

munity in the interests of the public, who provide the cash. I have been silent on most occasions in this House but I cannot be silent at present, for I have not heard one argument against the Bill that should weigh with hon. members. I fail to see the logic in their attitude, which is based on what suits themselves. When it suits them, members will twist rapidly. Why not be logical and, if they have nothing to hide, adopt the same attitude as they adopted towards the Main Roads Select Committee? They say the business interests of the country have nothing to be afraid of. If that is so, let us have the price-fixing commissioner. If what we have been told is correct, he will say that no undue profits are made on the sale of flour. A High Court judge has already decided in that direction, so no harm would be done if we appointed a price-fixing commissioner from that standpoint. Then we have heard about the position of grocers. If what Mr. Stephenson said is correct and there is no profiteering in connection with the grocers, then the Government need not persevere with the Bill. But are business men generally any more honest than they were during the war period, when, in the interests of the community at large, it was found necessary to introduce legislation to prevent business people fleecing the public? I have yet to learn that that generation has died out, or that the lessons learned in those days have made traders more honest. Mr. Miles apparently did not give any consideration to the amendment he moved. He merely got up and in a few words moved that the Bill be read this day six months. He has not attempted to reply to any of the arguments against his amendment. I oppose the amendment and support the Bill.

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

Ayes	..	..	..	14
Noes	..	..	..	8
				—
Majority for	..	..	..	6
				—

AYES.

Hon. J. Ewing	Hon. J. Nicholson
Hon. E. H. Harris	Hon. E. Rose
Hon. J. J. Holmes	Hon. A. J. H. Saw
Hon. G. A. Kempton	Hon. H. A. Stephenson
Hon. Sir W. F. Lathlain	Hon. C. H. Wittenoom
Hon. A. Lovekin	Hon. H. J. Yelland
Hon. W. J. Mann	Hon. G. W. Miles

(Teller.)

NOES

Hon. J. Cornell	Hon. W. H. Kitson
Hon. J. M. Drew	Hon. H. Seddon
Hon. W. T. Glasheen	Hon. C. B. Williams
Hon. E. H. H. Hall	Hon. G. Fraser

(Teller.)

PAIR.

AYE.	No.
H. Stewart	Hon. E. H. Gray

Amendment thus passed; the Bill defeated.

House adjourned at 9.40 p.m.

Legislative Council.

Wednesday, 14th November, 1928.

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

QUESTION—LAND TAX AND RAILWAY FREIGHTS.

Hon. H. STEWART asked the Chief Secretary: 1, What revenue was collected from the land tax for the financial years ended 30th June, 1925, 1926, 1927, and 1928, respectively? 2, How much of that revenue in each year was utilised for the reduction of railway freights?

The CHIEF SECRETARY replied: 1, Year ended 30th June, 1925, £113,867; year ended 30th June, 1926, £145,830; year ended 30th June, 1927, £147,415; year ended 30th June, 1928, £162,906. 2, No specific sum was set aside for this purpose, but the estimated amounts required to cover reductions in railway revenue due to revision of rates were: year ended 30th June, 1925, £7,000

(two months only); year ended 30th June, 1926, £45,000; year ended 30th June, 1927, £56,000; year ended 30th June, 1928, £60,000.

QUESTION—WORKERS' HOMES, NORTH FREMANTLE.

Hon. G. FRASER asked the Chief Secretary: 1, How many workers' homes have been erected in the North Fremantle Municipality since the inception of the scheme? 2, (a) How many applications for homes have been received from residents of that municipality during the past three years; and (b) how many homes have been erected during that period? 3, Have any applications been approved for the current financial year. 4, Do applications from this municipality receive the same consideration as those from other municipalities; if not, why not?

The CHIEF SECRETARY replied: 1, Four. 2, (a) None. (b) Answered by (a). 3, No. 4, Yes.

BILL—ROAD CLOSURE (QUEEN STREET.)

Introduced by Hon. E. H. Gray and read a first time.

BILL—WATER BOARDS ACT AMENDMENT.

Second Reading.

Debate resumed from the 8th November.

HON. H. J. YELLAND (East) [4.37]: The Bill seeks to amend the Water Boards Act. As the Minister has pointed out, that course has become necessary because certain water supplies have been established in country districts under agreements and as some have not been honoured, it is deemed advisable to introduce retrospective clauses to enable the Government to recoup themselves for the outlay involved. For that reason the Bill becomes an important measure. Unfortunately when a Government undertake work of this description, fairly heavy expenditure is usually involved and just as usually the settlers have to pay more for the supplies than is represented in the results derived from them. A

number of settlers have refused to pay or have decided to withdraw from the scheme, and consequently have not stood up to the terms of the agreements with the Government. While we may sympathise with the Government in their effort to make the legislation retrospective to meet such cases, the measure will date so far back in its retrospective application as to represent a burden upon every section of the community. We must take our minds back to 1910 when the development of the country areas was in progress. At that time the Government in power decided to establish water supplies throughout the districts that were being opened up, with a view to assisting development. Dams and wells were put down at distances averaging about seven miles apart. Pumps or whips were also provided. That was for the convenience of those who were travelling stock and for settlers in the vicinity, who were thus enabled to secure supplies until such time as they could make provision for themselves. In framing the Bill so that it would be retrospective in order to meet particular cases, the Government have placed before us a measure that will bring in the whole of such water supplies.

The Chief Secretary: That is not intended.

HON. H. J. YELLAND: I know that is not the intention, but if we have regard to the wording of the Bill it will be seen that that is practically what it amounts to. I can quote the instance of the Hon. D. W. Johnson who has a farm, adjoining which is a well that was sunk in 1910 or thereabouts.

HON. V. HAMERSLEY: By the Government?

HON. H. J. YELLAND: Yes. The water in the well proved to be second grade for stock purposes. Two buckets and a windlass were also provided. That water supply could be brought within the scope of the Bill if it were declared a water area, although the well itself is quite useless for the district. If that were done, Mr. Johnson could be taxed to the extent of 3d. per acre, because of the water supply that had been established adjoining his block! I do not think for a moment that the Government would impose such a tax upon Mr. Johnson, but the Bill would permit them to do so.

HON. V. HAMERSLEY: If you think that, you do not know what Governments are!

HON. H. J. YELLAND: The Bill should be amended to prevent any such possibility.

Hon. H. Stewart: What particular instance do you say the Government had in mind?

Hon. H. J. YELLAND: The Chief Secretary mentioned two instances in the course of his speech and the hon. member will find the particulars he desires on page 1618 of "Hansard." Regarding those instances, I am sure hon. members will be sympathetically inclined to the objects the Government have in view, and retrospective legislation in that regard will, I think, be agreed to. If the Minister will agree to alter the Bill so as to excise the possibilities I have referred to, I cannot see any objection to the measure. At the time water supplies were put down in 1910, the work was undertaken with a view to opening up the country, but since then the supplies have fulfilled their mission, and even if they were filled in today, they would have paid for the cost of construction by means of the increased value derived from the products of the districts served. To declare many of those water supplies under the provisions of the Bill would not be fair or just. Insofar as they were provided to meet the requirements of stock in those days, the dams and wells supplied a long-felt want at the time, but they are seldom used now. The suggestion made by Mr. Hamersley that those settlers who have provided their own water supplies should be exempt from the provisions of the Bill, appeals to me. A man who does that utilises his capital in the very best way possible. No man who does that should be penalised by the imposition of an additional tax because someone else has failed to make the same provision for himself. Manifestly it would be unfair. We must remember that anomalies exist in every district. In some instances, settlers cannot find water when they sink wells. They may not be able to secure catchment areas or even holding ground for water supplies. Those people should receive consideration. I take it the Bill will extend consideration to settlers in that category. If it is giving consideration to that class of settler willing to pay for the assistance he is receiving, no one will demur. With that alteration, deleting the severe retrospective conditions of the Bill, I will support it.

HON. H. STEWART (South-East) [4.46]: Looking through the Bill I was struck by the very point touched upon by

Mr. Yelland. Its retrospective nature makes it dangerous, and makes it possible for the Government to collect revenue on account of works that were put into operation many years ago for the development of the State. If the powers given under the Bill are to be exercised, people who get no benefit from works constructed many years ago for the general development of the State will be called upon to make heavy contributions. Mr. Yelland has given one instance. But there are very many instances where, for the development of agriculture and even in advance of agriculture, dams have been excavated—some of them, apparently in good catchments, have not filled in dry years—and wells have been sunk, some of which have turned salty. From the framing of Clause 2 it looks as though it were meant to be a drag-net clause taking in all works that have been constructed in that way, and as though revenue were to be derived from those works. Some of those works go back 20 or 25 years. This clause takes in all those works, wells, tanks and other similar water supplies. I believe there was some limitation as to their capital cost. But those that this clause can take in were put down under the vote for the development of agriculture. They were constructed, not all at once, but at intervals, in order to permit people to go out along new roads, perhaps 10 miles beyond any other source of supply, that is to say 10 miles beyond established settlement. Those works are of no permanent use to the people now settled about them. They were decidedly useful in placing the settlers on the land, indeed in those early days the land could not have been settled without them. But they do not obviate the necessity for farmers to put in their own private supplies, nor do they even provide against periods of drought. In many instances the transporting of water by rail has to be resorted to, even although those wells and tanks were provided in the early days. It would be positively dangerous to pass the Bill with that clause worded as it is. It would be unfair to permit of power being exercised to tax people who have not been saved by those established works from putting in their own supplies. In the dry areas, where there is a rock catchment or an underground source of supply which, tapped, will serve a community, a comprehensive scheme is put in to supply the locality and district. But the

conditions I am illustrating are quite different from that. The works were put down many years ago and were then necessary for the development of agriculture. I feel sure the Chief Secretary realises the points I am trying to make and understands the way in which I would differentiate between the instances he gave and the class of works that are in existence, where settlers can make their own provision and where, consequently, there should not be power to call upon those people to contribute towards the cost of old works.

Hon. H. J. Yelland: They have been put under the charge of the local authorities.

Hon. H. STEWART: But that would not prevent the Government from making the claim which, I say, can be made. I would not be prepared to put confidence in the statement that a claim could not be made, not even if the Chief Secretary were to give us that assurance; for it would be too dangerous to give such power in regard to water supplies. In legislating to allow the Government to put in comprehensive schemes in order to give ample supplies of water in certain localities where water shortages occur and where water conservation has been difficult, the utmost care should be exercised to see that any rating power is confined to particular districts served. If we give too much freedom to the Government in that respect, we run the risk of setting up a condition of affairs that will lead the settlers to refrain from conserving their own supplies lest, when they have done so, they will be called upon to join in a general scheme. That sort of thing is going to kill individual initiative. For we cannot expect enterprise while there is any possibility of the people who have put in their own supplies having to face additional imposts because some of their fellow settlers have not had the initiative and foresight to provide themselves with necessary supplies. Consequently I think we should go very carefully into the position and see that we do not establish a set of conditions under which those who are developing the State will be called upon to pay twice over. For they may be called upon to pay an additional impost, and the knowledge of that possibility will lead to their putting off work that they should do in their own interests and in the interests of the development of the State as a whole. In those circumstances, of course, people

are disposed to leave more and more to the Government, and to cling to the belief that the Government some day will come along with a comprehensive scheme to help those who will not help themselves. I do not wish to see set up anything that will kill the initiative of the people in doing their own work wherever they can.

THE CHIEF SECRETARY (Hon. J. M. Drew—Central—in reply) [4.55]: I can assure Mr. Hamersley, Mr. Stewart and all others who have taken a similar view that the Government have no intention of levying rates in respect of wells and tanks sunk or constructed years ago for the use of settlers. Nor do they desire to discontinue the provision of pioneers' tanks, dams and wells which shall not be rateable. The Bill is given a retrospective effect in order to take in those tanks and dams which have been put down during the last three years, and which are, or will be, equipped with windmills and overhead tanks and stand-pipes. Not only that, it is proposed in some instances to put out pipe lines perhaps six or seven miles or more from the source of supply, in order to reduce the distance settlers a long way from the dam or tank would have to cart if this were not done. It may be also that some of the old tanks or dams will require lining to prevent loss, and covering to lessen evaporation. It may be necessary also to provide a windmill and stand-pipe and run out a pipe line several miles to meet the convenience of settlers. In that case only the new expenditure would be taken into account in assessing the rate chargeable. Schemes at Jilakin, Wilgoyne, and Kalgarin will have to be enlarged to meet the growing needs of the districts, and pipe lines with stand-pipes where necessary will have to be run out for the convenience of the settlers. There will be no reticulation. But the farmer can back in his cart or motor truck and take a supply of water from the stand-pipe expeditiously. Thus carting over sandplain and rough country will be reduced as far as can be done without unduly burdening the scheme. Numerous requests of this character have been received. If money is to be expended on such facilities, there must be a sufficient return to pay interest and sinking fund and cover upkeep. No rate will be struck, I am given to understand, which will be more than sufficient to cover these items. I would

point out that the rate of 3d. per acre mentioned in the Bill is the maximum. It may be even less than that. All that will be raised will be just sufficient to cover interest, sinking fund and cost of maintenance. We cannot accept Mr. Hamersley's suggestion that settlers who have provided a water supply of their own shall be exempt from rating. It is a principle which it is not desirable to introduce. As has been pointed out, there are many people within the metropolitan water supply area who have adequate water supplies of their own. Nevertheless the Act provides that all land owned within the area shall be rated. In country towns and in agricultural areas where reticulation schemes are provided, Parliament has enacted that all within the prescribed distance from a main must pay rates, no exemption being provided for those who are fortunate enough to have adequate water supplies to meet their own requirements. In view of these facts an anomalous situation would arise if in this Bill a new principle were established.

Hon. G. W. Miles: Will they be allowed to take as much water as they want, or will there be a charge?

The CHIEF SECRETARY: They may take as much as they want, but there will be a rate.

Hon. A. J. H. Saw: In the metropolitan area we have to pay for a great deal we do not use.

The CHIEF SECRETARY: The maximum charge will be 3d. per acre, and for that a man may take as much as he wants. Private water supplies, where they exist, often fail to meet the settler's requirements in a dry season, and in some instances have gone salt. Hence the presence of a public supply is an insurance against such a risk. It has also to be remembered that the increased value that will be given to agricultural holdings in a district served must be reflected in an added value being given also to the holding of the man who already has a water supply of his own. Prospective purchasers of farming properties are likely to fight shy of a centre that has the reputation of being practically waterless.

Hon. V. Hamersley: Has that been so in Geraldton?

The CHIEF SECRETARY: Yes, to a large extent, and the Government are gradually overcoming the difficulty. It is impossible to provide a water supply

simply by pressing a button. Geraldton has had a scheme, but it has not met the requirements of the people. During the last 12 months, however, the Government have made tremendous strides towards supplying them and will be able to cope with the difficulty within the next few months.

Hon. A. J. H. Saw: You want another Moses up there.

The CHIEF SECRETARY: Yes. The ordinary old time water supplies, in connection with which these special facilities are not provided, will not be rated at all. We propose to deal, when necessary, with only those supplies which have been taken in hand during the last four years, since the present Minister for Agricultural Water Supplies inaugurated his scheme for meeting the wants of the agriculturists. It is essential that the Bill should be retrospective to a certain extent to meet difficulties that have arisen, and I am prepared to move an amendment to the effect that the rating provisions of this measure shall not apply to works constructed prior to the 1st January, 1925.

Hon. H. Stewart: Hear, hear!

The CHIEF SECRETARY: During 1925 I introduced a Bill to amend the Water Boards Act in order to meet the needs of such people. The Government have done a great deal towards meeting the water supply problem. The following information will show the extent to which the farmer has been assisted in the provision of water supplies for the four years ended the 30th June last:—

From the goldfields water supply main, new works: Townships west of Northam, including Darlington and Glen Forrest, £5,856; Toodyay district, £4,147; York and Beverley, £1,629; Northam, £1,214; agricultural extensions, £57,754; central townships, £1,094; Southern Cross, £5,415; total, £77,109; miles of piping laid, 223.

Other water supplies—agricultural areas, £117,440.

Proposed new works—Barbalin, Waddourin, and Nunagin reservoirs to reticulate approximately 448,000 acres, £267,000, expenditure to 30th June last, £66,451. Narembeen, to reticulate approximately 112,844 acres, and supply water to Narembeen and Emu Hill townships, £76,197; expenditure to 30th June last, £56,214; total, £343,197.

For the four years from the 1st July, 1924, to the 30th June, 1928, 57 tanks have been constructed at a total cost of £90,175, and 20 wells have been sunk at a total cost of £4,682.

There is no intention to prescribe an area and levy rates where water supplies have

been provided on stock routes or in the big pastoral or goldfields areas. If it is thought that anything like that would be possible, I cannot see any objection at present to the deletion from Clause 2 of the words "or other areas," because the Bill is intended to apply only to farming lands. Mr. Hamersley thinks it would be better if particular areas were specified in the Bill. That would not suit at all. The policy of the Government is to try in future to instal properly equipped water supplies in advance of settlement. Apart from that, almost every month the Minister is receiving requests for water services from various localities, and the people desiring them say they are prepared to be taxed for those services. At different places water has to be conveyed by train for many miles in order to meet the requirements of farmers, and the money spent in that way is immensely greater than would be possible under this Bill. With Government tanks or dams and a pipe run through the centre of settlement, the burden on farmers would be made much lighter than it is at present. I have a few instances of what farmers have to pay for the conveyance of water by train—Ballidu £2 9s. 8d. per 1,000 gallons; Wyalkatchem £1 11s. 7d.; Dalwallinu £2 9s. 8d.—

Hon. A. Lovekin: That is profiteering.

The CHIEF SECRETARY:—Narembreen, £1 14s. 9d.; Merredin £2 3s. 6d.; Kondinin £2 3s. 11d.; Goomalling £1 19s. 1d.

Hon. H. J. Yelland: Merredin is the town from which the water is trucked to other places.

The CHIEF SECRETARY: The information given to me by the department shows the places to which the water was supplied, the number of gallons, cost, freight, handling charges, etc.

Hon. A. Lovekin: Why, Merredin is on the pipe line.

The CHIEF SECRETARY: It may relate to some part of the Merredin district. At any rate, those are the figures supplied to me.

Hon. A. Lovekin: The Government should look into those costs. They are wicked.

The CHIEF SECRETARY: It is suggested that the prescribed area for taxing should be five miles. After what I have stated it will be recognised that that would not meet the position.

Hon. G. W. Miles: Would any farmer be allowed to connect up with the scheme?

The CHIEF SECRETARY: No.

Hon. G. W. Miles: He would have to cart the water he needed.

The CHIEF SECRETARY: Yes; from the stand-pipes provided in the different localities along the pipe line.

Hon. J. J. Holmes: Could he take his stock to the stand-pipe to water it?

The CHIEF SECRETARY: There would be an overhead tank.

Hon. H. J. Yelland: And usually a trough.

The CHIEF SECRETARY: I do not suppose there would be any severe restriction so long as a man did not interfere with the rights of other people. The proposal is to erect tanks and stand-pipes.

Hon. J. J. Holmes: First there, first served.

The CHIEF SECRETARY: With motor transport it is possible to carry water conveniently from a central station for a much greater distance than five miles. If the prescribed area were restricted to five miles, the settlers within the area would have to pay the rates while those outside could cart water from the station and be free from contribution towards the cost of the scheme.

Hon. V. Hamersley: Surely there must be means to overcome that.

The CHIEF SECRETARY: In view of the information supplied to me, it would not be wise to adopt a restriction of five miles. Again, if the area were to be confined to five miles, the rate to cover interest and sinking fund on the capital cost and make provision for upkeep would be heavier than if a larger area were included. In justice to all concerned each water supply to be rated must receive consideration in regard to the quantity of water available, the area the particular scheme would serve in normal seasons, and the people who would benefit by it. To set this down in black and white now would be an impossible task, and would make the whole system inoperative from the outset. The proposal to exempt new settlers for a longer term than two years would mean that the older settlers would be penalised in consequence. They would have to carry the burden of providing the interest, sinking fund and maintenance charges. Mr. Nicholson said the Bill involved a departure from an old-established principle. May I suggest that it involves nothing of the kind.

In the Bill there is no departure from an old-established principle. The old-established principle to which the hon. member refers, recognises that payment should be made for special services rendered.

Hon. J. Nicholson: And that the water should be taken to the boundary.

The CHIEF SECRETARY: For instance, when a man's house is reticulated and he is provided with water at the cost of the Government or of a water board, he is rated according to the expenditure on the scheme, and has to pay anything up to 3s. in the pound on the annual value of his property. There is, in this Bill, merely an extension of the application of the principle. The man who does not need reticulation and for whom reticulation would be too costly gets the next best thing—water laid on for him at different stations—and he is asked to pay only in accordance with the expenditure on the scheme. The idea is old, and this is merely an extension of it.

Hon. J. Nicholson: Do you propose to differentiate according to the distance?

The CHIEF SECRETARY: We intend to differentiate according to the distance of one man's property from the source of supply as compared with another man's property. The greater the distance from the source of supply, the less will be the rate.

Hon. J. Nicholson: You will require to take some power in order to do that.

The CHIEF SECRETARY: We shall have power to do it under the regulations. There will be differential rating. Some relief will be afforded in respect of a man being penalised by distance from the source of supply.

Hon. J. Nicholson: But will not the principal Act have to be amended so as to give you that power.

The CHIEF SECRETARY: I think we have power under the Bill, in the power to make regulations. In connection with these small water schemes, it will be the policy of the Government to hand them over to local control. If the road boards in whose territory they are located are willing to undertake the duties, these local authorities will be created water boards under the Act and will have the administration of the undertakings. It may happen in some instances that the road board is too far from the particular centre served, and cannot conveniently give attention to the matter. In that case a board will be formed from

among the settlers themselves, and they will be left to administer the scheme under the Act, the only special condition being that they must provide interest and sinking fund and maintenance. In the aggregate heavy expenditure will be involved in the establishment of tanks and equipment in those districts (and there are many of them), where settlers find it difficult, for various reasons, to provide their own supplies, and if the Government cannot place these undertakings on a sound financial basis, it will not be possible to continue to draw upon loan funds to furnish the necessary water supplies for the vast area which is now, or soon will be, brought under cultivation. I hope that in Committee it will be found possible so to amend the Bill as to make it satisfactory to all.

Question put and passed.

Bill read a second time.

BILL—LAND TAX AND INCOME TAX.

Second Reading.

Debate resumed from the previous day.

HON. H. STEWART (South-East) [5.22]: I cannot see this measure come forward year after year without calling attention to the unscientific manner in which the Government during the 1924 session, despite representations made by the Legislative Council, amended the law relating to the imposition of land tax. The amendments finally introduced into the Land and Income Tax Assessment Act not only created anomalies, but made the position of the holder of productive agricultural land relatively more difficult than it had been prior to those amendments. From my first year in this Chamber I have repeatedly pointed out that the Government, instead of introducing drastic measures like the earlier Closer Settlement Bill by way of compelling people to bring their land into production, and instead of allowing the taxation of land to remain as it was, would do well to try the effect of increasing the tax on agricultural land not being utilised. However, the present Government, by the amendments in question, placed an increased burden on the man actively producing from his land. I am well aware that on a Bill like this I cannot do more than refer to the Land and Income Tax

Assessment Act; but I wish to point out that year after year, in spite of requests made in this Chamber, the Government fail to bring down any amendment of that Act, or even to give us an opportunity to discuss the removal of anomalies which are not in the interests of agricultural development.

Hon. E. H. H. Hall: Which means that they are not in the interests of the State.

Hon. H. STEWART: Absolutely. Figures given by the Chief Secretary in answer to questions I asked to-day, show that there has been a substantial increase in the revenue from land tax. Since 1925 that revenue has increased from £113,800 to £162,900, an increase of about 40 per cent. When the land tax was doubled by an amendment of the Land and Income Tax Assessment Act, the Premier explained that it had been suggested the producer should be relieved correspondingly by reduction of railway freights. The understanding, as expressed by the Premier, was that in connection with the increase of land tax from 1d. to 2d., half the amount of the increase, that is to say the equivalent of ½d. in the rate of tax, should be utilised to reduce railway freights.

Hon. A. Lovekin: That was the agreement.

Hon. H. STEWART: We know that in 1926 railway freights on some items were reduced but these were items—

Hon. W. T. Glasheen: Such as cigarettes and whisky.

Hon. H. STEWART: The reductions were not mainly in respect of articles where relief would have been afforded to the producer, the man affected by the doubling of the land tax and by amendments made in the assessment measure. The reductions applied chiefly to articles in respect of which the Premier's statement did not lead us to anticipate reductions.

Hon. J. Nicholson: But some producers use whisky and cigarettes.

Hon. H. STEWART: I did not say that they do not use those articles. I said that relief was not granted in respect of articles produced by the people on the land, or articles directly concerning them.

Hon. J. J. Holmes: Was not a percentage taken off railway freights?

Hon. H. STEWART: No.

The Chief Secretary: The reductions applied to such articles as drapery and groceries.

Hon. H. STEWART: They applied to general items rather than items specially affecting the agricultural producer, who had been made to bear a heavier burden of taxation. The reductions were made in a manner which was at variance with the Premier's undertaking that the increased land tax should be accompanied by relief in railway freights on articles affecting the producers. I asked to-day how much of the revenue from land tax in each year was utilised for reduction of railway freights. The reply was that no specific sum was set aside for that purpose, but that the estimated amounts required to cover the reduction of railway revenue due to revision of rates were so and so. It looks to me as though relief has not been given proportionately to the increase in land taxation. If the Railway Department had stated that their receipts and expenditure showed a loss of £60,000 because a credit had not been granted to the department for the amount of the relief, the general community would have realised that the Railway Department were £60,000 short as a result of relief in freights having been made for the reason that more taxation had been collected in another direction. I am now speaking simply on the answers given to-day by the Chief Secretary. If the railways are in a bad way financially, what we may expect, unless we keep our eyes on the position, is an attempt on the part of the Railway Department again to increase freights, with the result that those who had been looking for relief would once more be penalised.

The Chief Secretary: But that has not been done.

Hon. H. STEWART: I know that, but I understand that the working costs of the Railway Department have been increased to the extent of some £60,000 on account of superannuation. Is that not something like the sum involved on account of long service leave? Our understanding of the position was that the freights should be reduced in a certain way. If they have been reduced in accordance with the statement of the Premier, the credit should be passed to the railways, so that the actual position of the railways may be stated. I cannot say that that has been done; the reply does not indicate that it has been done. I hope it will not be long before we have the opportunity to discuss a Land and Income Tax

Assessment Bill. In the meantime, I must express agreement with the remarks of other hon. members that the Government, considering the enormous sum of money they have at their disposal, find it necessary to budget for a deficit.

THE CHIEF SECRETARY (Hon. J. M. Drew—Central—in reply) [5.32]: I wish to remove any misapprehension likely to be created by Mr. Yelland's opening remarks. He said that the revenue from land was steadily increasing, that it was due to increased valuations, that the value of land had been put up from £1 an acre in 1921 to £2 10s. 9d. to-day, and that the Government were responsible.

Hon. H. J. Yelland: I did not say that.

THE CHIEF SECRETARY: The hon. member said that all right, and I wish to clear the atmosphere from the effect of such an impression. Such a statement is widely circulated during every election, and it is an unfair one to make. The Government have had no more to do with increasing the valuations than the man in the moon. What has been done, and is being done in that direction is the result of an agreement entered into with the Federal authorities by our predecessors. But there is nothing wrong with it. It is in thorough keeping with the law of the land. At the same time it is not right to lead people to believe that nothing was done to raise the valuations of agricultural land for taxation purposes until the present Government came into office. It is an undeniable fact that we had nothing whatever to do with the matter, and that another Government, in combination with the Federal authorities, were entirely responsible for what has occurred, and is occurring. The hon. member stated that the land tax had been doubled since we came into office. He overlooked the circumstances, until reminded by Mr. Lovekin, that the 15 per cent. super tax on the land tax had been abolished.

Hon. H. J. Yelland: I gave you credit for that.

THE CHIEF SECRETARY: He overlooked the further fact that the decrease in railway freights to the extent of the increased rate of the tax was made by the Government. While I am dealing with that, I shall also refer to what Mr. Stewart said. He said that the figures given by the Chief Secretary showed a substantial increase in

land taxation. I was so amazed that I secured from the Commissioner of Taxation the information that I am about to quote. There has been no proportionate increase in the amount collected. For the financial year ended 30th June, 1925, the amount was £113,867. That was before the increased rate came into operation. For the year ended 30th June, 1926, the amount was £145,830. In the next year it was £147,455 and for the year ended 30th June, 1928, it was £162,906. During the three years following the increase of taxation, although the rate was doubled, the increase collected amounted to only £49,039.

Hon. H. Stewart: It is hard to understand.

THE CHIEF SECRETARY: Yes, although the tax was doubled, the increase amounted to only the figure I quoted. The Commissioner of Railways, with whom I communicated, stated that owing to the imposition of the increased rate of land tax and the promise of the reduction in railway freights which was fulfilled, he suffered to the extent of £60,000 a year. Mr. Stewart stated that no specific sum was set aside for that purpose. There was no necessity to set aside a specific sum: there was no necessity to provide a special item and forward at the end of each year a cheque for £60,000 to the Commissioner of Railways. That would be impossible. I will give Mr. Stewart some information with regard to the details of the reduction of railway freights. In the report of the Western Australian Government Railways, Tramways and Electricity Supply for the year ended 30th June, 1925, the Commissioner stated—

On the 1st May goods rates were reduced by an amount calculated at £45,000 per annum. The principal items affected were as under:—

Class of goods and reduction made.

First Class—5s. per ton, irrespective of distance.

Second Class—5s. per ton, irrespective of distance.

Third Class—5s. per ton, irrespective of distance.

Explosives—From 3rd to 1st class.

Cyanide—From 1st class to "C" class.

Lubricating oil—From 1st class to "C" class.

Mining machinery—From "C" class to "B" class.

Flour for export—12½ per cent.

These different classes include groceries and draperies and also requisites in connection

with farming and mining. In the same report the Commissioner adds—

Of the total easement in charges it is estimated that the farming community benefits to the extent of £15,000 per annum, the mining requisites £11,000, and general commodities £19,000. The adverse effect on the earnings for the months of May and June—the leanest months of the year so far as the transport of goods on which reductions were made—amounted to £7,000.

In 1926 the Commissioner reported on the subject of reduction in rates:—

In paragraph 14 of my last report mention was made of the reduction in railway rates, consequent upon the introduction of additional land tax by the Government. The results for 1924-25 were partially affected by the reduction, as the revision had operation for only two months (May and June) of that year. In the year under report the full 12 months' effect of decrease in rates was experienced, with the result that our earnings were £45,000 less on account of the reductions.

I shall quote a reply to a question asked in another place on the 23rd November, 1927. The information then supplied by the Commissioner of Railways was as follows:—

The rates reductions made in 1925 were—1st, 2nd, 3rd classes, 5s. per ton. Explosives from 3rd class to 1st class. Cyanide from 1st to "C" class. Lubricating oils from 1st to "C" class. Mining machinery from "C" to "B" class. Flour for export 12½ per cent. These reductions on the first year's operations showed a lesser earning of £45,000, which has increased with the greater tonnage carried. It would take some considerable time to extract the result of the reduction in detail, but it is estimated that the earnings were affected to the extent of £56,000 during the last financial year—1926-27.

Since 1926 there has been no mention in the Commissioner's report of the effect of the reduction, but it is still operating and with greater loss to revenue to the railways as the volume of traffic increases. The object of increasing the rate of tax was to make the cities and towns that were deriving benefit from settlement contribute towards the reduction of railway freights which had to be paid by those who were developing the country. The position is that while the metropolitan area contributes 38 per cent. of the increased rate, it gets no benefit whatever in return except what comes indirectly through the relief given to the people in the outback districts. There may be those who assert that the people in the country districts do not feel the benefit of the reduction in freight. That is tantamount to saying that they would not experience any hardships if

the freights were put up to the old figure—a contention that is too ridiculous to call for serious consideration. The Commissioner of Taxation, in his report for the year ended 30th June, 1928, gives one of the reasons why there is a falling off in the Income Tax. He says—

Abatement of Income Tax applies exclusively to farmers, orchardists, and those taxpayers cultivating the land. Under the departmental scheme of revaluation, State land tax has doubled and trebled itself in many districts, with the result that an increase in the original value of, say, 100 per cent., means an increased abatement of income tax of 50 per cent. As an example, a farmer in one country district paid £4 land tax. In 1927-28, on a revaluation of his land, he had to pay £12 10s. in land tax. Under Section 16 of the Land and Income Tax Assessment Act he is entitled to an abatement of income tax of half the amount of his land tax, viz., in this case, £6 5s. Previously he received an abatement of £2. The increase of £4 5s. therefore reduces the amount of income tax. The effect of this provision of the State Act on income tax is difficult to determine, but roughly speaking, I estimate the rebate at about £10,000. The abatement increases annually with the increase of land tax arising out of the revaluation of agricultural land.

The Commissioner clearly points out that farmers, orchardists and those people engaged in cultivating land get a rebate of income tax to the extent of half their land tax, and that, owing to the increased valuations of land, the income tax paid by farmers has been substantially reduced. In the instance the Commissioner has given, the farmer had his land tax increased from £4 to £12 10s. When he paid £4, he got a rebate of £2, but when he paid £12 10s. he got a rebate of £6 5s. So that the added burden on the farmer by the increased valuation was not £8 10s. as might be thought, but only £4 5s. And the owner of land in the metropolitan area, unless he is an orchardist, or a gardener, enjoys no such rebate.

Hon. E. H. H. Hall: Now we see which has increased most rapidly in value.

The CHIEF SECRETARY: With reference to the point raised by Mr. Yelland as to the unimproved values in respect of agricultural land, I got into touch with the Commissioner of Taxation and he has written to me as follows:

As pointed out in a report to the Premier on the 18th October, 1926, the agricultural lands in this State have not yet reached the same unimproved value as similar agricultural lands in the other States of the Commonwealth. For example: In South Australia 15-bushel wheat land within a radius of 5 miles from a rail-

way or port of shipment is assessed on an unimproved value varying from £7 10s. to £12 10s. per acre, whereas similar land in this State is assessed on unimproved values ranging from £2 to £5 per acre. In Victoria and New South Wales the difference in the unimproved value of taxable land is even far greater.

Mr. Yelland said that the substantial reduction in income tax had not been of much benefit to the man on the basic wage. I presume he referred to men in receipt of small incomes, including farmers.

Hon. H. J. Yelland: I worked it out on the basis of £4 5s. per week.

The CHIEF SECRETARY: I do not think Mr. Yelland put the whole of the case before the House. This is what the Commissioner of Taxation has written in reply to that point—

The reference to a man who is in receipt of an income of £4 5s. per week, and paying on £221 of taxable income a tax of £2 12s. 5d., applies to a single person. A married person with a gross income of £221 would only be liable, assuming he had no dependants or children, to pay tax on £63 at 2d. in the £, equals 10s. 6d. tax, less a rebate of one-third (3s. 6d.), leaving an amount payable of 7s.

Hon. H. J. Yelland: That makes my case all the better, because I was dealing with the rebate he would get!

The CHIEF SECRETARY: As hon. members know, there has been a reduction of the income tax to the extent of 48 per cent. since the present Government came into power. While the farmers paid 22.7 per cent. of the tax in 1925-26, their proportion of the tax paid for the year 1927-28 dropped to 10.6 per cent. That was on the basis of a good season with high prices.

Hon. G. W. Miles: Do the Government claim the credit for that reduction?

The CHIEF SECRETARY: I am endeavouring to show that the farmers are not so heavily taxed compared with the rest of the community.

Hon. J. J. Holmes: Do you say there has been a reduction of 48 per cent.?

The CHIEF SECRETARY: Yes. There was the super tax of 15 per cent., and then the reduction of 33½ per cent. as well.

Hon. G. W. Miles: But that was on account of the Commonwealth money!

The CHIEF SECRETARY: The Commonwealth were not responsible. Of course, had the Commonwealth not made the grant to Western Australia, we could not have allowed that decrease.

Hon. G. W. Miles: But this House was responsible for that!

The CHIEF SECRETARY: I regret the inference to be drawn from the hon. member's remarks, that he wishes to deprive the Government of the credit for the reduction of taxation.

Hon. H. Stewart: Are you serious?

The CHIEF SECRETARY: The Government decided upon a flat rate of decrease in the income tax. It seems to me it would have been a mistake if those earning large incomes that render them liable to the maximum rate, which I understand is something like 4s. 8d. in the pound, had not been allowed some substantial relief. A high rate of income tax may be necessary as a temporary expedient, but if persevered in for any length of time, it saps the sources of wealth.

Hon. J. Nicholson: Quite right.

The CHIEF SECRETARY: Consequently the Government decided upon a flat rate of decrease all round.

Hon. J. J. Holmes: And you have worked it out on the basis of 48 per cent.?

The CHIEF SECRETARY: I have.

Hon. J. J. Holmes: Try again! You took 15 per cent. off, and then 33½ per cent. off the balance. That is not 48 per cent. off the total! You do want to make out a good case!

The CHIEF SECRETARY: I wish to make a comparison between the income tax imposed in Western Australia and the taxation under that heading in the Eastern States. The figures I will quote are not mine, but I believe they are correct. They have been scrutinised by an officer of the Taxation Department. In a statement that appeared in the Press, Mr. L. E. Horne, secretary of the Taxpayers' Association of W.A., Ltd., said—

Now that the State Land Tax and Income Tax Bill is before Parliament, it may be of interest to the public to note the varying rates of tax imposed by the different States, full details of which have been published by this association in a pamphlet that may be had upon application to this office.

Then Mr. Horne gives particulars of the actual tax payable on £500 of taxable income under the headings of personal exertion and property. In Western Australia the position is the same under those headings; there is no difference that I am aware

of. The figures presented by Mr. Horne were as follows:—

	Personal exertion.			Property.		
	£	s.	d.	£	s.	d.
Victoria ..	11	9	2	22	18	4
New South Wales	20	16	8	27	15	11
Queensland ..	18	15	0	29	3	4
South Australia	19	10	7	27	1	8
Tasmania ..	10	3	1	12	0	1
Western Australia	6	13	4	6	13	4

Those are the amounts of tax payable in the different States on £500 of taxable income.

Hon. J. J. Holmes: That man does not know his job!

The CHIEF SECRETARY: I think he does. I am satisfied that he is impartial, because he has not spared his criticism of the Government whenever he considered criticism was deserved.

Hon. A. J. H. Saw: Does he allude to the higher incomes?

The CHIEF SECRETARY: He has given the tax payable on £500 of taxable income and set himself out to prove that the income tax levied in Western Australia is very satisfactory—

Hon. G. W. Miles: To men on the lower rungs.

Hon. J. J. Holmes: I thought you were keeping something back.

The CHIEF SECRETARY: Mr. Horne also points out—

It may be mentioned that while the method of computing the tax in this State is the simplest imaginable, in the other States the methods are so complicated that it would take up too much time to calculate the tax payable on larger incomes than £500.

He points out the difficulty of making those computations.

Hon. E. H. H. Hall: He knows those people can look after themselves.

The CHIEF SECRETARY: Mr. Yelland said that portion of the £427,000 the State is to receive from the operations of the Financial Agreement should be utilised for the purpose of enabling the land tax to be reduced. That agreement is still in the clouds, and we have to await the result of the referendum. I do not think it wise at the present time to count our chickens.

Hon. H. J. Yelland: But the Premier counted them!

Hon. A. Lovekin: Are you anticipating a labour victory on Saturday?

The CHIEF SECRETARY: While Mr. Yelland contends that the Government should give some relief from land tax, Mr. Seddon appears to take a different view. He thinks it premature to introduce the Bill because the Estimates show a deficit. In such circumstances, the only useful object to be served by delaying the Bill would be to consider whether the whole of the 33 per cent. rebate of income tax should continue.

Hon. H. Seddon: That is so.

The CHIEF SECRETARY: If the hon. member is anxious to see the anticipated deficit avoided, and suggests that the Bill be delayed with the object of enabling the Government to reduce the rebate, the hon. member would be on sound ground, but I doubt whether he would get many supporters for such a proposal in this House.

Hon. H. Seddon: That does not get away from the soundness of the principle.

The CHIEF SECRETARY: There is no doubt the principle is sound. The Government cannot approve of any further reduction in taxation at the present time. We have already suffered great losses of revenue under headings to which I referred in the course of my second reading speech. Among those causes was the increased abatement of income tax arising out of increased land tax, due to the revaluation of land. I trust there will be no attempt to suggest amendments to the Bill.

Question put and passed.

Bill read a second time.

In Committee.

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

Clause 1—agreed to.

Clause 2—Grant of land tax and income tax for the year ending 30th June, 1929:

Hon. E. ROSE: When the Bill was before us last year, I moved an amendment requesting the Legislative Assembly to modify the clause by reducing the rate of tax on the unimproved value of improved agricultural land to one half-penny in the pound sterling. The increased valuations placed upon agricultural land have been such that I am justified in moving a similar amendment on this occasion. The Chief Secretary referred to the reduction that had been made in the income tax on the last occasion, and I then pointed out that the

small farmers would not benefit to any extent from that reduction. I had intended speaking on the Bill at the second reading stage but I missed my opportunity. I hope I shall be pardoned for speaking at length at this stage. The value placed upon agricultural land in 1923-24 was £16,871,868, whereas the latest valuation is £28,464,525. On the basis of 1d. in the pound on the unimproved value, the tax in 1923-24 would have amounted to £70,299, or on the basis of a tax of 2d. in the pound, £140,598. Under the new valuation for 1927-28 the returns would be: On the basis of 1d. in the pound, £198,602; on the basis of 2d. in the pound, £237,204. Hon. members will realise what a large increase there has been under the heading of the land tax. The augmented valuation of land for taxation purposes has been £11,592,657. That is a huge increase. There has been an increase in the tax on unimproved land values since 1923-24 of 150 per cent.

Hon. J. Nicholson: Now do you suggest the Government should reduce taxation?

Hon. E. ROSE: I do not agree with them in their reduction of 33 1/3rd per cent. on big incomes. If they made that 25 per cent., and then let the smaller people benefit there would be general satisfaction. We should increase the tax on the unimproved land rather than on the improved land. We have along the railways huge areas of land not being developed. The Government should force them into production by increasing the tax on the unimproved value and decreasing it on the improved value. I move an amendment—

That the land tax be reduced to one-half-penny on improved land at its unimproved value.

The CHAIRMAN: Where exactly does the hon. member wish his amendment to be inserted?

Hon. E. ROSE: In Subclause 1 of Clause 2. I want it to be one halfpenny on improved land.

The CHAIRMAN: Does the hon. member want the word "twopence" struck out and the word "halfpenny" inserted?

Hon. E. ROSE: Yes, that will be right.

The CHAIRMAN: I am afraid it will not be sufficient. The hon. member, to serve his purpose, will require to have the word "unimproved" struck out also.

Hon. E. ROSE: My amendment is that "twopence" be struck out and "one half-

penny" on improved agricultural lands on their unimproved value, and twopence on unimproved land" be inserted.

The CHAIRMAN: I wish the hon. member had given notice of this. It is very difficult to draft such an amendment on the floor of the House. Is this what the hon. member wishes? Does the hon. member wish that Subclause 1 should read as follows:—"Land tax at the rate of one halfpenny in every pound sterling of improved agricultural land on its unimproved value and 2d. in the pound sterling on unimproved land, etc."

Hon. E. ROSE: Yes, that is my amendment.

Hon. A. Lovekin: We ought to see that amendment in print before we vote upon it.

The CHAIRMAN: I quite agree with the hon. member.

Hon. E. ROSE: It is just the same amendment as I moved last year.

The CHAIRMAN: I think it is in a very complicated form.

Progress reported.

BILL—GROUP SETTLEMENT ACT AMENDMENT.

In Committee.

Resumed from 8th November. Hon. J. W. Kirwan in the Chair; the Chief Secretary in charge of the Bill.

Clause 2 Amendment of Section 5: (partly considered).

The CHAIRMAN: Following on an amendment by the Chief Secretary, a further amendment was proposed by Mr. Lovekin as follows:—

Delete the words "and the decision of the board shall be final," and insert, "'Expenditure' in this subsection includes the money value of the work and labour expended on his property by the prospective lessee in addition to the expenditure incurred from sources other than advances made under the 'Group Settlers' Advances Act, 1925.'"

Hon. A. LOVEKIN: Perhaps we might clarify the position by putting first the amendment to which there is no objection, after which we might add the other words. Following on the clause as it stands, there was the amendment moved by the Chief Secretary as follows:—

That after "Bank" the following words be inserted:—"with power to the board to fix

the amount chargeable at so much below the actual expenditure as in its discretion it may think fit."

Then follow the words "and the decision of the board shall be final." The Chief Secretary the other evening said there was no objection to the deletion of those words. I move an amendment—

That the words "the decision of the board shall be final" be struck out.

Hon. J. J. HOLMES: I intend later to move an amendment to strike out Clause 2 altogether and insert the following in lieu thereof:—(2) The amount of such expenditure on the area chargeable to the group settler and the part thereof to be apportioned to each parcel of land intended to be granted shall be determined by the managing trustee of the Agricultural Bank who shall have power to fix the amount chargeable to each parcel of land at so much below the actual expenditure as in his discretion he may see fit."

The Honorary Minister: That is the wording of the section in the Act.

Hon. J. J. HOLMES: But the section in the Act extends only to "managing trustee of the Agricultural Bank." The other words I propose to add.

Hon. A. Lovekin: We have gone too far for that amendment.

Hon. J. J. HOLMES: No, we have not passed the clause.

Hon. A. Lovekin: But we have already amended the clause at a subsequent point.

Hon. J. J. HOLMES: At present the manager of the bank can apportion expenditure among the groups, but has no power to write off. Already we have a board, the chairman of which I believe, gets £1,200 per annum with travelling expenses, while the other two members get £1,000 each. They spend their time travelling around the groups, acting, I think, under the direction of the managing trustee of the Agricultural Bank. Now it is proposed to set up another board altogether, in order that they may come in and follow up the tracks of the other three men, highly paid officers. It is bad enough for Parliament to put the responsibility on to one of the permanent officers, but to altogether shelve the responsibility by putting it on to an outside board is going a little too far. I cannot imagine a better constituted board than the existing board reporting to the managing trustee of the Agricultural Bank, who need

never leave his office. I believe this is what has been done in soldier settlement and other settlements where writing down has become necessary. It all comes back to the managing trustee of the Agricultural Bank. I want to see the present board do this job.

The CHAIRMAN: The hon. member cannot move his proposed amendment at this stage. We have got past the position where it would be inserted, and we are now engaged in amending Subclause 2. The question now is that the words, "the decision of the board shall be final" be struck out.

The CHIEF SECRETARY: An undertaking was given in another place by the Premier, that in this House an amendment would be moved to insert the words, "with power to the board to fix the amount chargeable at so much below the capital expenditure as in its discretion it may think fit." That amendment has been included.

Hon. A. Lovekin: Yes, at your instance.

The CHIEF SECRETARY: And in compliance with the promise given in another place by the Premier. The Solicitor General says the words, "the decision of the board shall be final" are not necessary, but I have to fulfil a promise made.

Hon. G. W. Miles: We put in those words.

The CHIEF SECRETARY: But it is now proposed to strike them out.

Hon. A. LOVEKIN: No, I am accepting it that the words referred to by the Chief Secretary are in the Bill now. They were inserted by the Chief Secretary. What I want to strike out are the words that follow, namely, "The decision of the board shall be final." That is my amendment, and there can be no objection to it.

The Chief Secretary: I have to object, because I have to carry out the promise made that these words should be in the Bill.

Hon. Sir WILLIAM LATHLAIN: The position is that there is not a great deal of difference of opinion amongst members as to what should be done, but there has been a definite pronouncement by a number in regard to the position of the board, and I think Mr. Holmes's amendment seems to meet the wishes of the majority of members. If we could find some method of putting Mr. Holmes's amendment in order, it would be the simplest way out.

Sitting suspended from 6.15 to 7.30 p.m.

Amendment put and passed.

Hon. A. LOVEKIN: We must have an interpretation of "actual expenditure," and the addition of the words I suggest will not make any difference to Mr. Holmes's proposal.

Hon. A. J. H. Saw: Is not there another amendment by Mr. Lovekin before the Committee?

The CHAIRMAN: There was an amendment to strike out certain words with a view to inserting other words. The words proposed to be struck out have been struck out, and now the hon. member is moving to insert other words.

Hon. A. LOVEKIN: An interpretation of actual expenditure is necessary in order to put all the group settlers on the same plane. The capitalisation of their blocks must not be too high in order that they may be able to earn a living. I have looked up the report of the select committee and have found a statement by Mr. McLarty that the group settlers were to be charged 7 per cent. interest to start with. In evidence Mr. McLarty said that any man on a group should at least earn the basic wage, which was £221 per year, but that he would not get £221 in cash because he would have to take into account the value of the house, firewood and other things obtainable on the block. In fact, he would get about £2 per week in cash. Mr. Hampshire, the dairy expert, said no man could earn the basic wage unless he had at least 20 cows. He estimated that each cow would return £12 per year, or £240 in all. To enable a man to earn the equivalent of the basic wage and pay interest on his capital, the board will have to fix a sum that will involve the settler in not more than about £70 per year interest; otherwise, he cannot pay it. One settler for whom I can vouch has borrowed £1,000 from an aunt free of interest for five years. That saves the State advancing £1,000. When the board came to value his holding to see whether it was over-capitalised, the £1,000 would be a liability but would not be taken into account by the board. Another group settler who had borrowed an equivalent sum from the Government may have his capitalisation written down by £500, and perhaps it would be within his capacity to pay, but the man who had borrowed money privately would not have the same writing-down because his capitalisation, representing only the money borrowed from the Government,

would be such as he could bear. The rest of the money would be owing outside and not to the Government. As the Bill stands, the board could not write anything off the capitalisation of the man who borrowed privately. Therefore we would have two group settlers, one with his capitalisation reduced so that he would pay only £60 or £70 interest, while the other man who had borrowed from private sources would have to bear interest in excess of that. If all the group settlers had borrowed from the State it would not matter.

Hon. A. J. H. Saw: Have any others of them rich uncles?

Hon. A. LOVEKIN: In some instances sons of settlers may have been working on the property, and to them there would be a liability for wages, which would have to be paid at some time. That also would be part of the capitalisation of the block, but the settlers could get no relief in respect of it, and so they would be handicapped in their capitalisation as compared with other settlers. Consequently we should define the "actual expenditure" that the board may write off. I move an amendment—

That the following be added to Subclause 2:—
 "... 'Actual expenditure' in this subsection means all sums found to be in excess of the capitalisation which each group settler's area can reasonably bear, having regard to the prospective income derivable therefrom, irrespective of whether such excess of capitalisation is due to moneys advanced by the Crown or moneys borrowed from any other sources or to money's worth represented in kind or for work and labour performed by the prospective lessee or his family.' "

The CHIEF SECRETARY: As a rule Mr. Lovekin is a very clear draftsman, but this amendment resembles the one he moved previously.

Hon. A. Lovekin: It is practically the same.

The CHIEF SECRETARY: Under it the value of a settler's spare-time effort would be loaded on to the capitalisation and afterwards written down, and I cannot see how he would get any benefit from it.

Hon. J. R. Brown: It would be taking it out of one pocket and putting it into the other.

The CHIEF SECRETARY: As to the man who borrowed £1,000 from his aunt, further proof would be required as to what he had done with the money.

Hon. A. Lovekin: He spent it on the land.

The CHIEF SECRETARY: How could we trace the expenditure?

Hon. A. Lovekin: The board could do that.

The CHIEF SECRETARY: Then the board would be operating until the day of judgment or afterwards before it could complete its investigations. There are nearly 2,000 holdings to be inspected and valued, and probably a majority of the groupies could claim that they had been left money by sisters, cousins or aunts.

Hon. A. Lovekin: They would have nothing to show for it when the board arrived.

The CHIEF SECRETARY: They might have something to show for it. Although it might be advisable to recognise spare-time effort, I foresee great difficulty in arriving at its value.

Hon. A. Lovekin: If there are improvements, the earning capacity of the block will be greater.

The CHIEF SECRETARY: The settler might have three or four members of his family assisting him. The amendment proposes a sort of Arbitration Court to decide the value put into the block by the man and his wife and children.

Hon. A. Lovekin: Suppose the settler had bought a milking machine from a merchant and still owed the money, or had bought a spring cart from the Government and still owed the money?

The CHIEF SECRETARY: It would be a simple matter to investigate such things. The amendment would cause endless trouble.

Hon. A. J. H. SAW: I have not yet grasped that there is any necessity for the amendments moved by Mr. Lovekin. Under the existing Act the managing trustee of the Agricultural Bank would determine the expenditure from records in his books, without going down to see the block and saying, "This has cost so much." Am I right in that supposition?

Hon. A. Lovekin: That does not touch this point.

Hon. A. J. H. SAW: That is all the obligation to be cast upon the proposed board.

Hon. A. Lovekin: No.

Hon. A. J. H. SAW: With the amendment inserted at the instance of the Chief Secretary, the board will have the right to say, at their discretion, how much shall be written off. I fail to see why it is necessary for them, in estimating the capital expenditure, to take into account the amount of

labour put into the block by the settler's family. It cannot be shown in the ledger.

Hon. A. Lovekin: It should be there if the accounts are kept properly.

Hon. A. J. H. SAW: I have never yet been able to see why it is necessary to instruct the proposed board to do the particular thing desired by Mr. Lovekin. As to money borrowed from the aunt, of which note is to be taken, apparently it is to be written off. But who is to pay? Is the State to assume the liability? In that case group settlers would be finding uncles and aunts lending £5,000.

Hon. A. Lovekin: I am sorry you cannot see further than that.

Hon. A. J. H. SAW: I am asking Mr. Lovekin to elucidate the matter for me. I had three reasons for voting against the reference of the Bill to a select committee. Firstly, there was no ground for Mr. Lovekin's amendments, which the select committee were to draft; and it is not the function of a select committee to draft amendments. Secondly, I know the fate which is apt to befall Bills that get before select committees. Sometimes it is a polite way of shelving a measure. Thirdly, I fear the great influence Mr. Lovekin exercises over members of the Chamber—an influence well deserved because of his ability, zeal, energy and siren eloquence. Mr. Lovekin's previous amendment would have defeated rather than achieved the object he had in view. The present amendment is cumbersome, and its meaning is hard to fathom. On the whole the amendment is dangerous. I do not know that there is any record of the amount of labour put in by the settler and his family. Is it to be ascertained by inspection of the block.

Hon. A. Lovekin: How can overcapitalisation be reduced unless the block is valued?

Hon. A. J. H. SAW: The managing trustee of the Agricultural Bank would look at the amount of Government expenditure on the block, as some sort of rough guide, and then after looking at the block and the neighbouring blocks, would say, "This block cannot produce enough to pay interest on the charges; consequently the amount of the capitalisation must be reduced to what the settler can bear." And that is what the Government mean when they say that the valuations shall be made at the discretion of the board.

Hon. J. J. HOLMES: I am concerned about the welfare of the State, and whether the rich uncle or rich aunt lent the money does not concern me. These settlers were brought to the State to do certain work, to make homes for themselves. Why should those people who have not done the actual work get any additional consideration?

Hon. H. Stewart: Because the migration agreement provides for it.

Hon. J. J. HOLMES: But there has not been an attempt to carry out the agreement. Because some of the settlers have succeeded and others have failed, we think that those that have succeeded should have their properties written down to the standard of those that have failed. If the successful ones have put in a lot of hard work and made homes for themselves, why should the State—because those people have done no more than carry out their obligation to the State—write down the assets? Far better would it be to write off the asset altogether in the case of those that have not done any good. The pioneers who were under the Agricultural Bank and others who were assisted by the bank were never dealt with in that manner. Because a man has stood up to his contract, it is puzzling why he should ask that his assets be written down.

Hon. A. LOVEKIN: If on a group of 20 blocks £40,000 has been advanced and spent, the Managing Trustee will have to allocate to each of the 20 blocks what sum he thinks is fair and applicable to the particular block. In the aggregate, however, the £40,000 must be spread over the whole of the blocks. What we are faced with now is a different position. The board are to have power to write off the capital on each block, as the members of the board think fit. I suggest that if the view of the Committee is that only the money advanced by the State shall be taken into account in the capitalisation, well and good. That ends the matter. But I would point out that we are going to inflict great hardship on the man who has put in some of his own money and the hard work of himself and that of his sons, for which he will get no benefit; in other words, we shall be encouraging the man who has been indolent and penalising the man who has been active and has done everything possible on his holding. Dr. Saw asked who was to pay this money if it was not borrowed from

the State. Let me give an illustration. Two settlers, A and B, are engaged in cultivating blocks. A has a loan from the Government under the Group Settlement Act, say, of £1,500, and outside that has other obligations amounting to £350, a total of £1,850. Then B, who is next door, has borrowed only £500 from the State and £1,000 from private sources, and he has £350 in other obligations—to traders, for labour, etc., bringing his total also to £1,850. The board will go round and, for the sake of argument, will say that the highest capital the blocks will stand is £1,000 and that therefore £850 will have to be written off. In the case of A, who has borrowed from the Government, it will be possible to write off £850. He will have £850 rebate because the money is there from which it can be taken. With regard to B, you cannot write off £850 because only £500 has been borrowed from the Government, and if the capitalisation is fixed at £1,000 for each block, B will not have the £1,000, as he has borrowed only £500 from the State. In his case there can be no writing off at all, with the result that A starts with a capitalisation of £1,000 and B retains his capitalisation of £1,850. If my amendment be carried, and we define the actual expenditure from sources other than Government, then B can get at least £500 written down, that being the amount he has borrowed from the State. Unless we do something like that, we shall be inflicting a grave injustice on those settlers who have not looked to the 44-hour week principle and whose sons and daughters have been working hard to make a competence for the family. If the Committee desire that only Government advances shall be taken into account in the writing off, the Bill should be allowed to remain as it stands; if it is desired that other factors shall be taken into account, my amendment, or one on similar lines, ought to be carried.

Hon. J. NICHOLSON: Mr. Lovekin's amendment is designed on the lines of fairness; it seeks to do something for the man who has been diligent. If a man has been industrious, Mr. Lovekin's desire is to see that that man's industry shall not go unrewarded, that he shall receive credit not only for money he may have expended but for his hard toil and industry, which is the equivalent of money. The matter is worthy of our consideration. But when I come to examine the amendment and to ar-

rive at a definition of the words "actual expenditure," I must confess that I find it difficult to see that Mr. Lovekin will achieve his very laudable object. I will show that the amendment will not accomplish what the hon. member wishes to bring about. We are dealing with expenditure.

Hon. A. Lovekin: No, "actual expenditure."

Hon. J. NICHOLSON: In order to get at the actual expenditure, we must arrive at the expenditure first.

Hon. A. Lovekin: I should say that expenditure and actual expenditure are one and the same thing.

Hon. J. NICHOLSON: At any rate, we must get at the expenditure, whether it be expenditure or actual expenditure. In his amendment, Mr. Lovekin sets out what he suggests "actual expenditure" shall mean, and says that it shall mean all sums found to be in excess of the capitalisation which each group settler's area can reasonably bear. As a matter of fact, the actual expenditure is not the sum in excess of the capital amount expended. Mr. Lovekin merely limits it to the excess of capitalisation. I am afraid his amendment, if carried, would lead to a miscarriage of justice and confusion, besides destroying all possibility of arriving at the true solution we all wish to achieve.

Hon. A. Lovekin: What is the true solution?

Hon. J. NICHOLSON: We must frame the clause in such a way that it will provide that the actual expenditure shall first be ascertained by the board, who shall take into consideration not only moneys advanced through the Agricultural Bank or from private sources, but an amount that will represent the value of the settler's labour. I agree that it will be difficult to arrive at a proper assessment under the last-mentioned heading, unless we have some defined lines setting out what shall be regarded as improvements.

Hon. A. Lovekin: If my amendment does not set out what you have stated, I have no appreciation of the English language whatever.

Hon. J. NICHOLSON: I can assure Mr. Lovekin that his amendment will not achieve what he desires.

Hon. A. Lovekin: It will achieve what you have just indicated.

Hon. J. NICHOLSON: In the early part of his amendment, Mr. Lovekin sets out what shall be regarded as the actual expenditure, upon which the board will have to come to a decision. How could the board come to a reasonable or proper conclusion on such a basis? It would lead to a most curious position.

Hon. A. Lovekin: Can you insert words that will make it right?

Hon. J. NICHOLSON: I would require to have time to think it out. Perhaps the Chief Secretary will agree to report progress. I can see serious trouble ahead if we agree to the amendment.

Hon. A. Lovekin: I am merely desirous of getting results.

Hon. J. NICHOLSON: The hon. member's view has my sympathy.

Hon. A. J. H. Saw: We are all in agreement from that standpoint.

Hon. A. Lovekin: Well, do good service to the settlers and to the country by putting it right!

Hon. J. NICHOLSON: The matter is so involved that I could not possibly do that straight away.

Hon. E. ROSE: I cannot follow Mr. Lovekin's amendment, for I do not think it will meet the position. I would prefer to strike out "final" with a view to inserting the words "Provided that the amount standing as a charge against each parcel of land shall not exceed the value of the improvements made on the blocks, together with stock, implements, and any other asset created by the expenditure of public moneys."

Hon. A. Lovekin: That would limit it too much altogether.

Hon. E. ROSE: I think it would be better than seeking to include the references to settlers' personal efforts or the expenditure of money on their own blocks. The amendment that I suggest would deal with public expenditure only.

Hon. A. Lovekin: That will not accord equal justice all round.

Hon. E. ROSE: Mr. Lovekin's amendment includes personal exertion and money spent by the settlers.

Hon. A. Lovekin: Is that not part of the capital?

Hon. E. ROSE: That should be allowed for, but I am afraid Mr. Lovekin's amendment will not meet the position.

Hon. A. Lovekin: Do not you think they should get some consideration for that?

Hon. E. ROSE: The majority of the members agree with me that the hon. member's amendment is not clear. If I am in order, I will move the first part of the amendment I suggest and strike out the word "final."

The CHAIRMAN: That word has already been struck out.

Hon. E. ROSE: Then later I shall move this amendment: "That the following words be added to the proposed new subsection: 'Provided that the amount to stand as a charge against each parcel of land shall not exceed the value of the improvements made on the block, together with stock, implements and any other assets created by the expenditure of public money.'"

Hon. Sir WILLIAM LATHLAIN: I cannot see that the amendment moved by Mr. Lovekin or the further amendment suggested by Mr. Rose will assist us. The duty of the board is clearly defined in the proposed new subsection as it stands in the Bill.

Hon. A. Lovekin: What is "expenditure"?

Hon. Sir WILLIAM LATHLAIN: It is the amount of money advanced upon a block.

Hon. A. Lovekin: From what?

Hon. Sir WILLIAM LATHLAIN: Mr. Lovekin quoted a particular case and possibly it is the only instance of a private individual advancing money apart from the advances made by the Government.

Hon. A. Lovekin: A number of them have found their own money.

Hon. Sir WILLIAM LATHLAIN: They may have done. We are all in sympathy with the object of the amendment, for we all desire that the groupies should have proper consideration and that the State should get a fair deal. But if everything is to be considered in the valuation, such things as the extra time the settler may have put in on his block, he will have his block apportioned at a higher valuation than the man who has done practically nothing. It may be found that one man has taken three months to build a shed, whereas another has built a similar shed in one month. After all, that is no reason why the other man should be penalised. Nor would he be penalised under the clause as it stands, for while building the shed

he would have had but one month's sustenance, whereas the other man would have had sustenance for three months, and the respective valuations would be affected accordingly. I do not think either of the proposed amendments will improve the position. We must take serious notice of the remarks made by the Chief Secretary, and see that we do not leave any loopholes. Undoubtedly if certain concessions are given to certain people, there will be a general outcry for further concessions. Mr. Holmes has said we must see that everything is placed on a fair basis and that every settler is given an opportunity to make a living, but that each settler must be able to make that living only when he has put forth his best efforts. I cannot see that either of the amendments will help to bring about what we all so earnestly desire, namely a just valuation for the groupies, and a fair deal to the State.

Hon. G. FRASER: I agree with Sir William Lathlain that neither of the amendments is going to improve the position. The words already inserted by the Chief Secretary; "below actual expenditure" will cover all the many points raised to-night. If all the work put in by the groupie is to be included it will break down the whole thing. The other day I met a successful groupie. There are not many of them. I learnt from him that the cattle supplied to him at a valuation of £220 are now valued at over £400. I found also that he has put in certain improvements in order to lessen his labours in the watering of stock, improvements valued at £95, which was paid out of his own pocket from money he has earned while on the groups. Yet when he went on the group his assets were less than £10. In spite of many difficulties he has turned out successfully.

Hon. H. Stewart: Is he on the Peel Estate?

Hon. G. FRASER: No, he is on the Bateman Estate. Apart from those achievements, the whole of his repayments to the Government are right up to date.

Hon. J. Nicholson: I am very glad to hear it.

Hon. H. Stewart: Personal equation.

Hon. A. Lovekin: He will get no writing-down.

Hon. G. FRASER: Recently he sent 12 exhibits to an agricultural show and received 11 prizes, including two championships. His prizes were not for cattle only,

but for other exhibits as well, such as a ploughing team.

Hon. Sir William Lathlain: He is a good man.

Hon. G. FRASER: I am glad to say he is a Fremantle man. He received his education in Fremantle. I mention this because Mr. Lovekin and others have said that such men will not receive credit from the board. But I am of opinion that the words inserted by the Chief Secretary namely "below actual expenditure" will secure him his just reward. Still, I do not think either of the amendments will do anything to improve the position.

Hon. A. LOVEKIN: The gentleman Mr. Fraser speaks of will get nothing whatever under the Bill, unless we have an amendment such as I have moved. What we are striving to get at is that the groupie shall not be put on his own resources with a capitalisation on his block in excess of a sum at which he can reasonably get a living. That is what we want.

Hon. E. ROSE: My amendment is very clear. It provides that the charge against each block shall not exceed the improvements brought about by the expenditure of public moneys. It does not say the amount of money spent on the block, but the value of the improvements as assessed by the board.

The CHAIRMAN: The hon. member cannot move his amendment until Mr. Lovekin's amendment has been disposed of.

Hon. A. LOVEKIN: The Chief Secretary a little while ago was good enough to indicate that he would give Mr. Nicholson an opportunity to put an amendment on the Notice Paper.

Progress reported.

BILL—ELECTORAL ACT AMENDMENT.

Second Reading.

Debate resumed from 26th September.

HON. H. SEDDON (North-East) [8.40]: This Bill, which was introduced last session, contains a principle which we should all support, namely, the idea of adopting one registration for two rolls. If we look at it simply from that standpoint, I think the Bill will meet with our approval. Everybody recognises the inconvenience and annoyance associated with the

present system of registration. Those who have had anything to do with an electoral campaign will realise the exasperation felt from time to time by members of the public who during an election find that their names have been left off the roll when they thought they were enrolled. In nine cases out of ten it will be learnt that they have mistaken the position, have looked at one roll and thought they were looking at another. So I am inclined to think the suggestion put forward by Mr. Cornell should commend itself to the Government. Probably some amendment of the present procedure might be adopted whereby the one enrolment card would serve for the two authorities. There are, however, certain difficulties which have already been pointed out by Mr. Harris and Mr. Cornell. In the face of those difficulties I fail to see how the Bill can be shown to be a practical measure. We have to recognise that the basis of representation in the State is quite different from that adopted by the Federal authorities. That point was stressed by the Chief Secretary yesterday when moving the second reading of the Electoral Districts Act Amendment Bill. In those circumstances, therefore, unless the proposal of the Federal Government for one vote, one value is adopted, or unless on the other hand steps are taken to arrange for the Federal divisions to be co-terminal with the Assembly electorates, I do not see how the Bill is going to work. By way of illustration I wish to refer to the position obtaining in the North-East province. In that province the district of Mt. Leonora contains portions of the districts of Menzies and Mt. Leonora under the Federal subdivision. As a matter of fact, the Mt. Leonora Federal roll includes portions of four Assembly seats. Therefore there will be four subdivisions under the provisions of this Bill. There are only 932 electors on the Federal roll for Mt. Leonora, and those 932 electors will be divided into the four subdivisional rolls of Murchison, Cue, Mt. Leonora, and Mt. Margaret. The Commonwealth subdivision of Menzies with 357 electors gives no fewer than four subdivisions, namely, Menzies, Mt. Margaret, Mt. Leonora and Coolgardie State rolls. Members will realise what the position will be when we divide the 357 electors amongst the four State rolls, and they will also realise the number of sub-district rolls that will be created by introducing the principle con-

tained in this Bill. Comparing the present position, Federal and State, and taking the present distribution, we find that the metropolitan seats comprise 13—I have included Swan as one of the metropolitan seats; northern seats comprise 4; country seats 20; goldfields central seats 4, and outer goldfields seats 9. If those seats were re-allocated under the present system of Federal distribution, we would have 26 seats in the metropolitan division, one in the northern, 19 in the country, two in the goldfields central, and two in the outer goldfields. On the other hand, by co-ordinating the State and Federal systems we could have a method of representation to apply to both State and Federal in this way: We could have two metropolitan divisions containing four metropolitan provinces and those four metropolitan provinces would contain 20 Assembly seats. We could have two country divisions containing four country provinces and 20 Assembly districts, whereas the goldfields pastoral division, comprising practically five-sixths of the State, would have two pastoral provinces and 10 Assembly districts. Although that would work out quite satisfactorily as far as the divisions are concerned and would enable the 50 Assembly districts to be brought into line with the existing five Federal divisions, I do not think the proposal would meet with the approval of the people of Western Australia at the present time. Still, that seems to be the only practicable basis on which to eliminate the duplication of subdivisions, which will cause a lot of confusion. I was hoping that the Bill would be held up until we got the Electoral Districts Act Amendment Bill from another place, and I am glad the Chief Secretary adopted that course. We now have that Bill before us, and we can see the principle of redistribution proposed by the Government. When the Chief Secretary replies to the debate on this Bill, I should like him to indicate how the new distribution will fit in with this proposal for joint rolls.

The Chief Secretary: I have no idea.

Hon. H. SEDDON: Perhaps the Minister could show how the difficulties under this Bill, instanced by Mr. Cornell and Mr. Harris, could be overcome with the basis of representation proposed in the Electoral Districts Act Amendment Bill. It appears to me that those obstacles are insurmountable under the drafting of the Bill now be-

fore us. I should like to hear the Chief Secretary on that point when he replies.

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

House adjourned at 8.50 p.m.

Legislative Council,

Thursday, 15th November, 1928.

Question: State Saw Mills Bill...	...	...	PA01
Motion: Standing Orders	...	...	1858
Bills: Road Closure (Queen-street) 2B., Com. Report	...	...	1858
Electoral Act Amendment, 2B.	...	...	1860
Water Boards Act Amendment, Com.	...	...	1861

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

QUESTION—STATE SAW MILLS.

Hon. J. J. HOLMES (for Hon. A. Lovekin) asked the Chief Secretary: At what date did the honourable association and understanding between the State saw mills and the timber trading companies cease to have effect?

The CHIEF SECRETARY replied: For some years past the State Saw Mills Department have not taken any part in the business of the employers' organisations.

MOTION—STANDING ORDERS.

Order of the Day read for the resumption from the 30th October of the debate on the following motion by Hon. J. R. Brown:—

That it be referred to the Standing Orders Committee to consider the desirability of submitting new Standing Orders to enable a Select Committee to be appointed for the purpose of inquiring into, and reporting on, any regulation laid on the Table of the House, and to consider and report as to any other amendments to the Standing Orders which they deem desirable.