmer that is not given to others; it is placing all on the same footing. If taxation on the capital values of professions and trades or businesses were levied to-day,

there would be a great outcry. Yet because we are bringing the primary producer down to the same standard as other sections of the community, we are told it is class legislation. The Bill proposes to remove the penalty that has been so long levied from agriculturists and pastoralists. This is not creating a class exemption. The agriculturists and pastoralists have no more right to be taxed on their capital than any other person. Another point arises. We are taxing the man who has developed the undeveloped resources of the country. If that man had not gone out to develop the interior there would be no tax obtainable from that direction. If he develops the country and derives income and pays a tax on that income, he is paying just what should be demanded of him. Consequently the Bill before us should receive our support. During the last elections the present occupants of the Treasury bench stated that they would grant this relief to the primary producers. All they are doing now is to carry out the undertaking that they gave. The conditions under which it is proposed to give the relief are somewhat different from those that were given prior to 1924. At that time the Government demanded only the one tax, either income or land tax, whichever was the greater. But now we say they shall pay only income tax, and from what we can see the State is likely to get very little of that. Many members at that time objected to the alteration on the score that the exemptions were legitimate. If the objections were sound then, the return to those conditions as now proposed, should be accepted. The next question is whether the methods proposed to be employed will be fairly distributed. Mr. Drew objected to the relief being given, and said that it should have been granted by means of revaluations. When Mr. Drew was Leader of this House he piloted a Bill through the Chamber granting the rebate of 33 1/3rd per cent. in the income tax, and it was stated at the time that that was the most equitable way that the advantages of that relief could be distributed amongst the taxpayers of the State. Agreeing that that was so, it must follow that if we wish to return to the conditions then existing and impose a further tax upon those earning income, the right way to do it is simply to recede along the path by which we came, and that is to increase the tax paid by those who have had relief. Conse-

quently by reducing the rebate of 33 1/3rd per cent to 20 per cent, we are simply going back over the tracks that we followed at the instigation of the previous Government. The method adopted by the Government in making good the losses that have been sustained is the most equitable way of doing it. I support the Bill that is before the House and can only repeat that I am glad these exemptions are to be given to the primary producers not so much because I think the producers are entitled to the reductions as because I consider it the proper thing that capital should not be taxed in the manner that it has been taxed in the past. Mr. Drew suggested revaluations and pointed out that during the past six years the value of agricultural lands throughout the State had been reduced by about eight millions. As a matter of fact the correct figures are these: Originally the agricultural lands were valued at £10,583,741, whereas last year the value was £18,591,104. In spite of that great increase, the land tax has been doubled in recent years. I do not favour so much the wholesale reduction as suggested by Mr. Drew, although we realise that land values have depreciated considerably. I repeat that the better course to adopt is that proposed by the Bill. It is far better that there should be a low tax on high valuations than a high tax on low valuations. Mr. Drew's proposal seems like crying "stinking fish." I support the Government in their endeavour to give relief. I do it not so much from the aspect of what may be termed popular legislation, but because we have no right whatever to tax a man's capital, as is being done under the existing Act. I support the second reading.

HON. SIR WILLIAM LATHLAIN (Metropolitan-Suburban) [5.16]: I take exception, in the first place, to the Title of the Bill, which should be "An Act to impose a tax on Peter in order to pay Paul." Notwithstanding statements made as to this not being class legislation, I say emphatically that it is class legislation and a most dangerous precedent for the House to create. Before dealing with that aspect I wish to draw special attention to the objection raised by Mr. Cornell to dealing with the question in this Bill instead of in a measure to amend the Land and Income Tax Assessment Act. Complaints are constantly being made both here and in another place that there is not a consolidation of our Acts.

Surely, when we in our judgment put under a certain heading something that is not compatible with its true meaning, we do something unworthy of this Chamber. I shall not speak at length on the Bill, but I do feel that it proposes something which the House in its wisdom ought not to do. The Bill is to impose a heavier income tax and at the same time to alleviate the position of a certain section of the people. The measure purports to alleviate the situation of holders of pastoral and agricultural lands but we hear nothing of the making of exemptions. Though a city representative, I am just as regardful of the requirements of the man on the land as anybody else is. However, we have on the land men engaged in the dairying and fruit industries, and other industries also, who are comparatively prosperous—much more prosperous than the man engaged in an ordinary business in Perth to-day.

Hon. E. H. H. Hall: You do not seriously believe that!

Hon. Sir WILLIAM LATHLAIN: I know it from practical experience.

Hon. E. H. H. Hall: The report of the Commissioner of Taxation does not show that.

Hon. Sir WILLIAM LATHLAIN: The next report will show it. I venture to say that no class of people in Western Australia have been more generously treated by the merchants of Perth than have the men on the land, as regards both the terms and the extensions given to them. To say that the payers of income tax shall bear the whole of the extra burden is, in my opinion, most unfair and unreasonable. Mr. Yelland made special reference to the taxation of land. May I point out that taxation on city properties is on a high scale. There are now in this city people who owing to the valuations having been raised and Federal taxation being so heavy, claim that they cannot suffer any further reduction of rentals. In making that claim they have a great deal of justice on their side. In my opinion, reduction of valuations all round would be much better and much fairer. It is true that the Government must lose a certain amount of revenue; but, as suggested by the remarkable speech which Mr. Seddon made yesterday, there are other ways in which revenue can be obtained. It is most unfair to put the whole of the extra burden on people who are already paying income tax. I fear that

even the reduced expectations of the Government in the way of receipts from taxation, and from income tax in particular, will be disappointed. With the knowledge I have of commercial affairs in Perth I say that the amounts paid by way of income tax this year will be very small indeed. No Bill that we have had before us for some time will require so much serious consideration and thought from members of the Chamber as this measure. I shall await the expression of the opinions of other members before I decide how to cast my vote.

HON. C. H. WITTENOOM (South-East) [5.22]: At first I did not intend to speak on the Bill. However, there seems to be strong opposition to the measure, opposition based on the contention that this is class legislation. With that view I cannot agree at all. As the representative of a province containing farmers, wheat growers, and others who are affected, I feel that I cannot cast a silent vote. The opposition to the measure rather surprises me. I listened attentively to Sir William Lathlain, who referred particularly to the fruit growers. I wish Sir William Lathlain had been at Mt. Barker last year and seen the position of the fruit growers there.

Hon. C. B. Williams: Sir William Lathlain has not been out of Perth for a long while.

Hon. C. H. WITTENOOM: If Sir William had been at Mt. Barker, he would now be holding a different opinion. Two or three hon. members have said that possibly the question of exemption from land tax might have been determined by a board travelling the country and ascertaining who are the men that cannot pay, and who are the men that can. Mt. Barker has been mentioned. Last year the people there were absolutely impoverished. Some of them had spent vast sums on their orchards, and the returns represented hardly anything. On the other hand, the returns at Bridgetown were quite different. Possibly things may be otherwise at Bridgetown next year. Hail storms might come along. One can call people wealthy one year and impoverished the next. I am surprised that the Bill has not received the whole-hearted support of this Chamber. Sometimes I hear people say, "What is the man on the land complaining about? He has had 15 years of won-

derful prices for his wheat and good prices for his wool. He should have money enough now not to require assistance." But where has the money of the wheat farmer gone? He is the man who in the course of a few years has raised Western Australia from a small wheat-growing country to one that produces 50 million bushels in a season. The farmer has not wasted his money in the towns. He is supposed to have spent unnecessarily on motor cars, but they were utility cars, and largely used for farm purposes. It is the man on the land whom we should help. His money has been spent on improving his property—fencing, wells, and so forth. I am surprised that the work of the farmer, the pastoralist, the fruit grower, and other primary producers is not recognised more fully. The object of the Bill is to help these men to carry on and thereby improve the position of Western Australia. The duty of the Western Australian Government and of the Federal Government is to endeavour to reduce costs of production, so that wheat, fruit, and so forth may be produced at considerably less expense. We cannot assist our primary producers at the selling end. We can assist them only at this end. The Bill proposes one of the many things we must do in order to reduce our costs and thus increase our exports to other countries. The chief complaint comes in because the measure proposes to reduce land tax in a certain direction, and to balance the loss to the Government by increasing the income tax.

Hon. Sir William Lathlain: On 12,000 people.

Hon. C. H. WITTENOOM: The increase is spread over a large number of people.

Hon. Sir William Lathlain: Over 12,000.

Hon. C. H. WITTENOOM: The Bill does away with land tax in the case of primary producers, who are comparatively small in numbers, and spreads the income tax over a large number of people, who can bear it a good deal better. It is a lighter burden for them to bear. Again, it is contended that the proposal is inequitable. It is said that certain people on the land have done well, like our friends at Bridgetown. If boards are appointed to make investigations as to the capacity of men on the land to pay taxation, the expense of such a course will be against the policy of the Government and will absorb a

great proportion of the tax returns. As regards the hospital tax and workers' compensation, the Government have endeavoured to reduce the cost of collection; and that should be their policy in this case. I support the second reading of the Bill.

HON. P. W. ALLSOP (North-East) [5.29]: I have heard a little about class legislation this afternoon, but as the representative of a mining constituency I can say a little on that subject. As regards mining profits, the same consideration is shown by the Federal Government as the State Government proposes to give to the farming industry by this Bill. Mining profits are not taxed by the Federal Government, and the relief from taxation has been most helpful to the mining industry. I listened with great interest to Mr. Seddon's speech of yesterday, and took special note of the new method he proposes for collecting income tax. The hon. member's suggestion was that income tax should be collected in the same way as the hospital tax. In that way, he urged, income tax might be collected from men receiving weekly or monthly wages. But what about all the others? How about collecting income tax from them? I think there is a way by which we could get in this money far more quickly than it is coming in at the present time. The year before last I did not receive my income tax assessment until eleven months after the end of the year. And in the following year the account did not come in till thirteen months after the tax was due. One of the municipalities has shown us a way to get in this taxation more quickly. When dealing with the income tax we have not a fixed amount to work to, as we have when calculating our rates. But many men, knowing year after year what they have had to pay, can judge their income tax fairly well at the beginning of the current year. If the Government were to allow people to pay what they thought their income tax would be, and granted them a 5 per cent. rebate on it for quick payment, say, during the first three months of the current year, it would be profitable to the Government, for they would get their money eighteen months earlier than they could otherwise hope for. Moreover, it would pay the taxpayer handsomely, for he would get the 5 per cent. off, and in general it would be beneficial to the community. Not long ago, in a schedule

of the debts of a mine owner who had gone insolvent, I saw an item of £350 owing for income tax. If that man had paid his income tax soon after he had made a rise in his mine, the Government would not have lost that £350. But that man's income tax assessment did not come in until five months after payment was due, and at that time he had not the money to pay, and so the Government lost the amount. As I say, if arrangements were made for earlier collection of the income tax, it would pay the State handsomely. Also we sometimes wonder why, in ordinary years, income tax has been constantly increased. I think perhaps it is because of the action of successive Governments in their unsuccessful undertakings. We find them rushing into costly propositions, such as closer settlement and the development of the Peel Estate, while ordinary members of Parliament have no say in these questions. We have pending at present another scheme on which the Government propose to spend a third of a million down at Collie.

Hon. G. W. Miles: Without the consent of Parliament.

Hon. F. W. ALLSOP: That is so. They call it a reproductive work. But looking back at a lot of these so-called reproductive works, I do not think so much as 20 per cent. of them have been reproductive. Much of the money spent on them has been thrown away. I made up my mind when elected that, as far as possible, when any large expenditure was proposed, I would go and inspect the project. When it comes to mining operations, we have to go exhaustively into every proposal, whereas the Government rush in at everything they undertake, and so the cost proves extravagantly high. Regarding that Collie project, I am disappointed to find the Government have not made provision for members of Parliament to inspect the proposed work and form their own judgment upon it. Respecting closer settlement, the Government have written off three millions, and I believe that before long another three millions will have to be written off. What private firm could proceed along those lines and remain solvent? Yet members of this House have practically no say in the expenditure of public money. It is only fair, when big amounts are to be expended, that members of Parliament should be given facilities to inspect the proposed work. We want the State to prosper, but some Govern-

ments have rashly entered into costly schemes which from the outset were doomed to fail. I have seen some mining propositions undertaken by Governments. Several years ago the Government of the day put up a concentrator at Coolgardie for the concentrating of scheelite. At a Government mining conference at Kalgoorlie I spoke against the proposition and said that, on my experience, it would be an absolute failure. Nevertheless, £10,000 was expended and proved to be an absolute loss. If the Government would but take the advice of practical men in some of these proposals, then instead of being so far behind, the Government would be in a much better position to-day.

HON. E. H. H. HALL (Central) [5.37]: I do not think we can take much notice of the remarks pointing to the Bill as class legislation. It is more than ever generally recognised that one of the very few ways in which we can hope to regain prosperity is by endeavouring to see that the primary producer, irrespective of what he is producing, is enabled to produce it at a profit. I have always failed to find any good reason why a man on the land should be called upon to pay land tax. Frequently has there been brought before members here the iniquity of making a man who buys land from which he wants to earn a living pay tax on it, while another man who puts his money into some other class of business is not called upon to pay tax until he makes a profit. This seems to me to be on a wrong basis altogether, and it is no wonder we are in such a mess in consequence of it.

Hon. Sir William Lathlain: Is not the land the source of all wealth?

Hon. E. H. H. HALL: That is so. I do not know whether we as a House of Parliament have any influence on the Government? That is what seems to me to be wrong. I am continually being approached by taxpayers, who ask do I approve of this or that, and I am able to say that I do not approve, and that certain other members do not approve, but, just the same, we are not given a say. Income taxpayers are to be called upon to furnish an extra 12½ per cent. I say, if it will get us anywhere, if it will balance the Budget, we ought all to be called upon to pay, not an extra 12½ per cent., but more like 50 per cent. In this time of crisis a lot more could be done than is being done, and it will sooner or later have to be done. There

is no difference between running a home or a business and running the affairs of State. If we cannot live within our income, we are bound to be brought up with a round turn sooner or later. I am ill-equipped to criticise the leaders of public life, but one is forced to say that unless the men in charge of the affairs of State have the courage to do their duty, we shall certainly continue to drift. We are now told that the estimated deficit will be largely exceeded. In consequence of the waste of public money that has taken place at Herdsman's Lake, on the Peel Estate and on the group settlements, the people of the State are called upon to shoulder a huge burden of taxation. Whether we shall ever be able to repay the money borrowed and spent on those projects, is more than I can say. Despite the history of the past, the Government will continue to rush headlong into schemes, committing the taxpayers to large expenditure, without making due inquiry to see whether the scheme is a feasible and sound one. I do not know whether we would get the backing of the country for the proposal that members of Parliament should go out and inspect schemes upon which it is proposed to spend a great deal of money. What I think is that we should make every endeavour to get men with special knowledge of the subjects to advise us as to whether these schemes will be economically successful. An interjection was made this afternoon that this vast amount of money would be spent without Parliamentary authority. What do we intend to do about it? Last year an old member of this House mentioned that he had been telling the country various things for years past. I reminded him that we were not so much concerned about what he had been saying: what the public wanted to know was what were we doing to put a stop to practices that were unsound.

Hon. G. Fraser: What have you done to stop them? You are one of the 30 members.

Hon. G. W. Miles: He has been a voice crying in the wilderness, like others of us.

Hon. E. H. H. HALL: On financial matters, even at this stage, we do not appear to be sure of our ground. The sooner we find out where we stand, the better it will be for everybody.

Hon. C. B. Williams: "We," I suppose, means "yourself."

Hon. E. H. H. HALL: Another matter to which I wish to refer is the vast area of unutilised land along existing railways. I directed the attention of the ex-Minister for Lands to the fact that an area of 42,000 acres situated 10 to 15 miles from a railway was being held up, and that the conditions were not being fulfilled. It took the ex-Minister 12 months to inquire into my statement, and finally he informed me that it was correct. Let me read the Under Secretary's letter. It is dated 19th April, 1929, and states—

With further reference to your letters of the 11th and 17th July last to the Hon. the Minister for Lands on the subject of holdings in the name of, I have the honour by direction to inform you that there is an area of 42,898 acres held by the following parties:—

Then follow the names. The letter proceeds—

This land was approved on various dates from April, 1924, to January, 1927, and a recent report, as a result of your correspondence, shows that there is an undoubted deficiency in the expenditure up to date. But some £1,500 has been spent on improvements and there is further extensive work in progress, which it is anticipated will be completed by the end of the current year and put the question of improvements in order to the satisfaction of the department. The Hon. the Minister thanks you for drawing attention to the matter and will follow it up in due course.

Although that letter was written in April, 1929, when I was in the vicinity of that area within the last 12 months I was surprised to find that nothing had been done since I directed the Minister's attention to the matter. How can we expect primary production and taxation to be put on a better footing while areas of land adjacent to railways are held up in that manner. The system of ensuring that improvements are effected needs to be overhauled. The time taken to ascertain whether improvements have been effected is too long. This sort of thing has the effect of retarding the progress of the State. Railway facilities have been provided at great cost. In this State we have a greater mileage of railway in proportion to population than has any other State of Australia, but the railways are not getting the freight tonnage they should have, because so much land served by them is not brought into a state of production. Mention was made that the merchants of Perth had accorded great consideration to

the farmers generally. There is no doubt of that.

Hon. C. B. Williams: At a price.

Hon. E. H. H. HALL: Apart from the consideration accorded the farmers by the business community of Perth, praise is due to the country storekeepers for the great assistance they have given the farmers.

Hon. C. B. Williams: They get accommodation from the merchants.

Hon. E. H. H. HALL: Quite true. Why has that assistance been given? Because the country storekeepers, as business men, realise that they are backing quite a good horse when they back the primary producer.

Hon. C. B. Williams: They hope so.

Hon. E. H. H. HALL: That, however, is nothing new. We realise that it might have been in the best interests of the primary producers had it not been possible for them to obtain the vast amount of credit that has been granted them. I am satisfied that no serious opposition will be offered to the Bill, because everybody realises the need for keeping as many of the present settlers as possible on the land. We are called upon to provide close on £1,000 a week for the men in the Blackboy and Hovea camps, who are not producing anything.

Hon. C. B. Williams: That is not their fault.

Hon. E. H. H. HALL: I realise the difficulties that confront the Government, but surely it is time an effort was made to place those men in work. The Government ought to be able to devise means to get some return for the expenditure, apart from road making. This reminds me that £20,000 is being spent on a road to Yanchep. The statement that the road was constructed to open up the caves has been denied; it is said that certain land will be brought into productivity. I hope that is correct. If the Government cannot devise a scheme to provide the men at Blackboy and Hovea with work, why do not they engage an outsider to advise them? Surely there are men in this country who could advise the Government how to initiate an acceptable scheme! If it only resulted in those men growing the food they eat, it would be something. Yesterday I inquired from an official source whether any of the foodstuffs consumed by the men in those camps was grown there. The reply was that nothing was grown by the men themselves. That is something of which we cannot feel proud. I am not thinking of

what those men could produce at a profit, but it should be possible to utilise the manpower to produce much of the food consumed in the camps, and thus reduce the cost to the Government.

HON. A. THOMSON (South-East) [5.55]: I regret the suggestion that this Bill savours of class legislation.

Hon. C. B. Williams: City representatives have said that.

Hon. A. THOMSON: Previous to the Act being amended by the Collier Government, farmers had the privilege of paying land tax or income tax, whichever was the greater of the two. Sir William Lathlain characterised the Bill as class legislation and said on that account it would be dangerous to pass the measure. However, I was pleased to hear the hon. member say in his concluding remarks that he would wait until other members had spoken before deciding his attitude to the provision in question. I am pleased that we have the hon. member's sympathy and I trust that we shall also have his vote on this occasion. At the present stage of our history the outstanding need is to keep our farmers on the land. The Government, in introducing this proposal, are honouring a pledge given to the people when they asked for their support at the last general election, and are endeavouring to lighten the load that is pressing so heavily upon the men who are creating the true wealth of the State.

Hon. G. Fraser: And shifting it on to somebody else.

Hon. A. THOMSON: I do not agree with that. The Government are endeavouring to do justice to the section who produce the real wealth of the State. It was the party the hon. member supports that imposed the double burden of land tax and income tax on the primary producers. If a man invests a few hundred pounds or a few thousand pounds in Commonwealth bonds, all that the Government tax him on is the income derived from the investment.

Hon. H. J. Yelland: And not on his capital.

Hon. A. THOMSON: That is so. If a man invests his money in land in order to produce real wealth, he is not only compelled to pay tax upon his income, but he is required to pay land tax—tax on the capital from which he derives his income.

Hon. J. J. Holmes: Whether he has any income or not.

Hon. A. THOMSON: Yes. Therefore the farmer has a double tax to pay. If he receives no income, he still has to pay the tax upon his capital invested in the land—land tax. Members should bear in mind that this measure will impose taxation merely for the current financial year. Let us consider the objection raised to reducing the income tax deduction from 33½ per cent. to 20 per cent. Members will recollect that when the Bruce-Page Government were in office the Parliament of this State and the representatives of this State in the Federal Parliament urged that an inquiry should be made into the disabilities suffered by Western Australia under Federation. A Royal Commission was then appointed to inquire into the disabilities, and the finding was that a certain monetary grant should be made to this State. An alternative suggestion was that we should control our own Customs for a period of 25 years. The Federal Government, however, decided to give us a grant of approximately £300,000. It was proved by the evidence submitted to the Commission that the greatest disability suffered by the State was the high tariff and the burdens that this cast upon our primary producers. The business people of the State did not suffer in any way comparable with the primary producers. This was proved by the evidence, upon which the finding was based. Even prior to the reduction of 33½ per cent. in our income tax, the business community did not bear the same burdens as did the primary producers. It has been said by a certain section that the incidence of the tariff upon our primary producers meant an additional burden of 8d. per bushel on every bushel of wheat we produced.

Hon. C. B. Williams: Has not the tariff conferred some good upon the farmer?

Hon. A. THOMSON: I do not think so, but I have no wish to debate that matter. I merely want to point out what the true position is. The primary producers are suffering. Although we are going to pay a little more by reason of the drop in the 33½ per cent. rebate, a large section of the community has received a substantial benefit. Whilst the State was prosperous the business community did not suffer anything like as much as the primary producing section. I hope this measure will be passed. Most of the objection has been with regard to the exemption of one section of the people for the ensuing twelve months. I

would point out that an opportunity will be afforded to amend the Act within the ensuing year.

Hon. G. Fraser: These Bills are often Kathleen Mavourneens.

Hon. A. THOMSON: I appreciate the assistance that has been given to men in the country areas. I should very much like to take some of the city members into some of the country districts, so that they might even better appreciate the great difficulty that men and women are facing to-day.

HON. C. B. WILLIAMS (South) [6.5]: Although some members say this is a non-party House, it strikes me it is just as much partisan as I consider I am partisan on behalf of the Labour Party. On the one hand we have Sir William Lathlain representing business interests in the city complaining about this being party and class legislation. On the other hand we have Mr. Yelland and Mr. Thomson crying aloud that it is something the farmers should have. There is nothing too much we in this country can do for the farmers. The trouble is they are not sufficiently militant. Imagine me as a trade unionist standing in my place and complimenting the Government because they had exempted my people to the extent of £37,000 a year! If the farmers are satisfied with that, they ought to be satisfied with anything. The Government propose to relieve the farmers to the extent of £37,000 a year. That is all. I do not worry about the business men. Their income is derived from their business. They are in a position to pass on any form of tax to the consumers.

Hon. J. Cornell: Many of them have passed out lately.

Hon. C. B. WILLIAMS: No business can continue unless it can charge for the goods it produces sufficient to keep it afloat. With the farmer the position is quite different. He has to accept for his commodity just what the buyers are prepared to pay. That is not so in the case of Sir William Lathlain and other business men. Business men, in pricing their goods, generally allow for all contingencies and settle the amount of profit they intend to make. They cannot continue to sell goods at a loss, although that is what the farmer is expected to do.

Hon. J. Nicholson: Do other sections of the community escape?

Hon. C. B. WILLIAMS: I cannot follow the interjection. The farmers are selling

their wheat at below cost. They are expected to stay on the land, continue to produce wheat, and buy machinery and other goods that Sir William Lathlain and merchants generally desire to sell to them.

Hon. Sir William Lathlain: I am not doing all the trade of the State.

Hon. C. B. WILLIAMS: I know the hon. member is not a machinery merchant, but he referred to the treatment meted out to farmers by the merchants. If it were not for the farmer who stays on the land and grows wheat the merchants could not sell their merchandise at any prices. In order to sell their merchandise the farmer has to pledge everything he has and buy it at the cost put upon it, plus interest. He has to grow his wheat and sell it at the price the world is prepared to pay for it. I support the Bill because I think it is very little to give the farmer. In the older established portions of the State the farmers have had prosperous times for many years. They have received the highest price ever reached for wheat and they should not be getting any exemptions. The farmers in my electorate and in other districts of a similar character are the people who should be getting relief. Those settlers are kept on the land by the Agricultural Bank by their creditors, the storekeepers and the merchants. If they were not kept on the land their properties would go back to nature. Their land, however, is heavily over-capitalised. We are asking the settlers to bear this burden of over-capitalisation, together with other burdens such as they will never be able to lift. If the Government are sincere in their desire to help the farmers, why do they not give them adequate relief? This relief will not benefit those in my electorate or in the Southern Cross district, for they will, if wheat continues at its present price, show no profits either this year or next year.

Hon. J. Cornell: Most of us do not pay any land tax now.

Hon. C. B. WILLIAMS: No. It is sheer hypocrisy. Members are not sufficiently outspoken on behalf of their constituents. We are asked to relieve these people to the extent of £37,000. It is a ridiculous form of relief, and will not keep the farmers afloat.

Hon. G. Fraser: Do you consider this is a fair and equitable measure?

Hon. C. B. WILLIAMS: I consider that the hon. member who lives in comfort at Fremantle by the sea and under the happiest of conditions should have nothing whatever

to say with regard to the equity of this measure. He lives in circumstances under which any farmer would be glad to live. Of course this is fair and equitable. No doubt his wharf lumber constituents are hard held, but they are living in decent houses. They can have a bathe in the sea every day. If they get too hard up, the Government will see that they do not starve, but they do not see that the farmers do not starve.

Hon. G. Fraser: I was only asking you for information. I have expressed no opinion of my own.

Hon. C. B. WILLIAMS: The farmers are doing what no section of the community is asked to do. They are asked to stay on the land and grow wheat so that the country can pay its debts and so that city dwellers can live in luxury. I shall never be a farmer. Two years ago I was misunderstood at a meeting at Salmon Gums. It was thought I had told the settlers they were a lot of mugs. I did not mean that. I had every sympathy for them. I think they are the backbone of the State. Why should I worry about the business man? The business people in Perth should pay more income tax. I am with Mr. Seddon. I do not believe in income tax. It is an inequitable method of extracting money from the people. It allows a person who wishes to do so to dodge his responsibilities.

Hon. G. W. Miles: Hear, hear!

Hon. C. B. WILLIAMS: A poor, honest hard working man may be earning a sum which is beyond the exemption amount allowed. He has not the brains to fill in his income tax return properly, and does not think of getting someone else to show him. He is the man who pays more taxation in proportion to his earnings than does the city business man, concerning whom there appears to be so much anxiety.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. C. B. WILLIAMS: I was dealing with the imposition of stamp duty and was also referring to the grand work that the merchants are said to have done in the interests of the farmers. After all, what was done was merely in the ordinary routine of business, and the farmers had to pay for any conveniences granted by the merchants. If that assistance had not been rendered

by the merchants, they would, in all probability, have gone out of business. Next let me refer to this great work that the Government are supposed to be doing for the farming community in wiping out the land tax, which represents £37,000 saved to the farmers. I understand that in the past if a farmer has not been in a position to pay his land tax, it has been the practice to wipe it off his indebtedness. The farmers in the Esperance area have experienced misfortune during the past few years. The farmers who have just gone on the land in the Yilgarn and other newly opened-up agricultural areas, will not reap any boon as the result of the Bill. As these people are not in a position to pay, how can it be said that they are relieved by not enforcing what cannot be enforced? There is something that could be done for the farmers. I understand that in the pastoral areas of this State there is a surplus of thousands of sheep. It has been stated that the owners have to slaughter them because there is no sale for the animals, and the wool and skins are useless. What should be done by the Government is to call upon all those people who can afford it, to pay more taxation. There are many thousands who are well able to pay something towards the upkeep of their more oppressed fellow citizens. There are thousands living in affluence who have not felt the effects of the depression, and they should be called upon to pay something more so as to help those in distress. Those people have not known the discomforts experienced by the unemployed and the farmers who have suffered so much in recent years. All that they are being asked to do under the Bill is to pay increased taxation to the extent of an additional 20 per cent. That will affect very few indeed, and even so the position can be camouflaged and people who know the ropes can avoid the payment of the extra impost. They are able to dodge their liabilities. Those people who are in a position to help their fellow human beings expect the farmers to remain on the land, cultivate their properties, reap their harvests, and despatch the grain for shipment overseas in order to meet our financial commitments. In the circumstances, those people should be willing to pay more taxation in order to assist the farmers to stock their holdings with the surplus sheep

that are being destroyed in other parts of the State. If that were done it would advance the farmers one stage further along the route towards making themselves self-supporting. We have the railways and the roads, and it would not cost the State anything, apart from book entries, to transport the surplus sheep from the pastoral areas and supply them to the farmers to enable them to stock their holdings. The same applies to the surplus cattle. We have just returned from a trip to Salmon Gums. Two years ago there was hardly a sheep in the district, and very few cows. It was an eye-opener to me to see what progress has been made in the district in dairy production. If the people who can afford to pay were called upon to contribute additional taxation to help the farmers, it would be far better for the State and certainly preferable to the humbugging policy of cutting down wages and wiping out a land tax that could not be paid in any event. The Bill proposes to give away nothing. Instead of the Bill being introduced, we should have had another measure to impose additional direct taxation on the earnings of the people, whether they receive them weekly or monthly. That taxation should be payable, as Mr. Seddon suggested, along the same lines as the hospital tax.

Members: Hear, hear!

Hon. G. Fraser: Do you say that irrespective of what a man earns per week?

Hon. C. B. WILLIAMS: Yes. In these extraordinary times through which Australia is passing, we must look at the position in a totally different light from that in which we would have regarded it two years ago. We must realise the position, and appreciate the difference between conditions to-day and those of a few years ago. There are thousands of Mr. Fraser's constituents who are even below the meagre bread line.

Hon. G. Fraser: And you would make them pay additional taxation.

Hon. C. B. WILLIAMS: The hon. member is rather young yet, and he will not put that sort of stuff over me! I would not make them pay anything.

Hon. G. Fraser: You said you would make everyone pay according to what he received weekly.

Hon. C. B. WILLIAMS: If a man is able to earn £4 or £2 a week, and 16,000 of the hon. member's constituents do not see a

penny a week in payment for services rendered, then the man who earns £2 a week is entitled to pay something towards the assistance of his less fortunate fellow beings. Certainly that individual is hard hit, but nothing like as much as the 16,000 who are not in his fortunate position. The man who is in employment to-day, whether he be drawing interest, or be a merchant, a storekeeper, a bush-worker or a labourer, is in a favourable position compared with thousands of others. In Mr. Fraser's province there are, I understand, very many people who have not a shelter over their heads. Mr. Fraser should do as I am doing. He should advocate that those who are in employment and are earning something should be made to pay proportionately towards the upkeep of their unemployed fellow workers and the oppressed farmers. The man on the farm to-day has to toil from daylight to dark, and he has no say in the disposal of his products. The majority of those we Labour members represent have some say in the disposal of their labour. What I advocate for the worker, I advocate for the unfortunate man on the land to-day. We do not allow unionists to labour for nothing. We decline to permit them to work for less than the Arbitration Court award. Will members belonging to the Labour Party deny that fact? I opposed the half-loaf method, but the Labour movement opposed it merely in a fashion, and so the half-loaf method continues. The result is that many men are working part time. In some directions the Labour movement had no control over the position. On the other hand, why should the farmer be called upon to toil throughout the hours of light and have no guaranteed return for his labour? Yet that is the position to-day. I do not wish to touch on matters relating to the Federal sphere, but the same argument applies there as to the State. What is wanted to-day is not politics, but common sense. We are faced with extraordinary circumstances that demand extraordinary means with which to meet those circumstances. Politicians throughout Australia, and Western Australia—I include myself—have been too much concerned with their own petty parochial centres, and the opposition that might be raised against them by their constituents if they acted in the interests of the welfare of the State as a

whole. That applies to the members of the Coalition Government because they are afraid to impose heavier taxation—their wealthy supporters would not appreciate such efforts. The members of the Labour Party are in much the same situation. That is the trouble in the Commonwealth arena. Federal Ministers are afraid to do the right thing, because they know they will lose the number of their mess when their time comes. What is required to-day is the advent of a large-minded individual who is not afraid of the votes of the people who elected him to Parliament. Such a man is wanted to come forward and do what is necessary, and then justify his actions later. He must be prepared to work in the interests of the whole of the people, and not of any particular section, because of the extraordinary circumstances with which we are faced. This piece-meal legislation, whereby we wipe out £37,000 of a tax that, in any event, would not be paid by the farmers, is not what is required. Instead of the farmers saying, "We cannot and will not pay the land tax," the Government are saying, "We will not ask you to pay the land tax." There is no difference at all.

Hon. J. J. Holmes: That is about the size of it.

Hon. C. B. WILLIAMS: This is merely a sop to the farmers. Instead of doing this sort of thing, the Government should wipe out part of the accumulated debt that is hanging over the heads of the farmers in connection with the purchase of their holdings. That load should be wiped out definitely. That would be of distinct assistance to people who are in need of it to-day.

Hon. J. Cornell: It would simply mean a little tax on tea and sugar.

Hon. C. B. WILLIAMS: It would not even amount to that.

Member: You should join the Country Party.

Hon. C. B. WILLIAMS: I wish I were a member of that party. I would put some ginger into it! If I were a member of that section of the House, we would not find the Government advancing this sort of thing as a sop to the farmers. What does it mean? It may mean to me £5. My taxable income will be reduced to that extent. As a matter of fact, they could not get that out of me. They have taken a lien over my property and I have no say in it. Then they tell me that I will not have to pay £5 for land tax

this year. Do members think that any Labour Government in this State could go to their constituents and say, "See what we have done for you; we have taken off your tax amounting to £5 a year"? If they did so, the constituents would tell them to go to that place—if I use the word, you, Sir, would perhaps call me to order. The farmers of the State, who have shown their loyalty to the Country Party and also to the Government by actually being farmers, are mostly, to-day working as hard as slaves, and are deserving of more consideration from their direct representatives in Parliament than they are getting under the Bill. We have had a Royal Commission to inquire into farmers' disabilities and the question which was answered in this House to-night convinces me that the money spent on that Commission was so much money wasted. No notice is to be taken of the disabilities under which the farmers labour, and this from a Government that is 50 per cent. representative of the farming industry. Is it any wonder that wheat-growing unions have been formed in the State?

Hon. J. Cornell: Is it any wonder that they cannot beat you and me?

Hon. C. B. WILLIAMS: Is it any wonder that they do not intend to harvest their crops? Ministers have told them that they are mad and that they will be looked after. This is how the Government are looking after them—spreading over the whole farming community £37,000 which could never be collected. With these few remarks I shall support the second reading of the Bill.

HON. G. FRASER (West) [7.48]: Listening to the vigour with which the new member of the Country Party, who has just resumed his seat, addressed the House, one would think that the Bill was going to keep the farmers on the land.

Hon. G. W. Miles: He said it did not go far enough.

Hon. G. FRASER: At an earlier stage he said he supported the Bill because it was something the farmers of the State should have, while in various other ways, he attempted to make out a case to prove that this was something that Parliament had to do to keep the farmers where they were to-day. I am prepared to give to the farmers every assistance possible, but I am not prepared to give to those farmers who are not deserving of aid the consideration that the

Bill sets out to provide for them. Most members will agree with me when I say that many farmers who have been on their holdings for years are in the position in which they find themselves to-day because of their own actions. We know the manner in which many farmers have squandered money, and the way in which, through many of their negotiations, they have forced themselves into positions out of which it is difficult for them to extricate themselves to-day. Most hon. members at some time or other have been through the farming districts and have noticed that many farmers have motor cars, not ordinary cars but many better than those owned by city dwellers.

Hon. J. Cornell: Many men on £6 a week own cars also.

Hon. G. FRASER: Yes, and in many instances they have lost the cars. I am not prepared to assist any farmer who, up to his eyes in debt, will go in for such things as motor cars, wireless sets and many such things that have made their appearance in recent years. I am prepared to lend every help to the farmer who has been genuine in his efforts to repay the moneys loaned to him by the State, but I am not prepared to assist the man who has squandered money, as many have done. On the several tours that I have made in the country, accompanied by other members of Parliament, I have come across not one but many instances where men, owing about £1,000 or £1,500 to the Agricultural Bank, have been getting about the country in sedan cars, and in their homes had wireless sets and all the latest inventions it is possible to get. Are men of that description entitled to consideration?

Hon. C. B. Williams: Why should they not have wireless sets?

Hon. G. FRASER: Certainly, if they can purchase them with their own money, but not with the money provided by the State.

Hon. J. Cornell: Do you approve of kindergarten fees being paid out of sustenance?

Hon. G. FRASER: I am not suggesting that they should be.

Hon. J. Cornell: Well, it is being done in your province.

Hon. G. FRASER: Many farmers are deserving of the consideration that the Bill will afford.

Hon. C. B. Williams: Ninety-five per cent. of them.

Hon. G. FRASER: If that is the case, they should get the consideration, but I am

not prepared to give the other 5 per cent. consideration to which they are not entitled.

Hon. J. J. Holmes: How will you arrive at that under the Bill?

Hon. G. FRASER: I understand the measure is to apply to farmers, orchardists, and other primary producers.

Hon. J. J. Holmes: And pastoralists.

Hon. G. FRASER: Yes, all those who have lost their income. In the course of the debate it has been stated that the reason for giving this concession is because many of the primary producers have lost their income. If that is so, I will be prepared to support a measure to deal with other persons in the State who, too, have lost their income. I agree with Sir William Lathlain, who said that this is class legislation. I am not parochial; regardless of where an individual lives, I am prepared to extend to him the concessions stipulated in the Bill, irrespective of the calling he may be following. It has been argued that because a particular man may have put all his capital into land, that he is in a different position from a man in other walks of life. Take even a person following a calling like that of Sir William Lathlain, the whole of whose capital has been put into land in Perth, and because of the circumstances operating to-day he is unable to get his rents. In such a case the whole of his income has gone. Is not that individual entitled to the same consideration as the farmer is to receive under the Bill?

Hon. C. B. Williams: There is no analogy.

Hon. J. J. Holmes: I do not think Sir William put much money into land; he knows too much.

Hon. G. FRASER: There are instances of workers who have put all their capital into a little block of land, on which they have built their homes, and who to-day are on sustenance. Some, too, because of the depression have had to mortgage their homes and to-day they are faced with the problem of paying interest on the mortgages, while they themselves are on sustenance. It is not proposed under the Bill to give them any consideration.

Hon. J. Cornell: They can get relief under the emergency legislation, relief to the extent of 22½ per cent.

Hon. G. FRASER: What is the use of that to them?

Hon. J. Cornell: It is something.

Hon. G. FRASER: Would there be any harm in relieving them further? I can

give instances of individuals having attempted to obtain sustenance and having failed. There are many workers in the metropolitan area who are in a worse position than some of the farmers that the Bill seeks to relieve. Let me quote one case. A particular individual some years ago paid a deposit on his little home, and having paid it off sought to improve his surroundings, and purchased another home on which he also paid a deposit. That individual today is out of employment, and the tenant occupying the original home is also out of work and unable to pay rent. That man is denied sustenance because he is a property owner.

Hon. C. B. Williams: He is a miniature capitalist.

Hon. G. FRASER: As well as being denied sustenance, he is also called upon to pay land tax.

Hon. C. B. Williams: He owns two houses.

Hon. G. FRASER: Yes, and both are mortgaged. If the Minister is prepared to enlarge the measure so as to make provision for all those who have lost their income, and cannot pay taxation, I will be prepared to support him, but I cannot support a measure which gives relief to one section of the community only. The hon. member, when speaking, mentioned that income tax might be paid on wages as they were drawn. I interjected, "Irrespective of the amount a person may earn?" Many of those people on whose behalf I interjected are earning two or three or four pounds a week for only three or four weeks in the year. The hon. member's proposition is that as they draw their weekly pay they shall pay income tax on it, even though during the year they draw not more than perhaps £20. Is that fair or reasonable? The suggestion might be all right as applied to persons in permanent positions, but certainly not as applied to casual workers, of whom there are many in my constituency. These latter cannot be expected to pay income tax. I regret that as the Bill provides relief for only one section of the community, I cannot support the second reading.

HON. V. HAMERSLEY (East) [8.2]: I am surprised that under present conditions there should be any opposition to the relief suggested by the Government for men who

have improved their land and have for a number of years suffered under several taxes on the same investment. Land tax was originally introduced here against great opposition, when the values of land were small. It was introduced ostensibly owing to the socialistic idea that the landholder does nothing for his country, and that his land must continue to rise in value as the population increases. I have never been able to accept these views as correct. A country might contain huge hosts of people, as in India or Java, without the value of land being enhanced at all. The question is whether land is being worked or being neglected. The Bill proposes to grant relief to those who have improved their land. That is the ostensible object of land taxation, the idea behind it. People who were not improving their country were to be taxed more heavily. As the result of Federation and the consequent loss of Customs, excise and post office revenue, our resources became straitened, and relief had to be obtained from people who were doing much to make this country. If men working in the pastoral and agricultural areas had only land tax to bear, all would be well; but they have to pay many other forms of taxation—road board rates, water supply rates—

Hon. J. Cornell: A miner in Kalgoorlie has to pay all those forms of taxation.

Hon. V. HAMERSLEY: Yes, and he is on a good Arbitration Court award.

Hon. J. Cornell: That has nothing to do with the question.

Hon. V. HAMERSLEY: It has everything to do with the question. People in the pastoral and agricultural areas have never been able to approach anything like the payments fixed by the Arbitration Court. Mr. Fraser, whose constituents at Fremantle have had a splendid innings—

Hon. G. Fraser: No better innings than many of the farmers.

Hon. V. HAMERSLEY: They have had a splendid innings owing to the enormous trade created by farmers working in the never-never, and by pastoralists who are responsible for enormous development in railway transport and shipping, as well as providing cheap food for industrial workers in the centres of population. If similar wages had applied to the agricultural and pastoral industries, those industries would have wilted and collapsed

long ago. In the agricultural and pastoral areas the men and their families have worked all-out, and extremely long hours, and thus have been able to make a success of their calling, though not to the same extent as the miners mentioned by Mr. Cornell or the people alluded to by Mr. Fraser. My impression is that the people who have worked in the back country have done so with the idea of building up homes for themselves. They have worked under great difficulties and trials, and they are deserving of the best motor cars suitable to their districts. When I hear criticisms of the farmer for having a motor car, I conclude that there is something radically wrong in the views of our community. Why should the farmer be deprived of his one pleasure? Moreover, the car is part of his business equipment. Undoubtedly many farmers would not have remained outback were it not for the motor car. Even to-day there is much complaint from financial institutions that the farmers do not use horses instead of tractors. I myself have advocated the use of horses, but only in localities where there are good water supplies. Where the supplies are not too reliable, many farmers have found that they can work their farms more economically with tractors than with horses. During the last few years they have broken-in a good deal of country which, but for the tractor, would not be under cultivation now. The increased production has benefited the railways, and the ports of Fremantle, Geraldton, Albany and Bunbury. It is extraordinary that there should be objection to granting the farmers relief in a year such as this, when they have produced more wheat than ever before and can only get in the vicinity of 1s. 6d. per bushel for it. Again, the pastoralists' returns have come down because of the low price of wool, quite apart from the very low price of stock. Whilst farmers and pastoralists have been compelled to accept very little indeed as their share of the year's work, the railways have had a greater tonnage from the farming and pastoral areas than ever before. The ports, too, have had greater quantities of products to handle. The men on wages fixed by the Arbitration Court have never had a better time than recently.

Hon. G. W. Miles: Two million pounds were divided amongst them.

Hon. V. HAMERSLEY: They have been better off than ever before.

Hon. G. Fraser: That is why half of them have come on the dole recently.

Hon. V. HAMERSLEY: It is an extraordinary thing that they should have been on the dole. Mr. Fraser says the farmers deserve the position they are in because of the good years they have enjoyed.

Hon. G. Fraser: You will admit that through extravagance many farmers are in a bad position to-day.

Hon. V. HAMERSLEY: I will not admit the extravagance that is laid at their door. Many of them have carried on improvements, and have cleared additional country, all with the idea of providing more work for the wage-earners. Many of those wage-earners were only too glad to see that work being done. They were receiving wages while the money was being judiciously spent. The farmers have increased the area under cultivation, and have continuously increased the output; that is, until the great drop in prices caused the great set-back. Surely the farmers should not be blamed for that. However, the set-back represents their trouble to-day. They have to carry the load. As far as possible, the loss in being laid at their door. Where they cannot foot the bill, there is a charge against the property, and it will remain a charge as far as practicable. I sincerely hope the farmers will be able to secure better prices. They are not slackers; they are hard-working individuals. An hon. member spoke of holding up wheat. I have discussed that matter with farmers. The idea is not to hold up the wheat by putting a gun to anyone's head. In many cases, however, the farmers are so unfortunately situated that they cannot buy the bags needed to move their wheat. They have told me recently that their only hope is to be able to strip their wheat and dump it in heaps on the land. Within the last three or four months farmers have told me that they will not be able to move their wheat, simply because they cannot get bags. Now that an altered condition of affairs has come about and there is a better price offering I daresay there may be something more in the way of facilities arranged for the farmers which will enable some of them to get the bags they could not get before, so that they may be able to move their

wheat and pay some of the taxation which is hanging around their necks. Many of them have not been able to pay their road board rates and vermin tax, or their income tax, State or Federal. The relief from this land tax will be of the utmost value to those on the land. The most serious aspect of the restriction of cropping is the fact that, even if wheat should go to 3s., it is difficult to discover to-day any large areas of fallow. The farmers have not been able to get sufficient credit to enable them to do their fallowing. Next year, when Mr. Scullin is again asking the farmers to produce more wheat in order to save Australia from bankruptcy, it will be useless to send out super to farmers who have no fallow. And in many instances where they have fallow the fallow is covered by a mass of weeds. When it is found that for want of fallow the total yield is seriously reduced, the Railways will discover what a wonderful asset the farmer has been in the past. This small act of mercy on the part of the Government is at least a gesture indicating that they will relieve the farmers of the land tax, knowing that if a farmer has any income the Taxation Commissioner will get part of it. Mr. Thomson referred to the fact that the man who puts his capital into land finds there is a levy taken on his capital invested, whereas the man who puts his money into brewery shares or Government bonds is taxed merely on his income. The farmer has been taxed very heavily, and I welcome this gesture of relief and sympathy on the part of the Government. I do not think the Bill can be seriously regarded as class legislation. Personally I hold there should be no land tax at all, because it is a tax on investment. If there were no land tax in this State, it would be the biggest advertisement of all to attract people to come to Western Australia. For the paltry amount the State receives in land tax, we have thrown away our best advertisement. One of the principal reasons for initiating the State land tax was that if we did not impose it the Federal Government would. But to-day we have to pay land tax to both the Federal and the State Governments. Of course all this taxation has been responsible for adding considerably to the land valuations, and I was pleased with Mr. Seddon's suggestion that the valuations should be reduced by at least 50 per cent. Some time

ago the Commissioner of Taxation told me he was going to make a reduction of 10 per cent. In my opinion that is too paltry. I would be very much more impressed if the Government were to endeavour to persuade the Federal Government to withdraw their land tax and leave it to the States to carry on. The more relief that can be given to those on the land, the better is it in the interests of those who are securing so much work on the railways or at the ports, and in the interests of the trade resulting from the satisfaction of those on the land. Any relief we can give them will be returned a hundredfold to the State.

HON. W. J. MANN (South-West) [8.22]: I am reminded that each of the years I have been in the House most members have agreed that the principle of taxing improved agricultural land has not been in the best interests of the State. On several occasions there has been considerable debate on this question, and one or two Bills were held up for a considerable time. Successive Governments have agreed that some relief should be given in this direction, and it was only two years ago when the Minister then in charge of the House said he hoped that in the succeeding year there would be some reduction of the land tax. Last year we returned to the subject, and were told by the Minister that it was hoped something would be done this year. On this occasion the Government have kept their promise, and I am sure the people in the rural districts will recognise that although the amount is not very great it is, as the last speaker said, a gesture of goodwill towards the farmers. It was surprised that the Bill should have been termed class legislation. I regard it purely as a business proposition. What is going to rehabilitate trade? Is it anything but increased production? And will anything do more to accelerate our production from the land than will the removal of the land tax?

Hon. W. H. Kitson: Do you say that increased taxation will do it?

Hon. W. J. MANN: I say the reduction of the land tax will assist it. One has only to cast his mind back to recall what some people in the more congested areas said a few months ago when the prices of our staple products appeared hopeless. All eyes were turned towards the country, and the hope was expressed that prices would rise so that the people on the land might be able

to carry on their avocation, and that their products might bring credit and money into the country. I cannot see why there should be any opposition to a proposal of this nature. We have only to recall the early days of the wheat fields of this State to realise what the improvement of agricultural land has meant. From being a State of comparative indigence, we became a State of great earning power. If the people on the land are encouraged, if it is made possible for them to carry on, we will again become a great earning State. The improving of the rural districts is our only chance. The clearing of the wheat belt has been found to operate in the same way in the dairy industry, in the fruit industry, and all through the country. Mr. Fraser objects to the farmers having motor cars and wireless. What would he have? Would he have them retain the old horse vehicles, taking four hours to do a journey that in a motor car can be done in half an hour? Would he have a man in the back country ignorant of what is taking place in the city, if by the expenditure of a few pounds he can purchase something that will bring him into touch with the every day affairs of the world? The installation of wireless on a wayback station or farm is a wonderful advantage and no one should begrudge the man who is so far back that little accommodation or convenience. And it is useful in his business, for by it he is able to keep in touch with the market quotations in the city, and know when to send along his products and when to withhold them from a glutted market. I intend to support the Bill. While I regret that the Government have seen fit to take the stand they have taken regarding income tax, I feel that I can congratulate them on their decision to exempt improved agricultural land from land taxation.

HON. J. M. MACFARLANE (Metropolitan-Suburban) [8.31]: I would not have spoken to-night, but I understand that the Minister desires to conclude the debate. I think it is entirely wrong for the Minister to adopt that attitude, but I am prepared to humour him. Members must be impressed with the fact that this is a most important measure. It is regrettable that we have to give a hurried decision on a matter of such importance. I am satisfied that the Minister has a rotten job in that he is probably representing views to which he does not subscribe,

but which another place has put up to him to pilot through this House. The trouble is that he is placing members who desire to support him in a very difficult position, and I for one must oppose the Bill as it stands. I hold that it introduces the principle of class taxation. If that is not the intention, then the Bill has been very badly presented. It is intended on the one hand to grant relief to the extent of £37,000 to one section of the community. I admit that that section includes the wheat farmer and the grazier who are in need of relief. But it is intended to charge the cost of the relief to the wage earners in the city by increasing the income tax.

Hon. A. Thomson: The city is not going to find the £37,000. It will be distributed over the whole State.

Hon. J. M. MACFARLANE: According to the hon. member, very few taxpayers in the country have taxable incomes. It is injudicious to associate the two questions in one measure. The Government should have confined their attention to dealing with the people who require relief. Under the Bill many farmers would obtain relief who were not entitled to it. While many wheat and sheep farmers should be afforded relief, the measure will extend the relief to orchardists, dairymen and other producers who are not similarly placed. It will also extend the relief to some farmers who have been thrifty and who do not need relief—men who have been reared in the old school, and who believe in making arrangements to meet their obligations. There are many young farmers who have not had time to make good, and they require assistance, but on the other hand many farmers could well carry on without relief. The Bill has been presented in haste, and reveals evidence of lack of consideration.

The Chief Secretary: How can you say that?

Hon. J. M. MACFARLANE: The facts speak for themselves.

Hon. G. W. Miles: The object could have been achieved in another way.

Hon. J. M. MACFARLANE: Of that I am thoroughly satisfied. Relief could have been afforded to deserving cases as was done in 1914 under the Industries Assistance Act. Had that course been adopted, no such charge as one of class taxation could have been levelled against the Government. It is certainly new to me to meet with anything in

the nature of a class taxation proposal. Therefore I am bound to oppose the Bill. I do not wish to prevent relief being given to those farmers who require it. In the metropolitan area, however, there are people who require relief as badly as, if not worse than, many in the country, to whom such touching reference has been made here to-night. I know people who have taken up small holdings on which they have paid small deposits. Their earnings have diminished appreciably, and yet they will be required to pay the full amount of land taxation.

The Chief Secretary: How much do they pay?

Hon. J. M. MACFARLANE: Proportionately as much as the man in the country. No distinction should be drawn between such a man and a resident of the country. The merchant has been hard hit by the conditions that are affecting the farmers.

The Chief Secretary: He can always pass it on.

Hon. J. M. MACFARLANE: He cannot pass it on to-day. He has to stand to the storekeepers, and he will be under the necessity of continuing to support them for a considerable time to come. I agree with Mr. Hamersley that the pinch will come next year. Very little preparation has been made for next year's cropping, and the burden will fall on the business community for a longer period by reason of that fact. Yet additional taxation will be imposed on that section in order that the farmer may go free. Such a distinction is ugly and lopsided, and betrays lack of proper consideration.

HON. SIR CHARLES NATHAN (Metropolitan-Suburban) [8.37]: I propose to record my vote in a certain way, but for many reasons I desire to explain what has actuated me in adopting the course I have decided to take. Reading the Title of the Bill I find it is for an Act to impose a land tax and an income tax. Judging by the arguments that have been advanced by various members to-day, one would have assumed, as one has had to assume with many measures debated in this House, that this was an emergency Bill designed to assist a certain and very important portion of the community in a difficult situation, due to conditions for which they might be in part to blame, but not wholly so. The clause on which most discussion has taken place is

that which provides exemption from land tax for farmers, pastoralists and others. No one would for a moment deny that the farmer is entitled to all the relief that it is possible to give him. No one would for a moment deny that the farmer has in front of him an exceedingly heavy task, rendered more difficult by the weight of debt and responsibility cast upon his shoulders. But I submit that a measure to relieve the farmer should not be incorporated in a tax Bill of this description. The amount of which it is desired to relieve the farmer is a mere bagatelle—£27,000 at most. When we realise that the farmers are carrying a load of debt and responsibility of at least £35,000,000, if not £40,000,000, this gesture is ridiculous in the extreme. The clause in the Bill to which I take exception is one that, despite what may be said to the contrary, definitely savours of class legislation. If in the opinion of members of this House and another place the land tax is not a proper tax to impose, then let it be repealed on all land and make other provision for obtaining revenue. But assuming that it is the intention of the legislature to continue land tax, then it is an invidious distinction to relieve one section of the community from payment and allow the burden to remain upon the other sections. Several members have stated that the land tax is inequitable in its incidence on the farmer, because it is a tax upon his capital, and that this does not apply to anyone engaged in ordinary commercial business. One member, in raising that contention, instanced the printer, and said his capital was invested in his printing press and that he did not pay taxation on his capital. May I submit that the illustration was not a good one, because all said and done, the printing press of the newspaper proprietor represents to him only what the harvesting machinery represents to the farmer. A portion of the printer's capital is invested in his land and buildings, and on his land he is called upon to pay land tax. The same answer applies to the argument regarding people whose capital is invested in one or two small houses from which they obtain rent. They have to pay the land tax on their capital, the same as the farmer pays on his land. During the debate many things have been said in the heat of the moment that I am perfectly certain members did not seriously mean. An attempt has been made to belittle certain

sections of the community and stigmatise them as parasites living upon the poor unfortunate farmer. To my mind that is quite an unfair argument to use. The farmer plays his part in the development of the country, but he plays no greater part than any other individual or any other enterprise working in close association with him.

Hon. G. W. Miles: He does.

Hon. Sir CHARLES NATHAN: Well, we shall see.

Hon. G. W. Miles: We have 50 per cent. of the State's population in the metropolitan area.

Hon. Sir CHARLES NATHAN: And the 50 per cent. are doing their share towards the development of this country, just as is the farmer, no more and no less.

Hon. G. W. Miles: Too many are living on the man on the land.

The PRESIDENT: Order!

Hon. Sir CHARLES NATHAN: I should not like members to import into my remarks anything derogatory to the farmer, for in his sphere he is doing his work and doing it well. All I am attempting to prove is that every honest worker in the community is doing just as much for its development as is the farmer. I claim no more, and I will have no less. Where would the farmer be in his job were it not for the men engaged in the superphosphate works, for the labourer who helps to take off his crop, and for the railways and the railway men who convey his crop to its destination? Where would he be except for those who find the necessary finance for him? Where would he be without the wharf labourer to shift his crop aboard the ship on its way abroad? Where would he be but for the flourmiller who grinds his wheat into an exportable as well as a locally consumed product? Not one can stand without the other.

Hon. G. W. Miles: Yes, do not make any mistake about that.

The PRESIDENT: I must ask the hon. member to allow Sir Charles Nathan to proceed.

Hon. Sir CHARLES NATHAN: As a boy I used to chew wheat and found a certain amount of nourishment in it.

Hon. J. Cornell: Was it a pastime or a necessity?

Hon. Sir CHARLES NATHAN: It was a pastime. Mr. Miles may have developed

the same taste and, by that means, have arrived at his present girth. I maintain that to every section of the community we owe just as much regard for their interest as is the case with the farmer who is engaged in the actual toil of producing the wheat.

Hon. E. H. H. Hall: He is the foundation of the community.

Hon. Sir CHARLES NATHAN: I believe in these times the farmer is entitled to all the relief that can be obtained, but I object to the principle of introducing emergency questions into a taxation Bill of this kind. The time will come in the not far distant future when some attempt will have to be made by the Government of the day with the object of relieving the farmer of the burden which he at present carries. This burden has not altogether been created by those harpies and sharks who are supposed to be living upon him; it is a burden for which, in some measure, he is himself responsible. When wheat was at a price far in excess of that which can be obtained now, the cry came from the farmer for relief just as it does now when the price is low. Nevertheless, the agricultural community as a whole is to-day bearing a burden against which it cannot stand. The relief of a matter of £37,000 is not going to help much. With due regard to the possibility of being classed as a town representative, and with a full recognition of the odium attached to the course I intend to pursue, I propose to vote, if not against the second reading of the Bill, certainly against the particular clause to which I take exception. In justice to myself I think it is right I should make this explanation before casting my vote.

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

BILL—DIVIDEND DUTIES ACT AMENDMENT.

Second Reading.

Debate resumed from the previous day.

HON. H. SEDDON (North-East) [8.50]: When speaking last night, Mr. Holmes pointed out that under the Dividend Duties Act certain allowances are made to individuals in the payment of their income tax that should rightly be claimed by companies. I intend to support the amendments which

have been placed on the Notice Paper to provide that these deductions shall be taken into consideration when assessments are made for dividend duties from companies. It has been pointed out that it would be only fair for a company which has experienced the effect of the depression, to be entitled to take into consideration the net trading or business losses incurred in the one or more years during the three years preceding that of assessment. That is a reasonable deduction. It would allow a company to set off the losses of a bad year against the profits of a good year, and recompense themselves in a good year for such losses. It is also reasonable to ask that a company should be allowed a reasonable amount for the depreciation of plant. A reasonable deduction would be in the direction of allowing the company to deduct from profits all rates and taxes, including Federal and State land tax.

Hon. J. Cornell: Do they not write off depreciation on their balance sheets?

Hon. H. SEDDON: Whilst the deductions are recognised as legitimate business deductions, apparently no allowances are made by the department when the dividend duties are assessed. It is desirable that such items should be included in the Dividend Duties Act, just as they are included in the Income Tax Act. If these deductions can be made from the income of the individual, it is perfectly legitimate that they should be made in the cases of the income of a company. I intend to support the efforts of Mr. Nicholson and Mr. Holmes to secure the inclusion of these deductions.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East—in reply) [8.52]: Mr. Nicholson set himself up as an historian on the evolution of the Dividend Duties Act, but I am sorry to say his statements are not a correct representation of the position. At no time has the Dividend Duties Act imposed a tax on dividends of companies exclusively. The principal Act of 1902 provided, under Section 6, for the taxing of local companies, including goldmining companies, on the dividends declared from year to year, and Section 7 taxed the profits of companies carrying on business in Western Australia and elsewhere.

Hon. J. Nicholson: Exactly!

The CHIEF SECRETARY: As it was found in the course of time that companies carrying on business exclusively in Western

Australia were not declaring dividends but were adopting certain practices with the direct object of evading taxation, the Government, on the recommendation of the Commissioner of Taxation, in 1915, repealed Section 6 of the Dividend Duties Act of 1902, and slightly amended Section 7 so as to tax all companies on their profits.

The same gentleman maintains that the deductions allowable under the Income Tax Act should also apply to the Dividend Duties Act. Surely the hon. member does not claim that an incorporated company should have deductions made for children under 16 years of age.

Hon. J. Nicholson: I did not say that. Read my remarks. You cannot have done so when you make such a foolish and absurd statement.

The CHIEF SECRETARY: It is not absurd.

Hon. J. Nicholson: It is preposterous. You could not have read what I said.

The CHIEF SECRETARY: The hon. member wants the same deductions.

Hon. J. Nicholson: I did not say the same deductions; I said the same deductions as would be applicable in the case of a company.

The CHIEF SECRETARY: That concession was put into the Land and Income Tax Assessment Act, and applied to taxpayers who had their families residing with them and dependent upon them in Western Australia. It was done purposely with the object of encouraging taxpayers, who had their families residing in the Eastern States, to bring them to Western Australia. Under the Dividend Duties Act, companies are assessed on their net profits, i.e., after deducting all expenditure incurred in earning those profits. Ordinary rates and taxes paid to a State Government are allowed as a deduction, but not State Land Tax, Income Tax or Federal taxes. 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. Under Federal income tax and land tax laws, the profits of companies and the land they own are assessed at an aggregated rate of tax on the total gross income earned throughout the Commonwealth, and on the total unim-

proved 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, and, for that reason, I consider it is not advisable 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 which is considerably less than the maximum aggregated rate of income tax payable by taxpayers under the State Land and Income Tax Act. Mr. Nicholson also said:

No doubt anomalies that exist have been created and perpetuated by reason of the fact that the original conception of the Dividend Duties Act was merely for the imposition of a duty payable on dividends, and not a tax on profits.

There again the hon. member is in error. The Dividend Duties Act has taxed the profits of companies trading here and elsewhere and dividends of local companies, including goldmining companies; but as previously stated, the position was altered in 1915 when all companies were made liable to taxation on their profits. The Dividend Duties Act has been in operation since 1902, and has been found to be a most economical and satisfactory Act to work, especially to the companies preparing their returns. The profit and loss accounts and balance sheets, which are the basis of assessment for profits, have always been accepted by the department, and there has been no extra labour involved in the preparation of statements for the Taxation Department. Consequently the companies have incurred no extra cost in complying with the provisions of the law. In those circumstances, I do not think it advisable to make the alterations in the Act which have been suggested by Mr. Nicholson.

Mr. Holmes said that the State Land and Income Tax Assessment Act dealt with the operations of private companies. He is quite wrong. All companies are assessed under the provisions of the Dividend Duties Act, and individuals only are assessed for income tax under the State Land and Income Tax Assessment Act. When the Bill is in Committee I shall give full reasons for opposing his proposal that the losses of one year should be set off against the pro-

fits of another year. At this stage, it is sufficient to say that the majority of companies operating and subject to the Dividend Duties Act, are absentee companies, that is to say, companies that are operating here through branches. They have their head offices outside Western Australia, principally in the other States of the Commonwealth, and they are permitted by law, subject to certain restrictions, to apportion part of their interest and head office charges and other expenses, to the profits made in their branches in Western Australia. In many cases, the companies referred to have felt the depression earlier in the other States than in Western Australia, with the result that interest on their losses incurred outside of the State, and other expenses of a like nature, have had to be allowed as a deduction from profits made by the branches in Western Australia. Consequently, if the proposed amendments as submitted by Mr. Holmes are to be made in the Dividend Duties Bill, then the companies will gain a considerable advantage not possessed by local companies or taxpayers, who are assessed under the provisions of the Dividend Duties Act. Furthermore, there is the loss of revenue that must arise by the allowance of losses of previous years from profits, which the State can ill afford at the present time.

In every other State of the Commonwealth and under the Commonwealth itself, rates of taxation have increased during the last two years, to meet the declining revenue caused by the present depression; whereas there is no proposal, under the State Dividend Duties Act, to make any increase in the rate of tax levied on companies. It is true that losses are allowed to companies under the provisions of the Federal Income Tax Act, but it must be recognised that under the Federal law, all companies operating in Australia have their profits aggregated throughout the Commonwealth. There is, therefore, no comparison between the provisions of the Commonwealth law and the loss to the State in regard to company assessments for taxation. All States, as previously stated, assess companies on a different basis to individuals, and at a special rate of tax. That is done for the reason that the States cannot deal effectively with the profits and losses of companies as is done under the Federal income tax law, especially in regard to those companies that are operating

in two or more States of the Commonwealth. The difficulties of assessing absentee companies in this and the other States of the Commonwealth are not understood, and unfortunately not appreciated by members of Parliament. If they were, members would not, I feel certain, press the amendments they seek to embody in the Dividend Duties Act. That Act is built on quite a different basis to that of the Land and Income Tax Assessment Act, and I can assure Mr. Holmes that his amendments are unwelcome to the Government, even if they are acceptable by the Chair.

Question put and passed.

Bill read a second time.

In Committee.

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

Clause 1—agreed to.

Clause 2—Amendment of Section 6:

Hon. J. NICHOLSON: I move an amendment—

That after "follows" in line 2, the following proviso be inserted:—"Provided that every company in making any returns or lodging with the Commissioner any accounts or balance sheets as required by this Act shall be entitled to include therein as deductions from the profits or earnings of such company, in addition to other usual or lawful deductions, the same amounts as are allowed as deductions to taxpayers under subsections (1), (2), (3), (4), (7), (8), (9), (15), and (17) of Section 31 of the Land and Income Tax Assessment Act, 1907-1924."

I was amazed and surprised at the remarks made by the Minister when replying to observations made by various members, including myself. His references amounted to a distinct distortion of my statements in this House, and were totally misleading. It is merely fair to hon. members who take the trouble to speak in this Chamber, that the Minister shall at least be accurate in dealing with the statements made.

The CHAIRMAN: Order! I think if the hon. member explains his amendment, he will be able to clear up any misconception that has arisen on the part of the Minister.

Hon. J. NICHOLSON: The last thing I wish to do is to make mis-statements, and I made none. What I stated regarding the Bill was perfectly correct.

The Chief Secretary: Then the "Hansard" report was wrong.

Hon. J. NICHOLSON: If the Minister will read the "Hansard" report of my speech, he will see exactly what I said.

The Chief Secretary: Then you do not question the "Hansard" report?

Hon. J. NICHOLSON: No, I have looked through it carefully.

The CHAIRMAN: Order! Mr. Nicholson will proceed.

Hon. J. NICHOLSON: I want to put before hon. members the position of a firm that is not a limited company. Formerly that company would be taxed under the Land and Income Tax Assessment Act. In 1902 we passed the Dividend Duties Act, which was long before the Land Tax and Income Tax Act was enacted. The original conception was to tax dividends declared by local companies, not of those companies that carried on business outside the State. The Government could tax the profits only of such companies. That position was later changed, and in 1915 the local companies were taxed on profits too. The Leader of the House omitted to explain that while it is true that the companies are taxed on a flat rate, which must be inevitable, seeing that it is a tax on dividends, in 1920 further legislation was passed under which an additional impost, equivalent to 15 per cent. of the duty imposed under the principal Act, was agreed to. It will be seen that companies are taxed fairly solidly and while deductions were allowed to ordinary taxpayers a similar privilege was not extended to companies. It is to assimilate the position of companies to that of individuals that I have moved the amendment, and the object is to give the companies the same right to effect deductions as taxpayers have.

The CHAIRMAN: Unless Mr. Nicholson is prepared to do what Mr. Holmes has done, I shall not be able to accept the amendment. Mr. Nicholson should make the proposed deduction specific in character. Progress can be reported and the amendment can be put on the Notice Paper.

Hon. J. NICHOLSON: I have no objection to preparing the amendment on the lines you suggest. I think it would shorten the proviso by referring to those particular paragraphs in Section 31.

Progress reported.

BILL—VERMIN ACT AMENDMENT (No. 2).

Second Reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [9.16] in moving the second reading said: In view of the fact that it is not intended this year that a tax shall be levied on the unimproved value of improved agricultural land, it is necessary to amend the Vermin Act to enable the Commissioner of Taxation to levy the vermin rate in the easiest and most economical way possible. Since Section 100A was inserted in the Vermin Act in 1925 the assessments have always been arrived at on the unimproved land values and the values arrived at under the Land and Income Tax Assessment Act have been used for that purpose. Although the Land Tax assessments will not be available on which to levy the tax, still the vermin tax must be collected so that the Central Fund may continue its good work of providing bonuses for the destruction of dingoes, foxes and eaglehawks throughout the State.

Those honourable members who are possessed of agricultural land and on whom the vermin rate is levied, will remember that usually their assessments are issued concurrently with the land tax assessments. From now on those assessments will not be issued in respect to improved land within the meaning of Section 9 of the Land and Income Tax Assessment Act if the lands are used solely or principally for agricultural, horticultural, pastoral, or grazing purposes, and it is therefore necessary that some other means of levying the vermin tax should be provided. To overcome the difficulty it is proposed that the Commissioner of Taxation shall be empowered to determine the unimproved value and to issue assessments in respect to the Central Fund vermin tax accordingly. That officer is already in possession of valuations which have been arrived at on a scientific and equitable basis and it is proposed, for the purposes of the Vermin Act, that he shall use those valuations, after making due allowance for the drop in values to the existing financial depression.

To permit of this arrangement it is necessary that Subsection 6 of Section 100A should be deleted. The deletion of that subsection is important, otherwise the Commissioner would be required to make assessments on the valuations fixed by the road

boards for the purposes of the Road Districts Act. Honourable members know that the unimproved values which are placed on land by the various local authorities throughout the State are in many instances fixed in a haphazard manner, without any regard being given to the value of land in the adjoining district. It often happens that one local authority has a scientific valuation placed on its land, while the adjoining board has an altogether different basis of valuation. For instance, a man owning a property in two districts and only separated by a road, is frequently assessed by one board at 30s. per acre and by the other Board at 10s. per acre. Therefore it would be unsatisfactory for the Central Fund vermin rate to be collected on the bases of valuation as fixed by the local authorities. If the Bill becomes law it will mean that the bases will be altered, and the Commissioner of Taxation will be entitled to collect the rate on an unimproved value as determined by him. I move—

That the Bill be now read a second time.

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

House adjourned at 9.25 p.m.

Legislative Assembly.

Wednesday, 4th November, 1931.

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