

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

Ayes	10
Noes	9

Majority for	1
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AYES.

Hon. J. F. Allen	Hon. J. Duffell
Hon. R. G. Ardagh	Hon. V. Hamersley
Hon. F. Connor	Hon. W. Kingsmill
Hon. J. E. Dodd	Hon. H. Millington
Hon. J. M. Drew	Hon. A. Sanderson

(Teller).

NOES.

Hon. E. M. Clarke	Hon. R. J. Lynn
Hon. H. P. Colebatch	Hon. C. McKenzie
Hon. D. G. Gawler	Hon. E. McLarty
Hon. J. J. Holmes	Hon. C. F. Baxter
Hon. A. G. Jenkins	

(Teller)

Question thus passed.

House adjourned at 9.30 p.m.

Legislative Assembly,

Thursday, 10th September, 1914.

	PAGE.
Bill: Income Tax (War emergency) 2u., Com.,	1203
Postponement of Debts, Council's Mes-	
sage	1257
Industrial Arbitration Act Amendment,	
Council's Message	1258
East Perth Railway Siding, all stages ..	1258
Ministerial Statement, War news	1257
Adjournment, Special	1258

The DEPUTY SPEAKER took the
Chair at 2.30 p.m., and read prayers.

BILL—INCOME TAX (WAR EMER- GENCY).

Second Reading.

Debate resumed from the previous
day.

Hon. FRANK WILSON (Sussex) [2.35]:
I must confess that the introduction

of this proposed emergency tax on the assessment of incomes came to me somewhat as a thunderbolt last night. The question was not submitted to me in any shape or form, and the Premier did not tell me until the tea adjournment that he proposed to introduce the Bill. I had no idea what the purport of the measure would be, hence after hearing his speech I deemed it absolutely necessary to ask for some slight adjournment in order that I might read the measure through. I have been able to do that, and also to peruse the Premier's introductory remarks, but beyond that I have not had sufficient time to thoroughly assimilate the whole position. I am, however, satisfied that the proposal of the Government is one which must of necessity create consternation and hardship amongst the people generally, and I am very much afraid, if insisted upon, will cause widespread ruin and bring our trade and commerce to a great extent to a standstill. I recognise that the Government have a grave responsibility to face at the present juncture, and knowing that, I have endeavoured to assist them in every way in my power with their necessary urgent legislation. This evidently was not in that category so far as the Government were concerned, because they did not think it necessary to consult me as to their proposals in this direction. I can quite understand the Premier's pain at introducing a Bill of this description, and I can assure him that the feeling is mutual, so far as I am concerned. I cannot look upon the suggestion as a fair measure of taxation. I look upon it more as an attempt to take from the people a large sum of money which at the present juncture they are ill-equipped to provide. The Premier reckoned that the matter had been before the public for some time.

The Premier: I did not say that.

Hon. FRANK WILSON: In his introductory remarks last night the Premier said that the measure had been before the public for some time. I want to join issue with him in that respect, but I do not think the public

had the slightest conception that it was ever intended to introduce a measure of this sweeping and drastic nature. It may have been mooted that extra taxation would probably be necessary at some time or another, but a definite proposal was never disclosed, and the public generally had no idea of the nature of the proposal, and indeed it was felt that the session would come to an end, and that any necessary steps to increase taxation would be a matter for consideration by the new Parliament. However, it is obvious to everyone that the Premier has reached the end of his tether financially, and he is, according to his expressions, I am sorry indeed to think, in an extremity. We are justified in asking why we have not been taken more fully into the confidence of the Government in respect to the finances. Even to-day with a proposal of this sort before us, we have no direct information as to what the exact position is. We know from the statements that have fallen from the Treasurer in this House from time to time, that he is fairly hard up, and he frankly admitted in his speech yesterday that the Government did not know which way to turn to get the necessary money with which to carry on; but we have not had any accounts; we have had no figures of any moment put before us to show what the financial position actually is, and apart from the fact that it is easy to give the House a full and complete financial statement before proposing any extraordinary method of raising revenue to make up any deficiency, it certainly appeals to me that members were entitled to have, at any rate, some statement from the Treasurer when he proposed this measure to show us exactly how the finances of the country stood. I do not want to appear in the role of alarmist in the slightest degree, and I think everyone will exonerate me from any action or expression in that direction since the war broke out, but I do feel that it is incumbent on this Parliament to control the finances of the country, and if we are to control the finances to any extent, then we must be acquainted with the true position. Unfortunately

we have measures of this description, and this measure particularly, thrown at us practically at the eleventh hour of the session, and we do not know exactly how the country stands. The arguments of the Treasurer with regard to the position of the State perhaps are unanswerable. He ought to know exactly his own position, whether we know it or not, but he tells us that he does not know where to look for money with which to carry on. I regret that he had to make that statement because I think it is harmful in the greatest degree to our credit as a State, yet when he tells us that, we are bound to believe him. We are, however, certainly entitled to ask in our criticisms for some of the reasons for the awful position in which the Government find themselves to-day. One would imagine, without going fully into the figures, that with the enormous revenue which the Treasurer has been able to handle annually during the past three years, and an ever-increasing revenue year after year, he would have been able to do something in the direction of laying by for a rainy day, as it is termed. Unfortunately nothing of the sort has been in the minds of the members of the Cabinet. They have raced along at high pressure, expending, speculating, and venturing on all sorts of undertakings, increasing the deficit month by month, and they have, regardless of the possibility that a day of reckoning might come, unnecessarily, to my way of thinking, squandered public funds and impaired the public credit. I have only to draw attention to the enormous increase in the revenue since my friends have occupied the Treasury benches. In 1910-11 the revenue was £3,850,000. Last year it was £5,205,000. The expenditure has jumped up from £3,734,000 in 1910-11 to £5,340,000 in 1913-14, and whereas in the year 1910-11 there was a surplus of £116,000 and an actual profit, though small, was carried forward, last year there was a deficit of £134,000 on the year's operations, and now we have an accumulated deficit, as everyone knows, of over £644,000. It seems extraordinary to me that we have had no explanation

why funds which have increased so enormously should not meet the legitimate requirements of the country under normal conditions, and we can only come to the conclusion that no satisfactory explanation can be given. I have been taken to task on many occasions, have been abused indeed, by my friends opposite and by the Premier himself, because I left something like £802,000 to the credit of the Savings Bank when I went out of office; in other words, there was that liquid money to draw upon in case of need, and utilised for the requirements of the Agricultural Bank and other purposes. I venture to think the Treasurer was not slow in using that £802,000; yet, notwithstanding that that money was available and that he had also £800,000 of loan money in the Treasury, and has borrowed over nine millions since, we are up against hard times practically the very moment war is declared. He has had over ten millions of loan money in three years, whereas in six years I borrowed only seven millions. They have had on an average every year, £3,300,000 out of loan money, to say nothing of Revenue, whereas we had £1,200,000; and notwithstanding that, the indebtedness of the people has been increased in three years by £20, whereas we only increased it by £10 12s. 10d. in six years. We have this unfortunate position facing us. Am I not justified in feeling, without wishing to be harsh in any way, that we did leave the present Government well equipped to meet any falling off in the harvest which they have harped upon so excessively, the bad harvest of 1912? To-day, from the remarks of the Premier I conclude that the Savings Bank reserve is down to its lowest limit. We find that, as we have mentioned on more than one occasion here, the Agricultural Bank, unfortunately, by instructions has to repudiate a certain large proportion of its payments.

The Premier: That is absolutely untrue.

The DEPUTY SPEAKER: The hon. member is not in order in making that remark.

The Premier: I suppose I will have to withdraw, but may I correct the hon. member?

The DEPUTY SPEAKER: The hon. member can take exception to what has been said and make an explanation.

The Premier: It is not a case of explanation. I do not want a misstatement to go forward from the leader of the Opposition. There is no repudiation; it is merely a matter of deferring payment. That is a very different thing.

Hon. FRANK WILSON: Well, of course, the Premier can put his own construction on it.

The Premier: I will put something on you, too.

Hon. FRANK WILSON: I wish the Premier would refrain from threatening me. He ought to know that I do not care twopence for his threats. I do not care what he attempts to put on me; he knows it is absolutely futile for him to make his extravagant statements, for he can prove nothing against me. And the figures themselves prove that what I am stating is absolutely a fact.

The Premier: It is absolutely incorrect.

Hon. FRANK WILSON: Namely, that the present position has been brought about by the mal-administration of the Premier and his colleagues.

The Premier: The only time you ever got a surplus was when you were away in England and someone else was looking after the Treasury for you.

Hon. FRANK WILSON: Does it matter? Is the Premier jealous of the fact that I had a surplus?

The Premier: You had a deficit also.

Hon. FRANK WILSON: It is true that I went to England for some five months and left my business in the capable hands of one of my colleagues, the then Minister for Mines, Mr. Gregory, and that owing to the administration previously inaugurated, and the system that was carried out, we were able to close the financial year with a small profit and meet all our liabilities.

The Premier: You did not do anything of the kind.

Hon. FRANK WILSON: Is that anything for the Premier to complain about? Is it not the system, the organisation, the policy that is inaugurated and carried on from year to year in any business which ultimately brings forth success and prosperity, and would it not be a very poor manager indeed, who called himself a manager of any class, if he could not leave his business, after so organising it, for a brief four or five months, and feel that it would go on successfully during his absence? The Premier treats the question as a schoolboy. He does not realise his responsibilities—and he is backed up by the Attorney General, who says, "Oo-Oo!" That is about all in the way of a sensible interjection he can favour the House with.

The Premier: Do not be a baby all your life.

Hon. FRANK WILSON: I listened to the Premier last night with great respect and without an interjection, and I think it is about up to him to take his gruel kindly if he has to take it, while I state the position.

The Premier: Do not be personal; you may get some yourself.

Hon. FRANK WILSON: I get nothing else from the hon. member; he will not allow me to speak for two seconds without interjecting. Even now, when he ought to be weighed down with the responsibility of his position, when he ought to realise his responsibilities to the country and the serious position he is in through his own maladministration, he cannot refrain from interjecting, he must squirm in his seat and say nasty things. Now we come to this position: The Treasurer is hard up to-day notwithstanding the enormous revenue and the millions of loan money he has had. The Savings Bank reserve has been cut down to the lowest limit, and the Agricultural Bank, notwithstanding all the Premier says, has repudiated at his instructions the payments due on the certificates issued. And to-day the State is absolutely depending upon—what? Not upon its own good credit, not upon its own sound administration, not upon the Government's ability to see this hard

position successfully through, but is depending on the Federal Government and its issue of Federal notes to carry us on; and this position has arisen the moment war is declared. Indeed, by the Premier's own admission it came upon us even before the war was declared, for the Premier says that despite the declaration of war had we had a good harvest he did not think the Bill would have been necessary. Yet this is the gentleman who twits me with being childish and boyish. And he goes up to Northam, and cries, with that magnificent audacity which characterises all his utterances to an unthinking public, that the magnificent deficit he has been able to pile up is a proof of his capacity to soundly finance the country. The railway returns, one item alone, have increased by something like £500,000 per annum since my friends took office. They have, of course, helped the settler by increasing fares and freights, and I presume they are helping all other classes of the community in the same direction. The haulage of the good crop last year, which the Premier has boasted about so much, was due to the development which we inaugurated and set afoot. If it had not been for our policy the Premier would not even have got a portion of his £500,000 increase in railway rates. And of course, a good portion of that increase has been due to the haulage of railway materials both for our own railways under construction and for the Trans-Australian line. And, above all, the Premier in a fit of pique sought to reimpose the terminal charges on the farmers which he had allowed by proclamation to be removed for a short time. Then there are the increased rates on fertilisers. All these increases have been put on ostensibly with the object of assisting the advancement and prosperity of our people, the very people whom he pleaded for in introducing the measure. But I venture to think that most common-sense individuals in the State will agree that they have been put on to hide the extravagance and the financial maladministration of the Government. We are entitled to know the true reasons for this proposed taxation. I have, I think,

outlined concisely what I believe to be the reasons for a demand of this nature. The Premier tells us it is not necessarily the war, but really the bad season—

The Premier: I did not say anything of the kind.

Hon. FRANK WILSON: The Premier did. If he will consult his remarks, he will see that he said—

Mr. George: He will deny anything.

Hon. FRANK WILSON: It was not necessarily the war, but the bad harvest. As he put it in the preamble of the Bill, it was for distress occasioned through the war and to relieve unemployment, difficulties which have arisen and which he expects will increase in the near future, that he proposed the Bill. Yet he amplified his explanation by saying that even the war, apart from the bad season, would not have necessitated such a proposal. I agree with him that that is so. The effects of the war have hardly begun to be felt in Western Australia. The effects of the bad season are being felt pretty considerably, but surely our Government should be in a position to meet, at the beginning at any rate, bad effects of that description. They ought not to have drifted into such a parlous condition as to necessitate running to Parliament and asking to be clothed with power to extract from the people such enormous taxation as is contained in the schedule of the Bill. The Premier enlarged on the duty of the Government to provide work for the citizens. I agree with him, because he qualified that statement by saying, "so far as possible," and by pointing out that if they had not the wherewithal to pay wages to their employes, well, what could they do? They could not give the work. In other words, they could not carry on the policy, carry out the theory of the Premier as announced on so many occasions, that the duty of any Government is to find work for the unemployed. I have on many occasions also warned him that he was entering upon a very dangerous principle in accepting the full responsibility in this direction. I have pointed out time after time that they have done their very best to kill private capital, close up private avenues of employment,

and that the greatness of the British Empire that we are supporting in her present troubles is due to the individual activities of her citizens, and not to the embarkation of the State in avenues of competition with her citizens. And yet we have this old worn-out cry thrown at us, that the State must employ its citizens. Directly the strain is put upon the State as at the present day, and the first opportunity comes for this principle being brought into practice, it immediately breaks down with its own weight, and the Premier is in the humiliating position of having to admit that it is a question of pounds shillings and pence if he is to employ the citizens of Western Australia who are now out of employment. He enlarged upon the possibilities of employment in Western Australia. I quite agree with him on this point. The avenues of employment are unlimited. With nearly a million square miles of country we have unlimited opportunities for the employment of almost limitless numbers of people, but the crux of what the Premier touched on was when he said that without the necessary capital we cannot develop the country and carry on necessary works, or open up the many avenues of employment that we have in the State of Western Australia.

Mr. B. J. Stubbs: A school boy knows that.

Hon. FRANK WILSON: I hope the hon. member will bear it in mind.

Mr. B. J. Stubbs: We always do.

Hon. FRANK WILSON: Especially when he is at a trades' hall meeting, and I hope too that he will not put forth here such utter nonsense as is put forth to those people who are only too eager to assimilate it, and will not repeat it to hon. members who are responsible to the people and who are supposed to have some brains. The South-West has a tremendous area capable of great development. It is an area which ought at the present time to be well under way in that development; but nothing has been done.

The Premier: What were you doing whilst you were in office?

Hon. FRANK WILSON: Even the railways that were wanted have been hung up year by year, and to-day, although we have had Bills for some of the lines passed through this Chamber, we had to abandon the whole lot because, forsooth, our finances are unsound.

The Premier: That is not correct.

Hon. FRANK WILSON: Another thing that I agree with the Premier in is that capital and labour combined are essential in order to make the country progress. At last we have an admission, a tardy admission, that capital is necessary to supply the labour to carry out the works that are necessary if we are to be successful.

The Premier: Do you admit that?

Hon. FRANK WILSON: Every time I have promulgated such a theory the Premier has immediately denounced capital. He did not want it. So long as he had labour he could do all the rest himself. To-day he finds that this is absolutely impossible, but does not know where to turn to find any capital to employ the thousands of labourers who are in need of work. He made a most alarming statement. The Government could not, he said, see their way to find the money for the purpose of keeping citizens employed under the conditions prevailing at the moment, and of keeping them fully employed. The Government cannot find the money. I suppose the Government, as they usually do in such circumstances, abandoned their obvious duty according to the Premier, and turned to the much maligned capitalist, to ask him to do his best to come and fill the gap which the Government have failed to fill themselves. I can say that private employers of every grade throughout Western Australia will be only too happy to render any assistance in their power. But it is a sorry way to gain assistance for the Government by putting the burden such as suggested in this Bill upon their shoulders.

Mr. B. J. Stubbs: Do you suggest raising the exemption?

Hon. FRANK WILSON: I suggest that the hon. member keeps quiet until I have finished, and then he can over-

flow this Chamber with his undoubted wisdom.

The Premier: Do you speak on behalf of the employers?

Hon. FRANK WILSON: I think I am doing so. I think at all events that I am speaking on behalf of the whole of the people.

The Premier: Speaking on behalf of the people! More than half of them will repudiate the hon. member.

Mr. B. J. Stubbs: Three-quarters of them will.

Hon. FRANK WILSON: A good many more than half will repudiate the hon. member shortly. There is no doubt about that. The Premier made a great plea with regard to the agriculturist. I am quite with him that we ought to endeavour to formulate some scheme to keep our agriculturists upon the land. We do not want them to be throwing up their holdings, to leave the tillage of the land, because of the untoward season that we are passing through. It is bad enough now in all conscience. South Australia, I see, is suffering even worse than we are, yet, although they find that their crops are all ruined, and that their flocks are pretty well decimated, and that there is no hope of recovery this year, we do not hear of any suggestion of imposing a 15 per cent. tax on incomes, plus the 5 per cent. which is already imposed by our Income Tax measure, in order to get out of the difficulty.

The Premier: The 15 per cent. is the trouble.

Hon. FRANK WILSON: It is a source of serious trouble, and I think it will be found to be a source of serious trouble so far as the Premier is concerned. It is true that he, in order to show his bona-fides, told the House that he was better able to pay a certain sum of money per month than a smaller man. I quite agree with him. I forget how much it came to—something like £30 a month.

The Premier: £18 15s.

Hon. FRANK WILSON: Well £18 15s. a month. He said he was better able to pay this than the man earning £4 a week would be able to pay a few

shillings per month. He must remember that whatever position a man is in, as a rule he has his responsibilities attached to that position. Only a few short years ago the hon. member's position was something like mine is to-day, on the £10 a week basis. To-day his position is on the £1,500 a year basis. I hope he has not increased his responsibilities in accordance with the salary he is drawing to-day, a portion of which he has promised to return.

The Premier: My financial position may be just as good as yours.

Hon. FRANK WILSON: No doubt it is better.

The Premier: Where is all this business acumen the hon. member is talking about? He was here for years.

Hon. FRANK WILSON: The result proves it. I hope the Premier will digest the figures I have given him. If he will draw himself into the discussion he must expect his personal remarks to be criticised. I am doing it in no other way than by way of illustration.

The Premier: Yes, you are.

Hon. FRANK WILSON: I am simply, by way of illustration, pointing out that the man who has been brought down from £1,500 a year to £500 a year is in a very different position from the man who rises from £500 a year to £1,500 a year, and that, whereas the one person had responsibilities and commitments commensurate with the large revenue that he was receiving, the other man had no need to increase his responsibility and commitments in proportion.

The Premier: You are a champion!

Hon. FRANK WILSON: Let us look at the necessity for this Bill. After all is said and done, it is a question that this Chamber should very carefully inquire into, as to whether we are justified in acceding to the Government's ideas to impose a burden of this description upon the people, to extract from the people of this small State—small in numbers and population—anything from £600,000 to a million pounds per annum, and whether the result is going to be satisfactory. I am certain of this: that no matter what the Premier's necessities are, how hard pinched he

may be financially, how hard put he may be, and how impossible it may be for him to carry on, the result of the Bill must be harmful. We are told that it is a war measure to some extent. I would like to draw the Premier's attention to an authority on this question. Mr. Carl C. Plehn has written on public finance, and is considered to be an authority in this direction. Talking about the war tax in America he said, "Sometimes an increase in the rate of taxation will disturb industry and commerce and do greater injury to the welfare of the people than is received from the damages of war." There could not be anything more emphatic than that. Yet, although we are not concerned with the direct expenditure on the war in Western Australia, we have had rushed upon us a measure that is calculated to do very much more damage to our trade and commerce, and to the employment of our people, than even the actual war itself may do.

The Premier: Was Plehn the hon. member's authority when he had his deficit?

Hon. FRANK WILSON: I did not require any authority. I wiped out the deficit, as the Premier knows. Let him follow my example and see if he is capable of doing likewise. Time after time he announced in a loud voice that if he had adopted my methods of finance he could wipe out his deficit to-morrow. My advice to him is to adopt my methods and do away with his deficit at once. If he had done so before he would not have been in the fix he is in to-day, and would not have introduced this Bill to rob the people of Western Australia of the huge sums I have just mentioned. The war is not a reason for the proposal. The Premier has said so.

The Premier: I did not.

Hon. FRANK WILSON: He did. He said the war was not the reason for the proposal. Even if the war had not eventuated and we had had a good season we could probably not have done without this taxation proposal.

The Premier: This is an absolutely different statement you are making.

Hon. FRANK WILSON: No, it is not.

Mr. B. J. Stubbs: He cannot see the difference.

Hon. FRANK WILSON: The Premier is an adept at twisting remarks. He will twist this statement, too, I suppose to suit his own purposes. The people at large can understand the position. I want to impress on the Government and the House that the war is not the reason for imposing this taxation. We have not to bear the burden of the war, and it must also be remembered that the people who have to bear the burden are the Federal Government, and that they will soon come along with a proposition for a contribution to enable them to foot the bill. The Federal Government will be under a very large expenditure indeed, with 20,000 men going to the front and another 20,000 under preparation. The chances are that in the near future, before the war is continued many more months, they will want anything between £30,000 and £50,000 a day to pay their war expenses. Then, if, as the Premier interjects, that he did not say the war was not the reason, what justification has he for imposing taxation on account of the war? We are not suffering from the effects of the war, we are just beginning to feel a falling off of trade, but the Premier is not satisfied, although the revenue is pretty well as high as it has ever been. It was £40,000 or thereabouts, greater than it was for the corresponding months last year, therefore what is the cause of the position which, unfortunately, we have drifted into. The Federal Government have the full responsibility with regard to expenditure in connection with the war. We shall have to pay our proportion sooner or later, and the State of Western Australia at present should only be faced with the ordinary requirements, accentuated by the bad season, which unfortunately has come upon us. Let us turn our attention for a moment to the proposal with regard to the proceeds of the tax if it be passed. The Premier tells us that he is going to earmark one-third of the proceeds of the

taxation to the Agricultural Bank. In other words, he wants to redeem those past certificates which have not been paid.

The Premier: That is incorrect. I never said anything of the sort. I never implied anything of the sort, and it never left that impression upon any one else except upon you.

Hon. FRANK WILSON: What is the Premier going to do with it? Is he not going to earmark one-third? I think it is in the Bill. Clause 15 says—

One-third of the proceeds of the tax raised under the authority of this Act is hereby appropriated to the Agricultural Bank and shall be paid to the credit of a special fund—

The Premier: "Special fund," you missed that.

Hon. FRANK WILSON: The clause continues—

to enable advances to be made to farmers to assist them in the maintenance of their holdings and the continuance of production.

There you are, a special fund for the purpose of assisting farmers to retain their holdings and to encourage them.

The Premier: You said before that it was the bad season.

Hon. FRANK WILSON: I do not say anything to the contrary. We knew full well that this money was going into the general funds of the bank and he was going to cease finding the capital in the ordinary way. He will have this money and the Federal notes to meet the past certificates.

The Premier: That is not correct.

Hon. FRANK WILSON: Then let us know what is correct. I ask the Premier, does he not intend to meet the past certificates? He said he would pay them as soon as money was available. Is he trying to hedge now? I suppose he does not intend to meet them just now because money is not available. The next point I want to draw attention to is the statement of the Premier that he was not seeking for power to compel people to pay him at the moment with cash to the tune of £500,000. What other construction can be put upon the measure? Here is a measure which, by

its provisions, enacts that the citizens shall return to the Commissioner of Taxation monthly a certain sum of money. Is not that a logical conclusion, that the Act is bound to compel the citizens to provide the sum of money during the year which the Premier estimates he will raise.

The Premier: I am not stowing it up each month.

Hon. FRANK WILSON: I should think the Premier is not. The Premier does not intend to do anything of the sort. He is going to pay it away. I ask, is that a just and proper attitude to take up under the circumstances which I have outlined? I quite understand his position is very critical and I quite understand his boastful announcement that he did not know what the result of the proposal would be. I understand that he is only too anxious to throw up the reins of office to somebody else.

The Premier: I would if I could find somebody who could carry on better.

Hon. FRANK WILSON: I can also quite understand the Premier's great anxiety to place all his troubles and the blame therefor on to the bad season and on to the European war.

The Minister for Mines: Do you deny the bad season, then?

Hon. FRANK WILSON: I do not deny either of them; the only thing I do deny is the Premier's capacity to finance in the slightest degree.

The Premier: You are like Peter, that is the third time.

Mr. Lewis: What do you suggest?

Hon. FRANK WILSON: That he should get out of office and let somebody else finance, and I think the people of the State will soon tell him that that is the right thing for him to do. The Premier went on boldly to point out that the position is such that he must meet the difficulty, and this is the only way he sees to get out of the difficulty, to drag from the people a sum of money which they cannot possibly pay without half ruining themselves and tying up manufactures and closing avenues of employment. The system of every extravagant financier in the world, the man who will rush to the Jewish money-

lender, the usurer, in time of trouble and pay whatever rate of interest he asks, is to get his hands on any money that he can beg or acquire, in order to keep himself afloat until the crash comes; it ultimately does come, then he goes under and is heard of no more. It is quite sure, to my mind, that wheat of course will advance in price, and pretty considerably. The history of the wars that we read about, and of those, what perhaps some of us who have lived long enough have seen, goes to show that wheat always advances enormously in war times, just as wool, on the contrary, goes down, so that point in the Premier's argument is excellent, that we are going to have an increase in the value of wheat.

The Premier: I do not think you knew that until I said it.

Hon. FRANK WILSON: But the argument that because there is to be an advance in wheat, the people generally in Western Australia shall be compelled to disgorge a huge sum of money, not to lend it to the Government, but to give it to the Government in order that the Government can lend it to settlers and take the security of those settlers, is an unjust one and an untenable one. That is not the way to finance the country, to take money from someone else in order that you may lend it and take interest on it. If ever there was justification for applying the word robber to the actions of the Government, it is justified on the present occasion. I have pointed out, and emphasised what the Premier told us, that he is going to earmark one-third of this money for agricultural proposes. What does he want the other two-thirds for? I have shown what an enormous revenue we have had up to the present, and are still deriving from the public. I have pointed out, too, the enormous sum of loan money which the Premier has handled during the last three years, and surely the least we can expect from the Government, if provision is made for financing the Agricultural Bank, is that they shall be able to make ends meet so far as their other commitments are concerned. The Premier has told us that the Federal Government have agreed to help them in their

financing and to give them Federal bank notes for 25 per cent. of the money. The Premier has announced that he would be able to carry on to a moderate extent the whole of the public works policy. Why, therefore, are we asked to find the balance of £400,000 proposed on this taxation proposal, and what is the money to be utilised for? The Premier has not told us. He told us truly that he was hard up, and we believe him, but he has not told us why he is hard up and he has not shown proofs to the House that the money is necessary; and he has not held out a scintilla of hope that he will mend his ways and exercise that economy which enables private firms and individuals to carry through in times of stress. Where have we got the slightest intimation that the Premier intends to economise? Where have we the slightest intimation that he intends to curtail his extravagant methods in connection with the State trading concerns? Where have we any assurance from him that he is going to save that £2,000 per month that he admitted at Northam the other day he was losing on the State steamship enterprises. Surely it is the duty of members to insist that the Government shall use the pruning knife and cut off these losing ventures and close up any enterprise on which they have embarked and on which they are losing, so as to stop the loss that has been occasioned thereby. The first thing you do in any business is to cut your losses when you come to a tight corner, and the next thing is to try and get rid of that department to somebody else. And I venture to say that had the Government refrained from embarking on their socialistic propositions in competition with other citizens they would have had the capital at their command that they propose to raise by this iniquitous taxation. And it is not a fact that they would have closed avenues of employment because the demand of the people and the trade would have had to be filled by someone, and I am satisfied that we should have had steamers running just the same on the coast, and sawmills in operation in the forests, and brick yards extending and employing just as

many hands as are employed to-day, had the Government directed their attention to the administration of legitimate State affairs instead of competing unjustly and unfairly with those citizens who are controlling private capital invested in our industries. The Bill itself makes a distinction. Private individuals are to pay this tax up to 15 per cent., and most of them will pay it, I suppose, if they are compelled to do so. Yet Government industrial undertakings in competition with private individuals will be exempt. I want to know why that is so. The whole thing bristles with anomalies, it bristles with injustice and unfairness, and I venture to think it is a measure that the people themselves will not appreciate for one moment, and they will feel that the Chamber will not be justified in passing it. Before the Premier embarks upon legislation of this description he is entitled to prove to the hilt that the necessities and circumstances demand it, and that no one else could possibly have avoided the position which he has plunged the country into. I recognise he has done his best according to his lights; I recognise that he has done his best according to his training. I have often told the hon. gentlemen opposite that they have missed their vocations, when they try to finance a State or a country, and when they do it on lines such as they have carried out during the past three years. Every Government or every individual must be judged by results, and the results of the Government's financing admittedly have been disastrous.

Mr. Bolton: What about your own?

Hon. FRANK WILSON: I can honestly put up my results for political examination, and I am perfectly satisfied to leave the outcome of my administration to be compared with the results of any other administration. I shall also be satisfied to let the Premier announce to the country that he is the saviour of the financial position, because he has built up the enormous deficit of £650,000. I will be still better satisfied if he will go on repeating that fairy yarn which he has given us on many occasions here, that he

at a moment's notice wipe out the deficit if he resorts to my system of finance. If he will do that he will be doing me and my party the best service he can possibly do in view of the forthcoming elections, because the vote of the people, if they vote on that question only, will most assuredly be in favour of my system of finance. The Premier went on to say that his conscience was clear, that he knew many, including myself, who, he thought possibly, would support the Government on an occasion such as this, would be loud in their condemnation of this Bill. I admit that I am loud in my condemnation; I believe the Government have adopted the wrong method altogether. Before I sit down I will endeavour briefly to point out to the Government, although perhaps it ought not to be my duty exactly to do so, how they ought to go about adjusting this question, and raise the necessary money for the Agricultural Bank without resorting to taxation of this description.

The Premier: Tell us how to meet the whole position, not only the Agricultural Bank.

Hon. FRANK WILSON: Show me the necessity for meeting the whole position and then I will talk about how to meet it. There cannot be the slightest doubt that great damage to commerce will follow if we impose taxation of this description. I would like to read what this same authority has to say on a subject of this kind.

The Premier: Who said he was an authority?

Hon. FRANK WILSON: I say so. Here is the position with regard to taxing in connection with war. The Premier now claims that it is the war which makes it necessary for him to raise this money. After arguing the point at considerable length the author winds up by saying, "It is therefore extremely unwise and practically impossible to attempt to raise the cost of the war by immediate taxation. The only other resource is borrowing." I should like to point out that the Premier has admitted that he received from his colleague, the Minister for Lands, a

suggestion of this description, but evidently he has thrown it on one side. I have already emphasised that in one case when we are abstracting money from the pockets of the people, that we are actually taking it from them without any idea of repaying it, but if we borrow money, they have some security for the repayment ultimately, and the loan can bring in some income by way of interest.

The Premier: Who will pay the interest?

Hon. FRANK WILSON: The borrowers.

The Premier: Who will pay the loan?

Hon. FRANK WILSON: The Premier ought to see to that himself.

The Premier: Who are the people living on British Consuls except those who have provided money at high rates of interest at war time?

Hon. FRANK WILSON: The Minister for Lands suggested in his report to the Premier that the Government should issue treasury bills, and there is no doubt in my mind that that is the proper policy to pursue. The Government have not exhausted their legitimate channels for raising money, and if we accept the theory that in case of emergency we had better borrow money to carry us over a trying time, rather than extract it from the people who are already overburdened, then I say at once we ought to follow the example of other Governments in like circumstances, more especially the Motherland, which has issued just recently some £40,000,000 worth of treasury bills. Treasury bills certainly could be issued within the next week, and they could carry interest at 5 per cent.

The Premier: Who would buy them?

Hon. FRANK WILSON: The Premier has to try it. They could be made short dated, say 12 months, and they could be made redeemable at the option of the Government earlier if so desired. That is practically what the Minister for Lands suggested to the Premier in order to finance the Agricultural Bank, and in reply to the Premier's interjection as to who would buy these treasury bills, let me tell him that I would not have

the slightest fear of raising at any rate sufficient to finance the Agricultural Bank. All financial institutions would invest in the security.

The Premier: Can we borrow for the Agricultural Bank at five per cent. and lend the money again at five per cent?

Hon. FRANK WILSON: Better do that than take it from the people.

The Premier: The people would have to pay for it.

Hon. FRANK WILSON: The Agricultural bank might charge six per cent.

The Premier: Do you recommend charging the farmer six per cent.?

Hon. FRANK WILSON: I recommend that the Premier should issue treasury bills, that he should issue them at short date, say 12 months, and he should offer five per cent., and that he should make them redeemable at any moment at his own option. I venture to think that the financial institutions, the associated banks, the life assurance companies, the fire insurance companies, and the trustee companies, and private investors, would all rally round the Premier in a scheme of that description and assist him to raise at any rate sufficient to obtain the Commonwealth notes, which he has told us he requires for the Agricultural Bank. Of course if he destroys his own credit by senseless remarks, he destroys the people's faith, and he destroys the idea that he is in earnest, or that he knows anything about the seriousness of his position. I am pointing out to the Premier, and surely he can sit quietly and listen, the scheme which he ought to try at any rate long before he attempts to impose taxation of this description. I have never yet to my knowledge, and I am not conversant with all that is going on by a long way, heard of a taxation proposal approaching this one. We are to start with one per cent. and we are to rapidly rise one per cent. on every £100 of income or profit until we reach 15 per cent. This is in addition to the income tax which is already provided for by our ordinary legislation. So that it practically means that for a business man earning £1,500 or above that, the Premier

will make the increase one-fifth, or 4s. in the pound. It seems incredible. He proposes calmly to take 4s. in the pound from every undertaking or individual earning £1,500 or more per annum. The heaviest taxation that I remember or can find a record of, was during the Crimean war, and in Pitt's time in 1797, when the French war was on and then the taxation only amounted to 2s. in the pound, or ten per cent.

Mr. Bolton: The maximum?

Hon. FRANK WILSON: The income tax was temporarily doubled.

The Minister for Works: That was in respect to the amount of income, it was not graduated.

Hon. FRANK WILSON: I do not know.

The Minister for Works: It makes all the difference.

Hon. FRANK WILSON: The tax was doubled in consequence of the war. We have no expenditure in connection with war and yet we are asked to pay 20 per cent. Great Britain, in her worst times, imposed only 10 per cent. on incomes.

The Minister for Works: It was not graduated.

Hon. FRANK WILSON: This is not graduated, as I have shown the hon. member.

The Minister for Works: It is a graduation.

Hon. FRANK WILSON: We are asked, because we have had a bad harvest, to put up with this imposition, to increase taxation by 20 per cent. in many instances, and in practically all instances of business houses. The thing is preposterous. It will crush out all the avenues of employment and eventually the Premier will have a greater load to bear than he can foresee at present. On the only occasion I had the honour of advising the Premier on this matter, I pointed out that when he wanted to indulge in extraordinary finance it would be wise to obtain expert financial advice. I am sorry he has not adopted my suggestion. Has he consulted anyone? He tells us he has not. Even the Commissioner of Taxation does not know how

much will be obtained from this tax. But the Premier has obtained reports with regard to the different agricultural areas and the necessity for financing them. Why does not he now, before it is too late, call to his aid the best financial authority and experience to be obtained in Western Australia, to advise him as to the best methods of borrowing money to tide him over the present stage in our history? There are many legitimate means of raising revenue in addition to the one I have pointed out, that is in addition to borrowing. I am satisfied that the Premier could borrow to a reasonable amount if he went the right way about it, but he will not do this. He can also carry out the suggestion made in the Press on several occasions, and raise at any rate a few thousand pounds by taxing the profits from race meetings and putting a tax upon amusements. But it is evident that the principle of borrowing to carry us through a strenuous time has been laid down from time immemorial, and it is the only sound principle upon which we can act. It has been said that the final test of the success of the financial administration of a war is the preservation of the public credit. I ask members to consider whether public credit will be preserved under this class of legislation. Will not it be undermined, and are not the contentions I have put forward sound? And if our public credit is undermined, then all our system of finance has proved abortive and is disastrous, and the final result of our position will be worse than that with which we are at present faced.

Mr. Bolton: Why should the credit go down? It must improve.

Hon. FRANK WILSON: The effect has been proved over and over again. I have quoted authorities on the point but evidently the hon. member has not listened to them. I have shown that it is right to borrow money to carry the people over a time of stress.

The Premier: You do admit that?

Hon. FRANK WILSON: The Premier admits it. The Minister for Works

suggested that taxation in the old country was not on a graduated scale.

The Minister for Works: I asked you whether it was.

Hon. FRANK WILSON: I was not there in 1797 and therefore I no not know. At present it is graduated. Let us now examine the graduation proposed in this measure, if one can call it graduation. It is proposed that an income amounting to less than £100 shall be exempt, but anyone receiving between £100 and £200 shall pay one per cent., so that a person who has a salary of £199 will pay £1 19s. 10d. per year. The other poor individual who is drawing £1 over the £200 will pay two per cent., or £4 0s. 5d. per annum. In other words, in addition to paying the extra £2 income which he is earning, he will have to hand out another 7d.

The Premier: We are adjusting that.

Hon. FRANK WILSON: If the individual has a salary of £299, he will pay £4 19s. 7d. but if he draws a salary of £301 he will have to pay £8 0s. 7d. In other words, he will pay the whole of the increased salary he is enjoying, and an additional guinea, and so it goes on right through. In every case there is an anomaly until we get to the man, or firm, drawing £1,499 per year, who will pay 14 per cent., or £209 14s. 2d., whereas the firm or individual who enjoys an income of £1,501 will have to pay 15 per cent., or £225 per annum, or in addition to the extra £2 will have to give away a sum of £13 5s. 10d.

Hon. W. C. Angwin (Honorary Minister): He is lucky to get it.

The Premier: How do you propose to get over that?

Hon. FRANK WILSON: With a proper graduated tax, pay one per cent. on the first amount, two per cent. on the next, and three per cent. on additional sums, the same as the present income tax.

Mr. Bolton: That is the same as this.

Hon. FRANK WILSON: It is nothing of the sort.

The Premier: Work it out and see how much different you make it.

Hon. FRANK WILSON: To bring this debate to a close as quickly as possible as far as I am concerned, let me point out that the incidence of the taxation is absolutely unjust. Notwithstanding what the Premier says about the difficulty of distinguishing between married men and single men, there is a great injustice if the Government propose to tax the married man on the same basis as the single man. Here we have hundreds of young single fellows earning the full rate of pay, and on the other hand there are hundreds of married men who have tremendous responsibilities and numbers of mouths to feed and yet both will pay the same taxation under this measure. It is not right. Then there is the anomaly that the man with a large family of young children must suffer enormously—and we know of many instances of suffering. He may have a dozen children to keep and he has to pay the full taxation, while a man with a grown up family, all able to earn their own livelihood, and perhaps help the home, may get off scot free because his individual income does not reach the £100 mark. This sort of thing should not appear in any legislation of this description.

The Minister for Mines: Your income tax arrangements did not make any distinction between married and single on the lines you are arguing now.

Hon. FRANK WILSON: Perhaps not, but that is no reason why this Bill should not discriminate between them. This is an extortionate tax—15 per cent.

The Minister for Mines: If it is, so was yours.

Hon. W. C. Angwin (Honorary Minister): It is a patriotic tax.

Hon. FRANK WILSON: Our income tax exempted everyone who was earning under £4 a week.

The Minister for Mines: And made no distinction between married and single.

Hon. FRANK WILSON: And according to our friends on the Government side, married men can still afford to pay.

The Premier: You want the workers to carry the lot.

Hon. FRANK WILSON: I want the Premier to be reasonable and not tax any of them in this direction. He can get on well without it, or he should be able to finance the country without it, at any rate for the next two or three months until the new Parliament assembles, when we will have his Estimates before us, if he is here, and will know his requirements, and if we cannot persuade the House to cut them down, it will be time to propose increased taxation. The point that must be borne in mind right through is that it is the duty of the Premier and his colleagues to preserve the public credit; that every bit of emergency legislation, no matter how unnecessary it is, tends to undermine and weaken the public credit, and that above all, a measure of this description is calculated to largely close up the avenues of employment, to restrict the powers of earning income, and certainly will not only undermine but will shatter the credit of this State to a very great extent. I hope the Premier will take into due consideration what I have said. I am out to assist him in every legitimate way, notwithstanding the abuse which he attempts to pour upon me in this House—I may say that he never attempts to do it privately; he has that amount of decency—and if I can give him any sound advice, it is his duty to weigh that advice and act upon it, if it is in the interests of the country. I say that he is on the wrong track now and instead of extracting from the pockets of the people money to cover up his extravagant expenditure and to finance him through this parlous stage, he ought to resort, first of all, to an appeal to the public for a loan of the money—not rob them of it—and at some future date I trust, and feel sure, the country will be in a position to repay these loans with a reasonable rate of interest.

Hon. J. MITCHELL (Northam) [3.58]: I should like to enter my protest against the manner in which the Premier has conducted the business of the country during the last few weeks. We have come here week after week and have

done very little business. Day after day we have sat an hour or two, and have then gone home, but on almost the last day of the session the Premier has brought down a Bill of this kind. The Premier states that he has made inquiries in the country. If so they have been made very secretly, because we have not heard anything about them. We were entitled to know that he had some idea of introducing a taxation measure that would enable him to pay off his debts. The truth is the Government have gone on from bad to worse during the past three years, and although the Premier tells us very little about the financial position, he expects us to know all about it on an occasion like this. One thing has led to another: the purchase of a ship has led to the inauguration of a cattle dealing department, and so it has gone on until to-day the Government can go no further. Quite regardless of the consequences that might follow, he has come to this House and made most astounding statements. We are to pass a war tax emergency Bill. What has the war to do with us? How much has the war cost this country so far? I suppose it has not cost us a penny. At any rate, the Premier demands this tax because of the war. As a matter of fact, however, we have this tax for an utterly different reason. This tax is proposed because we have the Premier in charge of the Treasury, because of his incompetent administration, because of the waste and extravagance which have gone on, and, lastly, because of an indifferent season. No doubt we have the war, but that does not affect the Premier.

Mr. Bolton: Is not the Premier to blame for the war?

Hon. J. MITCHELL: The Premier's speech yesterday was not the speech of a statesman, but the speech of a bungler. The Premier has always proved to be a bungler, not only in finance, but in administration generally. What is the position? The hon. gentleman cannot for ever hide his misdeeds. Although we do not get much information from him, we do glean a good deal from the *Monthly Statistical Abstract*. From that publica-

tion we obtain a good insight into his methods of finance. The *Abstract* contains a good deal that would stagger the people if they would only read the publication. In three years the Premier has had 24 millions of money, as against the 14 millions which were quite sufficient for my friend the leader of the Opposition to run the country on. With 14 millions of money the present leader of the Opposition had all the funds he needed for public works, and during his administration employment was abundant. In fact, it was never more plentiful. The present Government do not like to hear of their bungling; but the fact remains that under their administration 24 millions of loan and revenue during three years was not sufficient, whilst the last Government in spending 14 millions was able to keep every man in the country in work and to give every man in the country an opportunity. There was no dearth of employment then.

The Premier: At 6s. a day.

Hon. J. MITCHELL: No. Six shillings a day was the amount paid by the Labour Government to an officer on the State farm. The Labour Government were the only people paying 6s. a day at that time.

The Premier: Six shillings and board.

Hon. J. MITCHELL: I myself raised that officer's wages to 8s.

The Premier: Yes, and cut off his board. A nice rise that; an Irishman's rise.

Hon. J. MITCHELL: Ministers should be above making statements of that sort. We know full well that 6s. a day was what they at that time thought a sufficient wage for a farm labourer. To judge from the Premier's remarks at Northam the other day, he does not think much of any of the farming class. However, the last Liberal Government made it possible to pay the best wages ever paid in this country. We ran the country—

Mr. Bolton: You ruined it.

Hon. J. MITCHELL: With 10 millions of money less in three years than the Premier has had. These gentlemen have spent all their loan funds and all

their revenue, and at the end of three years they are right up against it. Then they come and ask the people of this country, including the working man, to pay an additional tax of something like £500,000 a year to cover the Government's bungling. Against that, the leader of the Opposition, after spending only 14 million pounds in three years, showed a profit or a surplus on his three years' control, of £224,000. The Premier sneeringly referred to the financial management of the leader of the Opposition. I want to say that during my term of office I never knew the then Premier to be stuck for money. He always said to me, "If you want money for the agriculturists, you can have it. Never let your farmers go short." And the farmers never did go short. Although we had far less money, there was never any repudiation, never any attempt to delay payments.

The Premier: You did not find half so much money for the farmer as we found. Why do you not quote the figures?

Hon. J. MITCHELL: Instead of showing a surplus of £224,000 out of his 24 millions, the Premier has managed to produce a deficit of £600,000. Moreover, the leader of the Opposition left about £1,600,000 in banking accounts, besides a squared ledger. On the other hand, what do we find to-day? In the Savings Bank there is just enough to cover the necessary reserves. Apparently, there is very little left of the loan funds. But there is the deficit. Now, the Premier asks again and again for more revenue, although he had a revenue very much greater than that received by the leader of the Opposition. As a matter of fact, the revenue last year was greater by no less than £1,400,000; but that was not sufficient for the Premier. We have given the present Government additional taxation in the form of increased stamp duty, the mistaken increase in the rates on fertilisers for farmers, and the terminal charges. There is something like £60,000 represented by two items. Again and again the Premier has had additional revenue. He never missed an oppor-

tunity of asking for additional revenue. And now he comes down to the House and says, "Pay for my bungling; give me enough to wipe out my deficit." If the people of the country were willing to give the Premier this additional taxation, they would be very foolish indeed. Whilst £3,800,000 per annum was enough to run the country in our time, £5,200,000 is all too little under the present Administration. This Bill is, I hope, the fitting climax to an inglorious administration, the most discreditable administration ever known at the Treasury. The Premier adduces two reasons for the passing of this Bill. One is that he may find money to provide work for those out of work; the other, that he may help the farmer. Now, I venture to say that whilst the voice is the voice of Jacob the hands are the hands of Esau. The Premier will not succeed in imposing on many members of the community. I doubt if the workers of this State will continue to trust the Premier. I doubt if the farmer will submit to taxation in order that it may be returned to him. The Bill is to remain in operation until the 30th June, 1916. Will it pay off the deficit accumulated by then? If it does, it will certainly do nothing else.

The Premier: Who said the Bill would last until then?

Hon. J. MITCHELL: Read the Bill.

The Premier: Evidently you have not done so.

Hon. J. MITCHELL: That is what the Bill says.

The Premier: It does not say so.

Hon. J. MITCHELL: Yes; it does. That is, of course, unless its operation be terminated sooner by the Government. If we are foolish enough to allow the Premier to impose this taxation, he will certainly never terminate it. The Premier will never give up the right to collect money from anyone.

The Premier: I shall be here to do it, if it is done at all. You will not.

Hon. J. MITCHELL: I am not worrying very much about that.

The Premier: You are worrying about the 15 per cent.

Hon. J. MITCHELL: I think it very likely indeed that we shall be here. At any rate, I will say the Premier does not deserve to be here. I do not think the Premier has ever on any occasion shown to great advantage in this House, but I never knew him to show to greater disadvantage than in connection with this Bill. He has shown want of capacity, and confusion of mind, and a condition of utter funk. His speech last night was a funky speech all through. That speech did not contain a single word of recognition for those who have done splendid work for the State in these troublous times—no word of recognition for the bankers and merchants and storekeepers who have all stood up to their obligations and done their best for the people. They have not been afraid. They have realised that if people keep calm and go on with their work all will be well. There is in the Premier's speech not a single word of approval for the sacrifices made by our workmen. On the contrary, the attitude of the Premier has been very different. On the 7th July last he very unfairly attacked the present leader of the Opposition for having left £800,000 in the Savings Bank. He said that the leader of the Opposition left that money there merely in order to help his friends at the Western Australian Bank; to enable those friends to pay a dividend. I realise that the Premier, having no foresight himself, cannot appreciate the circumstance that other people may have foresight. The Savings Bank funds were used to help the man who borrowed from the Agricultural Bank. The country had a bad year in 1911, and the Premier had to face the results of that bad year in 1912. But he was well equipped to face them. The present leader of the Opposition left the present Premier fairly well supplied with money. At that date the present Premier had probably £400,000 more than he has to-day. It was on the 7th July last that he made this attack on the leader of the Opposition, and within three weeks he was obliged to tell the people that he was unable to meet his obligations, or to meet his undertakings under the Agricultural Bank Act. Let

hon. members just imagine it. The Premier of this country on the 7th July says that the money ought to be kept in order to meet cases of emergency, and he attacks my leader. Three weeks later the Premier is in a mess himself. I cannot help thinking that the people generally must realise the price they have paid for their folly in electing this Ministry in 1911. I have shown that enormous sums have been squandered; and now there is hardly a "bean" left in the Treasury to meet the trouble of 1915. How does the Premier propose to face the year 1915? Not by the use of £400,000 to be found in the Savings Bank, but by a tax of £500,000 or £600,000 which he intends to impose on the people of this State. I wish to point out to the Premier that in delaying Agricultural Bank payments he has done very serious harm to the workers. Only the other day a worker came to me and said, "I did my job, and my boss got 50 per cent. of the money, and here I am now. What am I to do?" I said, "You will have to wait until the Premier pleases to pay. That is all I can say." We have had three prosperous years under the conditions of all this borrowed money and increasing revenue. The country has grown, this season, something like 27 million bushels of wheat, as against 21 millions or 22 millions six years ago; and yet, before the war even begins, we are in trouble. I consider that the Premier has shown a want of frankness, due, I suppose, to inexperience. He has shown also a want of consideration for the people. He ought to take the people into his confidence. Let us know just what the position really is. There is confusion and misstatement throughout his speech. He says, "I want to find work and so I must tax you; I want to help the farmer and to do that I must tax you." He speaks of unemployment and says there will be more of it. If the tax is imposed we will make it impossible for the employer to employ. No one but a fool would at this juncture tax employers, those who are keeping the wage-earners going. The tax will not leave an opportunity for paying anything. The money which is now being

spent in finding employment will no longer be available.

The Premier: If, as your leader suggests, we borrow it, where are we to get it from?

Hon. J. MITCHELL: From the people who have the money.

The Premier: That is where we are going to get it now.

Hon. J. MITCHELL: You are not taxing their money, but their incomes, which is quite another thing. The working man desires that the employer should have freedom to employ. He does not want the employer's works to be closed down, nor the employer's money to be taken to such an extent that the employer will no longer be able to employ. The Premier says the farmers will need assistance. Of course they will. Here, again, is a big question. There is some distress now, but only such as the Minister for Lands can very well attend to. There is a second side to the question, namely, that we should keep the farmers on their holdings. That, too, is merely an administrative act, because we have already authorised the bank to raise the money for the purpose. Only the other day the Minister put through a Bill authorising the Government to raise £500,000, in order to give contracts to those people. But there is the other great question, that of cropping. It is the greatest question of all. It is a big question of policy which will have to be faced. Here I admit we will require to have legislation. Every acre that can be cropped should be cropped this year. Last year we had something over a million and a half acres under crop, and next year we may have a still greater area if the people are supplied with funds. Many of the farmers will not need any assistance at all, while, of course, many others will. I doubt if the seed wheat board will be at all sufficient. We must have a definite advance of a fixed rate per acre, so that everyone can understand it. The matter will be too big for any board to deal with. Legislation will be required. The suggestion by the leader of the Opposition is a very much better one than that of the Treasurer. Month in and month out

we will be waiting for the money collected by taxation to come along, whereas if the money be raised on Treasury bills we will get it when we want it most, namely about March of next year. The suggestion to raise by taxation money to be lent out on interest, to raise money by taxation in times like this to lend it out to people—what next? Surely the Premier can see that the people are sufficiently hard pressed now without having to provide him with an endowment. Such a suggestion ought never to have been made. It is quite enough to keep the Premier supplied with money to meet his extravagant loans. Can the Premier reasonably ask not only that this money be collected and loaned but that money be found to carry on some of those enterprises of his on which we have wasted money? The Premier was returned pledged to borrow money for none but reproductive works, but he has borrowed money and spent it, millions of it. I think he said the other day he had spent £1,700,000 on railways. This is out of 10 millions. Much money has gone into works which are not a bit of use to the workers. The Perth trams, for instance, hardly provide work for additional men, and certainly they will not do so after the power house is finished. Here was a million of money spent without any advantage to the State, because we had the trams running before. Again, there is the £200,000 spent on State steamers which do not employ a single extra man. We have the brickworks not providing extra employment; we have the implement works at Fremantle. I thought, at first, that they would do a good deal of good, but we find that where we imported £40,000 worth of implements from the East in 1912, we imported £50,000 worth in 1913, and £70,000 worth for the seven months of this year.

Mr. Gill: Representing an increased activity on the land.

Mr. Munsie: How much has it reduced the price of implements?

Hon. J. MITCHELL: What use have these implement works been to the workers of the State? Then we have

the State sawmills, on which have been spent hundreds of thousands of pounds which would have been expended by private enterprise, and which would thus have left the Government free to spend a like amount on reproductive works; but the country has been retarded in order that the Premier might go in for these fancy schemes. The Premier has said something about using the note issue; but unless he uses the note issue well backed, or for some definite purpose, he will get into trouble. The note issue can be used to a great extent if it is well backed, or it can be used to assist people who are going to return the money, as for instance, through the Agricultural Bank, or any advances against timber which is being cut, or wool which is being grown. It can be used to keep the country going in that way. If it is so used, the money will do far more good than if the Premier were to invest it in State enterprises. I understand the Premier is to get four notes for every sovereign he sends over. If so, it is a very satisfactory arrangement. He told us the other day that he must have the money he is going to collect by taxation in order that he may secure the Federal notes. But there are heaps of gold in the country available to purchase the notes for him.

The Premier: I am trying to get some of that gold.

Hon. J. MITCHELL: You can get it. I fancy even the Premier can borrow a sovereign if he can give four notes by way of security. As a matter of fact, what happens is this: The money he gets is paid into the bank, he draws his cheque and he can collect in notes or gold, as he pleases. One would suppose that the Premier goes about the country with a great bundle of Sir John Forrest's notes under his arm. As a matter of fact, he puts them into the bank as he would any other money, and uses his cheque to cover his accounts.

The Premier: You are quite wrong. You do not understand the position.

Hon. J. MITCHELL: I have never yet realised that a note is not equal to a sovereign. It is equal, and the Premier

knows it. The Premier tries to fool the people. He wants to make them believe that unless he has this money from taxation he will not be able to help the farmer. That is the position. I confess that the position of the Savings Bank is not nearly so satisfactory as it was. Strange to say the depositors there seem to have less each succeeding year in which the Premier is in office. When he left office the deposits per head were £46, but now they are down to £42. In the last year of the Wilson Government's regime the deposits were £600,000 in excess of withdrawals, but this was very soon altered after the Premier took office, and last year the deposits were £40,000 less than the withdrawals.

Mr. Munsie: What about the Commonwealth Savings Bank?

Hon. J. MITCHELL: I am coming to that. They are separate deposits. In the Commonwealth bank are deposits to the extent of £200,000.

Mr. B. J. Stubbs: In this State?

Hon. J. MITCHELL: Yes. That £200,000 ought to be in the State bank. It was taken from the Savings Bank of this State by the late Prime Minister, Mr. Fisher.

The Premier: You mean the prospective Prime Minister; in any case, the head of the Government that made the note issue possible.

Hon. J. MITCHELL. The Premier does not know what he is talking about. When Mr. Fisher took control of the bank he deprived this State of a considerable revenue which we were making out of notes.

The Premier: No. He lent us money, and Sir John Forrest demanded it back.

Hon. J. MITCHELL: Mr. Fisher deprived us of revenue which we received from the banks of issue; a revenue of £10,000 per annum was paid to the Government of the State for the privilege of issuing notes. We lost that, and it is applauded by the Premier. If the Federal Labour Government were to take the rest of our revenue the Premier would still applaud the action. When he got into a tight place Sir John Forrest

helped him out, because Sir John Forrest realised that the State Savings Bank should never have gone, that the Federal bank should never have been started. I do not forget that the Minister for Lands rushed away to the East to hand over the Savings Bank to the Federal authorities. What did he go for? Ministers do not take trips at the country's expense if they do not go to do business. Of course he went to hand over the Savings Bank.

The Minister for Lands: No such thing.

Hon. J. MITCHELL: The Premier himself expressed his readiness to hand it over.

The Premier: On conditions, yes.

Hon. J. MITCHELL: And the Minister for Lands went over to negotiate the deal. That is getting very near to handing it over. These are the gentlemen who say they know how to finance the affairs of the country, and yet the first thing they do is to try to get rid of that institution which keeps the Agricultural Bank going. The £200,000 in the Federal Savings Bank I think affords a very good opportunity for the Premier to get money if he wants it. He might get the Federal authorities to hand him over this £200,000.

The Premier: That was the arrangement we were trying to make, but the hon. member's people would not agree to it. We wanted to get the money which had been banked in the Federal Savings Bank.

The Minister for Lands: The Federal Government lent us £650,000, but Sir John Forrest took it back and put it into the vaults.

Hon. J. MITCHELL: The Federal Government lent the State £650,000, but that was before the Premier's time, and they charged us $3\frac{3}{4}$ per cent. for it. The Premier, at the Melbourne conference, voted against any increase in the lower rate paid to the States on transferred properties.

The Premier: I did not do anything of the sort.

Hon. J. MITCHELL: We pay a quarter per cent. more to the Federal Government on the money we get from

them than they pay us upon these properties.

The Premier: They took over property which had not cost $3\frac{3}{4}$ per cent. You would not expect them to vary their interest on the properties.

Hon. J. MITCHELL: That is Mr. Fisher. Of course what he does is all right.

The Premier: It is Sir John Forrest as well.

Hon. J. MITCHELL: Mr. Fisher, it is true, lent £100,000 or so to the Premier when he was in a tight corner, and the Premier squealed tremendously when he had to pay it back.

The Premier: It was £500,000 in one year, which Sir John Forrest withdrew from here and put into the vaults in Melbourne.

Hon. J. MITCHELL: The Premier objects because he has to pay his just debts. He arranged with Mr. Fisher that he would pay the money back, and when Sir John Forrest assumed office, he objected to doing so. He can borrow, but he does not like repaying.

The Premier: What I objected to was the money that was being taken out of circulation.

Hon. J. MITCHELL: I think that if the Premier told us all that had happened we would find that Mr. Fisher had refused to lend him money on more than one occasion. No doubt the Minister for Lands went to the Eastern States to arrange a loan. I think the country should know that the Premier's spendthrift habits have brought us down to the state we are now in. Unless we give him the right to tax the people to the extent of £500,000 or £600,000 he cannot carry on. It will bring his revenue with the profits from the Agricultural Bank up to $5\frac{1}{2}$ million pounds for the year. Are the people willing to give him this right? Would Parliament be justified in giving the Premier power to collect this money from the people at the present time? There never was the time when people were less able to pay. The very fact of the bad season makes the position still more difficult, and the fact also that there is a depression in the State. Money is

dear and hard to get, and no one knows this better than the Premier. In spite of this, he says he does not care what the people say, but he wants to get rid of his overdraft.

The Premier: That is not correct.

Hon. J. MITCHELL: The Premier knows well that it is unpleasant of course to have to cut down. It is unpleasant if you cannot live quite at the same rate as before. You cannot live at the same rate on five millions as you can on 5½ millions.

Mr. B. J. Stubbs: You suggest he is showing the white feather?

Hon. J. MITCHELL: He has shown it. He wants to go gloriously on lending and spending, no matter what the result may be. I ask hon. members opposite if they themselves agree that this is the time to allow the Premier to have this power? Will they agree that he is justified in asking for a single penny more? Will Mr. Stubbs say that the Premier is right in taking £600,000 probably from the wage earner of the State? On the one hand he says he wants to find work for the unemployed, and on the other hand he brings in a Bill with which to tax them.

Mr. B. J. Stubbs: It is the only method of finding work.

Hon. J. MITCHELL: It is the only method that suggests itself to the hon. member for Subiaco (Mr. B. J. Stubbs), but it is not the only method. The Minister for Lands made a suggestion that would do far more to find work than the proposal of the Premier. Let us do what we can for the people of the State today. Do not let us take the unscientific road, the road to ruin which this would mean. Let us see what can be done. Let the Premier control his expenditure carefully, and look to the people who have money to lend, and see if he cannot get money for legitimate enterprises. I know he would have some difficulty in getting money unless it were for legitimate enterprises. If he will look round and inquire and take advice from those who are capable of giving it, he will get out of his trouble much more readily. If he persists in going on with the scheme

he at present has in mind, the State will be in very great difficulties in no time. After spending all these thousands of and probably millions of pounds, on works, I notice from the returns that there is no capital provided. The result is that last month alone one State enterprise used £3,400 of revenue, and another department—the Stock Department—used £4,400. There seems to be no credit at all on the other side of the books. These amounts of course now aggregate to a large sum. But does not the Premier realise that in starting these trading concerns he should supply capital by some means or other? Working capital should not come out of revenue. The taxation from revenue for the amount necessary to run the sawmills after collecting the amount for sleepers, will in time make a very big addition to the Treasury balance. The leader of the Opposition has pointed out that the revenue is just as buoyant as before, but I suppose we may take it that the source from which the Premier month by month drew the amount which he has added to his deficit, is now exhausted, and so to make up his deficit, amongst other things, monthly recurring, he resorts to this proposal which is now before us. It is not a matter which can be lightly treated by any single hon. member here, and I hope that members on the other side of the House will not give a silent vote on the question. The Premier has kept his own counsel in the matter right up to the last moment, and now comes down in a few minutes, so to speak, and asks us to put through this iniquitous proposal.

Mr. ALLEN (West Perth) [4.40]: It is not my intention to speak at any length upon this matter. It occurred to me when the leader of the Opposition was speaking that the Premier, as is his custom, did not treat the matter as seriously and in that dignity of manner which would be expected of him under such conditions.

The Premier: Thank you.

Mr. ALLEN: On an occasion such as this one would expect, and one does expect, the Government of the day to do everything in their power to allay anything in the nature of

a panic, or anything that is likely to cause undue anxiety or a scare. I venture to think that the action of the Government in bringing in this measure is going, if anything, to anticipate or precipitate something in the nature of a panic. I regret that the Premier was not more serious when the leader of the Opposition was addressing the House. I have simply risen to show that I endorse thoroughly what the leader of the Opposition has said. I think that his remarks were well worth the serious consideration of the Premier and his colleagues. It seems to me that the Premier is almost carrying into effect the words of the Attorney General when he said some months ago that they were going to pass legislation to bleed the fat man. Taxation, as has been said, is not pleasing to the community at any time. On this particular occasion at least one-third of the taxation that is proposed to be collected is to be allocated to the Agricultural Bank. It will be lent out and interest will be charged for it, and no doubt in due course it will come back to the Treasury again. But it is not suggested that the money that will be collected by this form of taxation will be paid back to those from whom it has come. The member for Canning (Mr. Lewis) made an interjection asking what the leader of the Opposition would suggest in the circumstances. I think the remarks of the leader of the Opposition are worth consideration, and that the Premier should take into his counsel the advice of experts in his finance. I think it should be possible for him to borrow money to carry on even the Agricultural Bank, notwithstanding that he might have to pay five per cent. interest. Before introducing such drastic legislation it would have been worth his while to have made an effort at least to have done so. I notice in one particular clause of this measure that it is proposed that part of the income that would be taxable would be the profits that are made, and which are probably not received, but yet are placed to the credit of the account in a man's books, on the sale of a block of land which might amount

to £1,500. This amount might not be collected at all for some years, but apparently the man who makes this profit will have to account for it as part of his income. The chances are too that he would not actually make any profit at all in the long run. If so, it seems to me a more iniquitous thing than ever.

The Premier: He pays on the income he receives.

Mr. ALLEN: The Premier says if he makes a profit and places it to his credit as profit he must pay on it.

The Premier: He cannot make a profit if he does not receive it.

Mr. ALLEN: Many men may not make a profit in the course of their tradings, and, if they do receive it it may be extended over a period of years. At that rate this legislation is taking into account the future, and possibly in the future there will be no necessity for it at all. I do not think we have yet learned the real truth as to the necessity for this emergency taxation. The leader of the Opposition told the Premier, although the Premier would not admit it, that a great deal of money was spent in experimental legislation, whether it turned out to be good, bad, or indifferent. To-day the Premier finds himself in the position that he is in need of money. One would have thought that in view of the dry season he would have husbanded his resources. But not at all. He went ahead, willy-nilly, spending £100,000 on this scheme and £100,000 on that scheme, and to-day when the crisis has come he finds himself in the unfortunate position he is now in. I said that I did not intend to do more than support the remarks of the leader of the Opposition. There is a day of reckoning coming.

Mr. Harper: It has come.

Mr. ALLEN: On the 21st of next month I predict that, to use the classic words of the illustrious member for East Perth, the electors will rally to the poll and will put the hoot into the Premier and his colleagues.

The MINISTER FOR LANDS (Hon. T. H. Bath—Avon) [4.45]: We know and we know it with a very great measure of regret that the smoke of battle

and carnage is over the battle fields of Europe, and I think members will agree with me to-day that the smoke of vituperation is obscuring the clear cut intention of this particular measure. We have had a tremendous amount of discussion both from the leader of the Opposition and the member for Northam which in no sense is germane to the issue before members, and the leader of the Opposition particularly, with his characteristic capacity for suppressing salient facts and misrepresenting others, has entirely obscured the issue and misrepresented the administration and the need for expenditure which was placed on this Government immediately on assuming office. For instance, the comparison as to the relative amounts of revenue received and expenditure incurred by the two Governments as given to us, by the leader of the Opposition is entirely vitiated by the fact that prior to our term a very large amount of revenue derived from our water supplies and derived from undertakings such as the engineering works, then controlled by the Public Works Department, and the Boya quarries were not taken into the account of the Consolidated Revenue, but were held in suspense. The only amounts taken into account were the debit and credit as the case might be. And of course the same position obtained in regard to the expenditure. During the life of the present Government we decided that the gross expenditure and the gross revenue from these concerns should be included in the statement of accounts which were duly passed by Parliament and that resulted in these accounts being swollen to that particular extent. I want also to point out that in October, 1911, we were face to face with promises given by our predecessors in regard to the construction of a very large number of railways with which no start whatever had been made, and settlement had been allowed and these settlers were many miles from existing railway communication, and we either had to face the task of raising a large sum of money to construct the railways

and expedite the construction or we had to repudiate the promises given by our predecessors. Further, immediately we assumed office we were faced with the position arising out of the drought of 1911, and we had to expend some £300,000 or £400,000 alone in providing people with water supplies, in putting down bores, in constructing tanks, and carrying water on the railways, or we would have been faced with the alternative prospect of considerable desertion of the farms by their holders. Then, too, the loss sustained by the settlers made it impossible for them to depend on their own resources in providing capital for the clearing of land and the erection of fences and so on, and we were faced with the necessity of finding an enormous increased capital for the Agricultural Bank. The member for Northam says that his leader assured him that he could have any amount of money for the farmers. He evidently did not avail himself of the promise because in three years the gross amount of capital for the Agricultural Bank was £796,643. If we deduct from that the amount received in repayment, the Government only found in three years a net amount of £365,608. In the three following years the amount we have had to find was £1,549,333, or double the gross amount found by our predecessors, and the net amount was £1,355,000, or four times the amount found by our predecessors during a similar period. The member for Murray-Wellington asks me was the money wanted.

Mr. George: I said, was more money wanted.

THE MINISTER FOR LANDS: Undoubtedly, and the money was not found.

Mr. Harper: Were not the requests granted?

THE MINISTER FOR LANDS: They were not. If the requests were granted we would not have had to find this large sum of money which we have had to find, in addition to the enormous sum we had to provide for railway communication, redeeming our predecessors' promises, and providing water supplies for

requirements in the agricultural areas. These are the facts which disclose a very significant reason why our Loan expenditure was necessarily so heavy. Then further, in connection with the resumption at Geraldton and in connection with the proposed improvements in the immediate vicinity of our capital, it is true the promises were made, the country was committed to them, but our predecessors did not find the money; it had to be found by those who succeeded them. That involved further expenditure because these resumptions which were effected by our predecessors, but for which we had to find the money, involved the liability that at any time the markets and the refrigerating works may have had to be removed and we were faced with the necessity of finding other sites and making resumptions so that when we were told to remove from the existing refrigerating works we should have new works in existence. Then we have quotations from alleged authorities that it is wrong to impose taxation at a crisis such as this in order to meet extraordinary emergencies caused by a state of war which affects, although in a lesser degree, remotely, all the countries of the world. We know that not only is Australia affected, but we hear that exactly the same position obtains in a big country like the United States of America and in the South American republics. But we are told "you must not attempt to raise money by taxation, you must borrow money." I have no doubt whatever that opinions have been expressed, as quoted by the leader of the Opposition, but does that make it any more convincing to those of us who can give some thought and consideration to the issues presented to us here? It is probably the horizon of the writer is absolutely limited to a small circle of financial gentlemen with whom he comes into contact. But there are overwhelming opinions on the other side of the picture. We have recognised in the past that not only have the masses of the people to provide the men whose lives are sacrificed in carrying on the war to a successful or unsuccessful issue, but we know the suffering that re-

sults therefrom when the war is over; in the past it has been limited to the great masses of the people, whilst those in strong financial positions have made bigger profits than before. What is the position to-day even in the centre of the Empire? We know that the Chancellor of the Exchequer, on the money that he is borrowing, is paying to those who are lending him the money a greater amount of interest than he would pay in normal times. That is to say, those who are lending the money are demanding greater interest and getting greater profit than they would in normal times, and therefore they are profiting by the state of the war, while their fellow citizens in the battle-fields of France are sacrificing their lives in order to maintain the position of the Empire. If we were to accept that as our guide in determining what we would do at this juncture, we would be perpetuating the same injustice that has been perpetrated in all the big wars of history. But it is time the public were educated on the question and that a more just arrangement should be made. I believe it is quite probable that if we were to go to the public and say, "we have only been paying 4 per cent. in the past for our money, but if you will take up our treasury bills we will give you 5 per cent., or something over," we would find people ready to profit by the position and the crisis even in the city of Perth. But is it just, is it equitable, and would we not have to call on the mass of the people later on when the reckoning would have to be made, to pay a greater amount of interest at the same time that many of them by their patriotism have proceeded to the seat of war to help the mother country? But because of the fact that people are willing to lend money at a higher rate of interest, that is no reason why we as a Government or a Parliament should seek the solution in that particular direction. Then, too, we are told that the position in regard to the evident failure of crops over a large portion of the agricultural areas can also be met in precisely the same way. I want to point out that there is a very dark and a very vital connection between the posi-

tion arising out of the war in Europe and the position of the settlers in our agricultural areas on the Eastern belt to-day. Undoubtedly Great Britain will require all the wheat that her dominions can produce during, at least, the next two or three years. There will be such a derangement of the agricultural industry in the producing countries of Europe consequent on the war that there will be such a withdrawal of the producers who would otherwise be peacefully engaged but who are now following the armies of the contending powers, that all we can produce and all the resources at our disposal will be needed by Great Britain at the present juncture and in the immediate future. Realising that, are we to sit tightly by and see the prospect of a large number of those settlers unable to cultivate their holdings, to see the holdings left uncultivated and a loss of production in consequence. We would be false to our duty if we permitted such a condition of things to obtain, and it is with that object in view that we have sought to raise this money particularly to meet this special emergency, and also particularly to find funds at one and the same time for the employment of the unemployed, and also to carry out schemes which we have already planned for cereal production on holdings that are available to us, and where there is a reasonable prospect of success. We have those schemes in view, but we must have the sinews of war. The member for Northam said that my suggestion was the best way to raise money. My opinion, and it was expressed to my colleagues even before war was declared, was that there was an immediate necessity for raising money by such a tax. My advocacy in the minute I wrote for the raising of funds by treasury bills was in order that we might provide immediate relief, and recoup it later on when this tax was raised.

Hon. J. Mitchell: Worse.

The MINISTER FOR LANDS: It is not worse. It is true, as pointed out by the member for Northam, that all this money is going to be withdrawn from honest industry. It is going to make quite a large number of people think over

the question of eschewing some of the luxuries of the easy chair in the club, the consumption of expensive wines and cigars, and things of that kind, which are not in the direction of reproductive industry, and which they will think over and realise that money used for this purpose is sometimes wasted. It is refreshing to find the member for Northam suddenly veering round to an enthusiastic admiration of a note issue. How many times has the hon. member Cassandra-like in this House declared against the evils of the note issue of the Fisher Government. To-day he finds it competent to keep all the wheels of industry going. This is just the kind of sentiment which some people held in regard to a note issue. It is true that it is a thorough and statesmanlike policy to use a note issue in time of an emergency of this kind, but always keeping in memory the knowledge that it is to be reckoned with when the crisis is over, and it is because I realise that the note issue has to be reckoned with after the crisis is over that I believe this tax is necessary. We will have quite sufficient to do with the difficulties consequent upon the dislocation of industry of ordinary normal times, without, Micawber like, depending on something turning up to enable us to meet extraordinary expenditure, and the extraordinary burden which is rendered necessary by the use of a note issue. We have to pay 4 per cent. for those notes, and they have to be redeemed, and unless we make special provision at this time for an additional sum of money to redeem those notes and pay the interest, we will certainly be up against a financial crisis if we depend upon the ordinary revenue to meet what must arise after the war is over. Then I want the hon. member to understand that this provision is not capital for the Agricultural Bank in the ordinary way. It is something in addition. If we were to act on the ordinary principles of prudence which govern the trustees of the Agricultural Bank in lending money, there are quite a large number of those who will be affected by the difficulties in the wheat

belt who would be unable to obtain further accommodation than they have already received from the Agricultural Bank. In order to help them over previous difficulties, we have strained their credit and their securities to the utmost limit and advanced right up to the hilt, and now on top of it this is an accommodation and assistance which is over and above the securities which many have to offer at the present time. I am not going to delude hon. members into the belief that we shall be able to recoup this and bring all the money back within the next few years. I want members to understand that probably some of this money may not eventually be repaid. I want members to understand that, in regard to the assistance we have rendered, that although terms were fixed extending over two years, repayments have not yet been made, and judging by the prospects of the immediate future they are not likely to be repaid for some years to come. Bearing in mind all these facts, I repeat in view of the way in which these people have striven against adverse circumstances, it would be cruel if we as a Government and Parliament were to allow them to go under at this critical juncture, and allow someone else to reap the benefit of all their labour and their adversity. It is for this reason I believe we can well call upon those who are in a better position to assist, as we propose to do by means of this Bill, to help their more unfortunate brothers over the difficulties with which they are faced. It is the only sound and reasonable means to take in order to effectively grapple with the emergency, and help those people over their difficulties. Suppose we raise £150,000, as I believe we shall be able to do, we shall secure accommodation in the shape of notes to the extent of four times that amount. That will give us £600,000, and that sum, I have stated to my colleagues is all that I believe will be necessary to meet the emergency in the agricultural districts of the State. If we find that the sum is insufficient we will still have power to use more in order to effectively cope with the bank.

Mr. Elliott: You are only giving farmers one-third.

The MINISTER FOR LANDS: There are other things that will arise. We must have funds to deal with the unemployed difficulty. We must have funds to carry out schemes for cultivating considerable areas of land over and above the help we shall give the farmers to work their holdings, and we must also assist other industries. I believe it is sound policy to go on with production in the timber industry and, if necessary, to give advances to those engaged in that industry to store their production until such time as it will again be marketable. Then there is tin and copper mining. We will be called upon to make advances against those products. I hope that the wheels of industry will go on and receive fair consideration from the Government. These are the problems that will arise: problems for which existing resources will be insufficient, but with this accommodation I believe we can meet all the difficulties that will arise, and further, we will be able to go to the Commonwealth Government and say that while we are asking them to give us that special accommodation which is necessary at this juncture, we are demonstrating to them that we are propounding a sound policy in order to meet it, and not merely to stave off the difficulty to some other day without some idea as to how we propose to meet it then. I believe if hon. members free themselves from the idea that they are going to alienate the support and sympathy of those who may have to pay something under this tax, and view the position seriously and without prejudice, they will realise that this measure is necessary, and if it is given effect to it will mean the continuance of industry practically without loss and without restraint, and it will mean relief to a large body of agriculturists in the State from the difficulties which in my opinion are bound to confront them in a very short period.

Mr. A. N. PIESSE (Toodyay) [5.13]: I appreciate the Premier's recognition of the fact that the men on the land will certainly need immediate financial assist-

ance. It is true that the country lying to the eastward of Dowerin is experiencing anything but a prospective good harvest. It is almost certain that there will be a failure of the harvest in that direction, and people there will need immediate financial assistance. Whilst I recognise the sincerity of the Premier and his Ministers in the desire to assist the people, I regret I cannot see eye to eye with him so far as this measure is concerned. The treasury bills proposal certainly appeals to me because I feel that the tax as suggested in the Bill will prove very difficult of collection, but I am afraid that to collect a tax on a monthly basis as is proposed will prove almost unworkable. The issue of treasury bills I consider will provide immediate funds, and, to my way of thinking, will overcome the difficulties with which we are faced. It is good business on the part of the State to assist these people particularly, because the eastern areas although often criticised and characterised as too dry for settlement are condemned without a recognition of the full value of that country. During the last harvest, the people living along the Dowerin-Merredin line trucked 464,000 bags of grain. That was only a moderate yield; therefore the prospect is there if only the means can be found to carry these people. They will be faced this year not only with a want of food, but of fodder for horses and of water supplies. I appreciate, as I have said again and again, the work of the present Government and of the previous Government in assisting the people out back. A genuine effort has been made to give them fair and reasonable assistance and I am safe in saying they appreciate what has been done, but the demand is now certain to be much more heavy than in the past, and therefore it is necessary that the Government should be prepared to assist more largely than before. I was glad to hear the Minister for Lands say he recognised the amount required would exceed something like half a million of money. It is true that the wretched harvest prospects are not confined to the eastern portion of my electorate. In the

western portion the prospects are fairly good. If we get a good rain within reasonable time we shall have a reasonable harvest. However, I appeal to the Government to give effect to the recommendation of the Minister for Lands and the board who enquired into the prices of land in the direction of rent exemption. Five years rent exemption would materially assist these people.

The Premier: You will not forget that will be a further loss of revenue.

Mr. A. N. PIESSE: I am prepared to admit it is a loss of revenue, but it is only a loss on paper.

The Premier: Only on paper? Nonsense!

Mr. A. N. PIESSE: The Government cannot collect the rent, and have not been able to collect more than a small portion of it during the last three years. It is a well known fact that some of these leases are held although there are three years arrears outstanding, and it would be a relief to these people and would increase their credit, if it were an established fact that deserving cases would be exempted from rent for five years. I appeal to the Premier and the Minister for Lands, who particularly have this work in hand, to give effect to the recommendation.

The Premier: That will not help them in the present conditions. If they are not paying their rents, we are not getting anything.

Mr. A. N. PIESSE: It will help materially.

The Premier: How?

Mr. A. N. PIESSE: In this way: if the Premier owed money he would feel it a burden, and arrears materially affect a man's health. Many people are worried at owing this money, and they know that their lands are forfeited. It only needs a minute from the Minister—

The Premier: Have they been forfeited?

Mr. A. N. PIESSE: They are forfeited in the eyes of the Associated Banks. The banks will not advance one penny in view of the arrears of many of the settlers. If the matter of unpaid rents were placed

on a business basis, the credit of these people would be greatly increased.

The Premier: That will probably be done, but it will not benefit them one shilling at present.

Mr. A. N. PIESSE: It may not benefit them one shilling at present, but it will be a decided relief and it is absolutely necessary that this should be done. I appeal to the Premier to give further consideration to this question, and to give effect to the recommendation. When I first went into that district, I felt that it would be an impossible proposition to make farming pay, but I am now convinced from what I have seen, notwithstanding the present failure, that two good harvests in succession will enable these people to pay all their debts, and will place them in a safe and profitable position. This measure proposes to devote one-third of the amount collected to the assistance of the men on the land. I quite understand the Minister's inference when he said that with that amount it will be possible to provide further assistance. I take it this relates to a scheme for borrowing money by having that amount in hand. It must be remembered that this amount, when advanced to the men on the land, will ultimately be repaid to the State, whereas two-thirds of the money is intended for the assistance of unemployed, or cases of extreme urgency. In the case of the unemployed—

The Minister for Lands: We shall not be able to get notes for that. We shall have only the two-thirds.

Mr. A. N. PIESSE: That does not affect the point I wish to emphasise, that the mere presence of people unemployed is sufficient justification for the outlay to be made by the State. Therefore, does it not prove that the men who are developing this back country are entitled to more than one-third?

The Premier: They will get more than one-third. This is for a special fund to tide over special conditions and has nothing to do with other relief for the agricultural areas.

Mr. A. N. PIESSE: I hope the Premier will not be annoyed with my suggestion. I recognise that he is sincere

in his efforts to assist the men on the land, and particularly at this stage, and I hope he will agree to make the amount more than one-third.

The Premier: You want to get your friends to give us the opportunity to afford this assistance. We cannot if we have not the money.

Mr. A. N. PIESSE: I would appeal to hon. members in both Chambers to give this matter their close and careful consideration, and divest themselves, in their attitude towards it, of any party spirit. I listened to the speeches of the Premier and the leader of the Opposition with very great interest, but I appreciated most that portion in which the leader of the Opposition suggested that Treasury bills should be issued. I cannot see how this tax can be collected with anything like the expedition or happy results the Premier anticipates.

The Premier: Are not you in favour of your party's poll tax?

Mr. A. N. PIESSE: I am not aware of any party poll tax. If the Premier is referring to a certain meeting at the Palace Hotel, I can say it is not my party's poll tax.

The Premier: It is, certainly.

Mr. A. N. PIESSE: I do not wish to take up any more time, though I would very much like to deal with the Premier's interjection.

Hon. H. B. LEFROY (Moore) [5.24]: I cannot allow a measure such as this to pass the second reading without saying a few words with regard to the incidence of taxation likely to result from it. I listened with much attention to the Premier's remarks in moving the second reading, and I sympathise with him and the Government on account of the difficult row they have to hoe.

Mr. Harper: They have made it for themselves.

Hon. H. B. LEFROY: The Premier said the Bill was rendered necessary by the combined effects of the war and the depression in the agricultural areas. I think the necessity for the Bill is due much more to the depression in the agricultural areas than to the war. Had it not been for the unfortunate season we

are experiencing, not only in our far back areas, but in the older settled parts of Western Australia, which in the memory of living man have never experienced such an adverse season, I do not think this State would be feeling the effects of the war in Europe at the present time. The preamble of the Bill states that it is designed to make provision for the existing depression in the agricultural industry and for the additional expenditure by the Government thereby directly or indirectly caused, including the relief of the unemployed. I would rather that the Government, instead of using these words had made use of the words "the prevention of unemployment."

The Premier: We cannot prevent it.

Hon. H. B. LEFROY: I hope sincerely that the time will not arrive when it will be necessary to relieve the unemployed. I think the desire of everyone is that we should have no unemployed, and the Government should, as far as possible, endeavour to prevent unemployment. Those who own agricultural land, the producers of this State, will, I think, do their part, as far as they possibly can, to assist the State at the present juncture, and prevent any falling off in the production of the State. I am sure the worker, fully realising the difficulties we are experiencing, will himself endeavour to assist in every possible way those who are producing from the soil. A Bill of this character is likely to produce a panic, not only among individuals, but among the traders and the great financial houses. We must prevent anything of the sort so far as we can, but at the same time we must endeavour to see that the primary industries of the State are carried on. Instead of introducing a severe measure of taxation such as this, it would have been better if the Government had endeavoured to raise internally the necessary money, not by taxation, but by borrowing for the purpose of relieving the present position.

The Premier: You would relieve it in one sense, but you would make it more stringent in another.

Hon. H. B. LEFROY: I do not think so. Of course, the Premier would argue

that those who have the money at their disposal to lend to the Government would get a higher rate of interest.

The Premier: Certainly they would.

Hon. H. B. LEFROY: That, I know, is the argument which the Premier uses. Of course, we are all aware that, at a time like this, money is dear. Germany, being unable to raise money outside her borders, has just issued Treasury bills, bearing five per cent. interest at 97½, to the amount of 50 millions. That fact shows the difficulty there is in raising money at a time like this, when it cannot be obtained from outside. I know that it is impossible for Western Australia to get money from outside just now, but I do think there is enough money in this State to enable the Government to get sufficient funds placed at their disposal without entering upon a general scheme of taxation such as is proposed by this Bill. The incidence of the taxation under the measure is extremely high. Personally, I know no period in the history of the world when an income tax so high as that embodied in this Bill has been placed upon the shoulders of the people. Here we find on incomes of over £15,000 a tax of 3s. in the pound. At the time of the Boer war in England the highest income tax imposed was 1s. 6d. in the pound.

The Minister for Lands: It is higher now in England, since the super tax was put on.

Hon. H. B. LEFROY: I am speaking of the time of the Boer war, when enormous sums were required to carry on the war. During that time it was only necessary to increase the income tax to 1s. 6d. Here in Western Australia, when we are not at war internally, though our compatriots at home are at war and we are endeavouring to help them, here when we are at peace within our own borders, this enormous income tax is proposed. I think that at such a time as this such a proposal is likely to create a panic in the country. When the Government tell the people that it is necessary to submit to an income tax rising to as much as 3s. in the pound, the effect

is likely to be a panic. And there is not only that tax of 3s. in the pound—

Hon. W. C. Angwin (Honorary Minister): Very few people will have to pay that 3s.

Hon. H. B. LEFROY: That tax of 3s. is in addition to the income tax which the people are already paying, and in addition to the local taxation which they have to pay also. I know that that is the feeling which is abroad in this country. The measure is not likely, perhaps, to affect the farming community, because unfortunately the farming community of this State as a whole have no income to pay taxes on this year.

The Premier: They will get the benefit of the tax, anyway.

Hon. H. B. LEFROY: With regard to the Bill itself, it contains one troublesome feature—a feature which, if the Bill becomes law, will act harshly upon many individuals. The Bill requires that the income tax returns should be sent in to the Commissioner of Taxation monthly, with the amount of the tax payable accompanying the return. Now, it is easy for a person who has a regular income to know exactly what his income is for that term of one month. With regard to people in business, however, and more especially in the farming business, or in mixed grazing and farming business, it is very difficult for them to make accurate returns of their monthly income. Monthly income, I presume, in their cases would be the income less disbursements which had to be made in obtaining the income. Now, suppose a mixed farmer and grazier has £1,000 coming in at once on account of his wool. He has to return that as his income. He must return that £1,000 as his income for the month, because it has come in. Certainly, he may deduct whatever it may have cost him to produce the income for the month. I know that the Bill provides for an adjustment to be made at the end of the year by the Commissioner of Taxation, but in the meantime the man has to pay a tax of £100—so far as I understand the measure—whether he has the £100 or not. Probably he will have to borrow the money

in order to pay the tax. His wheat crop, which has cost him £1 per acre to put in, has been a failure, and he has the future to look to. Yet that man, under this Bill, would have to pay a tax of £100 on that amount of £1,000 treated as income. At the end of the year, no doubt, the Commissioner of Taxation will return the tax to him; but I think it is unfair that the man should be obliged to find the money when at the end of the year it is going to be returned. It appears to me that is the position in which the individual will be placed under this Bill. I thoroughly sympathise with the Government in the unfortunate position they find themselves in at present, although I am not with them in many of their industrial enterprises. I consider that it would have been much better for the State if they had not embarked upon those enterprises. For example, there is the estate at Yandanooka, for which a large amount of money was paid. I am quite certain that no private individual would pay the amount of money which was expended by the Government on the purchase of this estate, and use the estate merely for grazing purposes, and make a profit out of it. I know that it is absolutely impossible to get a profit out of the estate under those conditions.

The Minister for Lands: We cut the estate up and made it available for selection.

The DEPUTY SPEAKER: Order! The hon. member will address himself to the Bill. The Yandanooka estate is not under discussion. If I allow the hon. member to bring up that matter, then I must allow replies to his remarks. The hon. member will realise the position.

Hon. H. B. LEFROY: I shall observe your orders, Mr. Deputy Speaker. However, I was merely emphasising the fact that I cannot agree with the Government in many of their industrial enterprises, and that I think the present position has been largely brought about by the losses which the Government have sustained in carrying on those industrial enterprises. Still, I think that other means of meeting

the difficulty might have been considered, and that possibly other means might have been discovered to meet the present situation without indulging in a panic tax such as that proposed by this Bill. The incidence of taxation is very heavy, and personally I am of opinion that the income tax is one that should be used only in extremity. I do not think that at the present time we are in an extremity, since we are not at war ourselves, and are not fighting within our own borders. Therefore I think this is scarcely the time when the people should be burdened with such taxation. In my opinion, if the money were left in the hands of the people to be made use of, it would be much better for the country as a whole. I am entirely with the Government in their endeavour to assist the producers of this country at the present juncture.

The Premier: That is only so much lip loyalty. You cannot be with us in that if you do not help to provide us with the funds.

Hon. H. B. LEFROY: My idea is that the Government should endeavour to obtain funds to give the assistance required by borrowing the money internally, instead of straightway imposing a tax such as this. I do not know whether the Government have made such an attempt as I have suggested, but I think it could have been done. I believe the people of this country would be glad to come forward and help the Government at such a time as this. However, I am entirely with the Government in their endeavour to see that the lands of this country are put into crop during the coming year. In fact, I have so much faith in this country, and I am so thoroughly convinced that the future of this country depends on the man on the land, that I am of opinion that the Government are at any time justified in staking everything on the man on the land. I regret, however, that the Government have thought it necessary to bring forward such a Bill at the present juncture, because I am quite sure that the measure will interfere with trade relations and disturb credit to a degree which possibly

the Government do not realise. I suppose there is no doubt that the Bill will pass this House, and it may eventually become law. I regret very much that such is likely to be the case, and that some means could not be devised, other than that of attacking the people by these methods, to alleviate the trouble which we may see in front of us.

Mr. HARPER (Pingelly) [5.43]: I am thoroughly in sympathy with any proposal to render assistance to the farmers, and generally to the producers, in every possible way.

The Premier: Nonsense.

Mr. HARPER: Yes, I am; and I can prove to the Premier that I have done more in that direction than he has done or is ever likely to do. Now, this is described as an emergency tax. It is, however, no new idea to me, because I have anticipated such taxation as this ever since the present Government came into power. We have been going behind at the rate of £200,000 or £250,000 a year, and of course it requires no high degree of intelligence to foresee that taxation of this nature would necessarily have to come about. It is idle for the Premier to call this a war tax in any shape or form. We have not suffered any particular ill-effects from the war up to the present time, and I do not believe we shall suffer any particular ill-effects from it.

The Premier: Your class have not suffered, but others have.

Mr. HARPER: The only direction in which I can see we may have suffered from the war so far, is the borrowing capacity of this State. Western Australia has been borrowing at an extravagant rate and in an unjustifiable fashion during the past three years; and the revenue has been inflated by the heavy borrowings of the Government. Anyone could see that the day of reckoning was not far off. No doubt it is fortunate for the Government that they can blame the present financial trouble on the war. The war, I repeat, has nothing to do with the trouble—has had nothing whatever to do with it up to date. Quite irrespective of the war, the present position of affairs was certain

to ensue. Personally, I do not mind taxation, and am prepared to bear my quota for the purpose of assisting the man on the land. I am always ready to do that, and I know that such portion of the money as the Premier has said would be earmarked for the Agricultural Bank will be spent to advantage. And the people who get that money will give good value for it. Had we built up other industries in the State in that way during the last three years we would not have been in this crisis to day. If the Government would take in hand and thoroughly investigate the management of the Railways, they could make a big reduction in the cost of running that concern. There is no doubt a lot of the men employed by our Railways are overpaid, and some of them do not work. If our Railways were put on a sound business basis I am sure it would result in a saving of from £100,000 to £150,000 a year.

Mr. Carpenter: Do you say the men are overpaid?

Mr. HARPER: Not all of them. Some are underpaid and some are very good workers, but a large number of them do not give an honest day's work for the money they draw. Those people are just as big robbers in every sense as the baker who sells light-weight bread. There ought to be made a thorough investigation into the running of our Railways, and economy ought to be exercised. If that was done and good management introduced into all our State departments, I would not have the least hesitation in paying my quota of any taxation. Another question to which the attention of the Government ought to be drawn is the pumping of the water in the Goldfields Water Scheme. There a good deal of retrenchment could be effected. The pumping of that water could be done for about 30 per cent. less than it costs to-day.

The Premier: In what way?

Mr. HARPER: The Premier will not take my advice if I tender it. Let him appoint a commission of practical men to investigate these matters, and let us get rid of the drones who are not earning

their money. The same remarks apply to all our public institutions.

Mr. Swan: Give us one or two instances.

Mr. HARPER: No. These matters should be thoroughly investigated. I do not wish to be hard on anyone, but I want to see that those employed are giving value for the money they receive. However, it is the responsibility of the Government, and of course it will be shelved, at least till after the elections. We know there has been mismanagement in the past and that a lot of our public works have cost double the money they should cost. It is bound to come back to the taxpayer, and it is largely due to this that we find ourselves in the disgraceful financial position in which we are to-day. If proper economy had been exercised we would not have been called upon to pay this increased taxation. The Premier has often stated in the House that he did not mind the swollen deficit, that he would deal with it when the proper time came. I knew that he meant he would deal with it by special taxation. He has been dying to get this tax for a long time. It has been uppermost in his mind ever since he became Premier. It may be only a temporary expedient, but it certainly will have a serious effect on the State. Anyone who from outside has invested his money in the State will withdraw it as soon as it becomes due, and it will never be returned to the State. What sort of a position will the State then be in without the assistance of outside capitalists? I do not see in the Bill any mention of mining ventures whose shareholders in, say, Melbourne, are drawing £5,000 or £6,000 in dividends; I do not see that they are to be included in the graduated scale with the people living in this State. Apparently no such shareholders living in the Eastern States will have to pay the tax. It would seem that we have no power over that, once the money is sent away. We are paying at the present time a Federal land tax, a State land tax and a State income tax, to say nothing of taxes imposed by local authorities, and now we are to have this

special tax. I would like to know if the Commonwealth means to impose further taxation, and whether the Premier is going to try to obviate that. In all probability we will have a heavy tax imposed by the Federal Parliament.

The Premier: Which is the greater crisis in your mind, the war, or the result of the Federal elections?

Mr. HARPER: Of course I regret to see a number of incompetent men about to take the Treasury bench in the Federal House.

The DEPUTY SPEAKER: Order! The hon. member must discuss the Bill.

Mr. HARPER: The Commonwealth is sure to require heavy increased taxation, which, coming on top of this, will mean tremendous taxation to Western Australia. Among the many different funds to be taxed under the Bill, I see no mention made of the accumulated funds of the Trades Hall. I notice that the trades unions subscribe £73,000 annually to the Trades Hall. It is a large amount of money which produces nothing.

The Premier: It produces too much for your peace of mind.

Mr. HARPER: These funds toil not neither do they spin, yet the workers subscribe £73,000 towards the Trades Hall. However, the Bill will be dealt with in another place.

The Premier: Did you attend that caucus meeting to-day?

Mr. HARPER: It is of no use our attempting to argue with those who follow the Premier in everything. No matter what our reasoning powers or our powers of oratory, we cannot convince anyone on the Ministerial side, nor do we expect to.

Mr. Bolton: And so you fix it up in another place.

Mr. HARPER: I will fix you up in another place yet. One-third of the money to be collected under the Bill is to be placed to the credit of the Agricultural Bank. It is absurd and preposterous to ask for a tax of this description. The farmer is the mainstay of the State, and the amount to go to his assistance should be at least two-thirds of the money to be collected. If the tax was for the

people on the land I would not object to it, but I object to spoon-feeding the party that follows the Government.

Mr. ELLIOTT (Geraldton) [5.56]: I desire to compliment the leader of the Opposition on his very full and lucid speech. His exhaustive criticism of the Government was a treat to everyone in the Chamber with the exception, perhaps, of the Premier, with whom I sympathise in his humiliating position. After the enormous expenditure we have had in Western Australia during the last three years, it is absolutely humiliating for the Government to find themselves in their present position. The Premier says one of the reasons for the taxation is the war, but that it is not the only reason. As a second reason he points to the disastrous season which we are now experiencing. I agree with him in both these reasons. But there is a third to which he has not alluded, namely, the faulty administration of the Government during the last three years and the enormous deficit which has been built up. There is now no airy talk about this deficit. At Northam a little while ago, as at Geraldton last year, the Premier spoke in flippant terms of the deficit as if it were a virtue in the Government. The Government during the last twelve months have probably been drawing upon their London agents in anticipation of a loan in October or November, and when the declaration of war came the loan, of course, vanished into thin air, with the result that they are now on their beam ends. The rope with which they were drawing the water from the well has broken, and the position they find themselves in is most humiliating. To a large extent I am not averse to a system of income tax, even although it is a graduated one. I believe this is the fairest way of raising the revenue under ordinary circumstances, and we are told that one-third of the revenue so raised is to be devoted to the assistance of farmers. The Minister for Lands has eloquently pleaded the cause of the farmers and I am in entire sympathy with him in this, but I should like to know before committing myself to support this Bill what the intention of

the Government is in regard to the disposal of the two-thirds of the money that is to be raised. If it is in order to support the socialistic enterprises of the Government, such as the purchase of steamers, brickworks, dairy farms, and other schemes of the sort that they have been going in for, I am entirely opposed to it.

The Premier: What about harbour facilities at Geraldton?

Mr. ELLIOTT: It is perhaps a regrettable feature in the Bill that the men the Government are hitting hardest, the men with salaries of from £1,000 to £1,500 a year, are those who have been most patriotic, and have contributed the largest sums to the fund which has been inaugurated for patriotic purposes as the result of the war. I gathered from what I had heard that a Bill of something of this nature was to be introduced, and before I permitted myself to contribute to that fund I thought I would take the natural precaution of finding out what the intentions of the Premier were with regard to taxation.

The Premier: You are a great financier.

Mr. ELLIOTT: The Minister for Lands has stated that most of the suffering and distress that has resulted from this war has fallen in a great majority of cases on the masses. That is contrary to history. Take the case of England. No one than the upper classes have responded more nobly to the call of patriotism at all times, and no one has done more in the way of offering their services and their lives in the cause of the Empire than they. The same thing has, I contend, happened in Western Australia. Those hon. gentlemen who sit on the opposite side of this Chamber if they read down the list of contributors to the patriotic fund will find that in the majority of instances the money has come from the well to do classes. I think that fully 75 per cent. of the men at Blackboy Hill, who are going to the front—and they are men that I am proud of and that the State is proud of—are as fine a class of men as there is to be seen in Australia—are drawn

from the upper classes of Western Australia.

Mr. A. A. Wilson: Oh, nonsense. There is not 25 per cent. drawn from the upper classes. They are nearly all drawn from the working classes.

Mr. ELLIOTT: I say that 75 per cent. of these men too would have voted the Liberal ticket, so much so that this is going to have some effect on the elections.

The Premier: The Liberal ticket has gone.

Mr. ELLIOTT: The upper class in Western Australia are doing more to subsidise the patriotic movement in the way of contributing to the funds than any other class.

Mr. A. A. Wilson: Where?

Mr. ELLIOTT: I do not think that there are many hon. members in this Chamber who have contributed to the patriotic fund. Not only in the old country but in Western Australia the majority of the suffering does not fall altogether on the masses, but the classes also take their equal share. I think with my leader that the better way would have been, in order to raise this fund, to do so through the method of treasury bills. I know that we are faced with a serious crisis at the present time, but although not opposed to the Bill in principle, I am in its present form, and I shall, therefore, in Committee reserve to myself the right to make certain suggestions in regard to it.

The PREMIER (Hon. J. Scaddan—Brown Hill-Ivanhoe—in reply) [6.5]: As I fully anticipated when introducing this measure, we have had but little of the Bill and a great deal of matters which do not affect it at all. We have also had from the Opposition the criticism that they give us when they are desirous of covering up their tracks and of doing their best to throw dust in the eyes of the people with regard to their real intentions and by introducing personal matters which have no bearing on the subject. It is all the more regrettable, I think, that the member who is responsible for introducing these personal elements into the discussion should be no less a one than the leader of the Opposi-

tion, who hopes some day to take charge of the Treasury benches again. I do not know that this is an occasion on which one should indulge very much in personal abuse, and I am not going to concern myself with it, except to say that people who live in glass houses should not throw stones, and further that it is not desirable to throw mud, because sometimes a little of it will stick. The leader of the Opposition, since he has been in political life, has had nothing very much to his credit, except that he has wobbled about from party to party, but as soon as people have had an opportunity they have put him in his place.

Mr. Elliott: What about personalities now?

The PREMIER: I decline to accept the leader of the Opposition in a position of school master, and one who can teach me either my duties or my responsibilities. I decline to agree that he has had so much training that he is in a position to be able to tell me my duty as the Premier of the State. I will admit of course that he has had some training that I have not experienced. He has been in charge, for instance, of quite a number of commercial concerns at different times, but he has left them or else he has been pushed out of them, one or the other. It is, I will say, upon every occasion for the good of the concern and for its welfare that this has happened. In the same way he was pushed out of the Treasury by the Premier of the State because he built up a huge deficit. The only time in which his deficit was reduced was when he left his colleague in charge and went away to London and knew nothing more about it. When he was Colonial Treasurer and in charge of the affairs of the State he built up a huge deficit. One would imagine to hear him speak that he had been, while in charge of the Treasury, building up a huge surplus, and that everything was all right, and that he could finance the country, notwithstanding that he had a majority in this Chamber and in the other Chamber, in a way that was satisfactory to the community and to the finance of the State in gen-

eral. But what was his position? He had to leave the Treasury because he was not able to control the finances.

Hon. Frank Wilson: That is wrong.

The PREMIER: I say it is not.

Hon. Frank Wilson: It is untrue.

The PREMIER: It is correct. I ask that the hon. member should withdraw the remark "untrue."

Hon. Frank Wilson: I say it is absolutely untrue.

The DEPUTY SPEAKER: The hon. member must withdraw the word untrue. He must do the same as the Premier had to do in a like case.

Hon. Frank Wilson: The Premier has made a statement which is absolutely incorrect. He knows it is incorrect.

The DEPUTY SPEAKER: Order! The hon. member must withdraw.

Hon. Frank Wilson: I withdraw. It is incorrect; absolutely incorrect.

The DEPUTY SPEAKER: The hon. member must withdraw without any qualification.

Hon. Frank Wilson: I have withdrawn, Mr. Deputy Speaker.

The PREMIER: I have heard remarks from the leader of the Opposition about keeping calm and about taking my gruel.

Hon. Frank Wilson: Why does not the Premier stick to facts?

The PREMIER: I wish the hon. member would keep calm and take his gruel and allow me to get on. The hon. member is endeavouring to—

Hon. Frank Wilson: I have never slept at my post.

The PREMIER: The hon. member has never been long enough at any post to enable him to go to sleep. They have moved him on all the time, but he has now possibly found one post that will suit him.

Hon. Frank Wilson: I never got the sack in my life, but the Premier has had the sack on many occasions.

The PREMIER: The attitude of the Opposition is one that I recognise has been adopted for a specific purpose.

Hon. Frank Wilson: No, it has not been.

The PREMIER: They find some difficulty in opposing the measure.

Hon. Frank Wilson: Stick to facts.

The PREMIER: And they are trying to get out of their difficulties by introducing means that are foreign to the question. Whatever may be the condition of the finances of the State under normal circumstances it has no bearing upon a measure of this description.

Hon. Frank Wilson: I should think that it had.

The PREMIER: I recognise that the leader of the Opposition would deny even that a war existed in Europe. For the purpose of his argument, or his opposition to the Government and to the measure, he would deny that there is distress in the farming areas, and would evidently sacrifice the farming community in Western Australia for the purpose of opposing this measure, because it imposes a 15 per cent. taxation on the man who is enjoying a large income. The leader of the Opposition went so far even as to suggest an alternative. It is not usual, as he states, for the Opposition to advise the Government in connection with the financial administration. It is their responsibility, and they must accept it. But on this occasion he has suggested to the Government, and has tendered his advice to them, that instead of imposing this taxation we should issue Treasury debentures which might carry a 5 per cent. interest, and when I interjected and asked him how he would expect us to lend money to the farmer at 5 per cent. when we were paying 5 per cent. for it ourselves, he told us to lend it to the farmer at 6 per cent. or 6½ per cent.

Hon. Frank Wilson: No, I did not.

The PREMIER: You said 6 per cent. anyhow.

Hon. Frank Wilson: You are charging 6 per cent. in some instances even now.

Mr. Harper: You are charging it now.

The PREMIER: Only in certain cases. That is all right. That is a different security altogether. We are lending money at the present time to the farmer at 5 per cent., and I think it is costing

us 4½ per cent. That is reasonable. They are getting their money at much less than they would get it from private institutions. When they obtain money from the Agricultural Bank they at least are certain that for the whole period during which the loan is granted they will not be pushed by the bank. They are not, however, so certain if they borrow money from the other financial institutions. We have during the last three years lifted many mortgages held by the financial institutions that we heard so much about when the Federal Labour Government introduced a Bill for the establishment of the Commonwealth Bank. We have to find large sums of loan money to assist people who are being crushed by these financial institutions.

Hon. Frank Wilson: You have destroyed securities. That is your policy.

The PREMIER: There is nothing at all in a statement of that kind, and it has nothing to do with the action of the Bank. The banks have adopted throughout Australia the attitude of protecting themselves, irrespective of the damage that they may do to the community as a whole. That is what is happening to-day. The banks are putting pressure upon their clients because they find that it will best suit their book to do so. They are not going to be the losers, and yet hon. members opposite ask us to legislate in the interests of these very people who are opposed to the interests of those who produce all the wealth of the State.

Hon. Frank Wilson: No, we do not.

The PREMIER: The leader of the Opposition said we would be wise if we followed his method of finance. No doubt he said this because if we did so we would be continuing assistance to his friends of St. George's Terrace who cannot possibly be feeling the crisis as the wage earner of the State must feel it. We do not propose to finance the country in that way. The hon. member opposes the measure not because he expects to be able to convince members here that the measure is wrong, but because he thinks that his utterances here will have

such an effect upon another place that they will throw the Bill out and will refuse to give us an opportunity of raising funds and financing the country.

Hon. Frank Wilson: Nothing of the sort.

The PREMIER: He is not concerned about the welfare of the community so much or about the imposition of the tax, but what he is concerned about is an endeavour to compel this Government to leave office. He does not care who suffers in the doing of it.

Hon. Frank Wilson: It would be a good thing if that did happen.

The PREMIER: Only from the point of view of the hon. member coming here and drawing the salary.

Sitting suspended from 6.15 to 7.30 p.m.

The PREMIER: Before tea I was making reference to what I considered was the unfair attitude adopted by the leader of the Opposition in particular, and some of his supporters; but I propose to leave that topic now for the purpose of dealing with some of the arguments which have been put forward by our friends on the other side of the House in opposition to this measure. First of all let me say that so far as the condition of the finances prior to the outbreak of war was concerned, hon. members were in possession of all particulars that were available to my colleagues and myself. We publish our accounts every month, a practice which is not followed by all the States of Australia or the Commonwealth. As a matter of fact the monthly statement does not really show the true position with regard to the finances. Members will realise that for the first three months—and the leader of the Opposition will appreciate this fact—the outgoings always far exceed the income. So we must take the position of the finances to the 30th June for the purpose of properly appreciating it. May I say that I have attempted previously in this House to reply to the accusations made by the leader of the Opposition, and the member for Northam and others, that we have

squandered money in the last three years. When I was at Northam a little time back, I endeavoured to explain how the money had been expended, and I challenged our opponents to tell us what they would have done, and how they would have curtailed the loan expenditure to within one million per annum. I pointed out that we were expending more than that per annum on the railway system alone, and if we were going to reduce the loan expenditure to that amount, it would mean that the agricultural areas would not get the railways which had been authorised by Parliament. I also pointed out that we were approaching that amount in the advances which were being paid to farmers through the Agricultural Bank. I further drew attention to the amount we had expended on water supplies, and I wanted to know whether they would be prepared to forego the provision of water in the agricultural areas and in the mining districts. I also stated that there had been an expenditure of nearly a quarter of a million in the erection of workers' homes, and asked whether they proposed that the people should go homeless, or that two or three families should live in one tenement. If that is the policy of our friends opposite, the sooner the public know it the better. I claim that the money we have expended has been in the direction of materially assisting the development of the various industries. It is true that we have expended a certain sum on inaugurating a line of steamers trading on the North-West coast of this State, and I claim that the people in that part of the State are just as much entitled to direct communication with the port of Fremantle, and with the centres of population in the southern parts of the State, as the farmers themselves, in order to enable them to carry on their business, and that if the railways in the agricultural areas were showing a loss—and many of them have shown a loss for many years past—then we were entitled to continue running the steamship service in the interests of the people in the North-West even if a profit was not being shown.

The people are those who are best able to judge of the value of the steamers. When Mr. Holmes was contesting the recent election in the North-West, he had as his opponent no less a person than an ex-minister of the Crown, a former colleague of the present leader of the Opposition—I refer to Mr. Connolly—and Mr. Holmes stated, when the contest was over, that he was certain that it was his advocacy of the continuance of the State steamship service that secured his victory. So far as the people of the metropolitan area are concerned, and the benefits which they have derived from the steamship service by the reduction in the price of meat, we shall shortly obtain an expression of opinion from them. I shall be able to prove by the figures of no less a person than Mr. Knibbs, the Commonwealth Statistician, our position in regard to the supply of meat to the metropolitan area. From Mr. Knibbs' point of view in the preparation of these figures, it is of no concern to him whether a Liberal or Labour Government is in power, and we will be able to show that the advent of the steamship service along the North-West coast has enabled the people to get meat cheaper than was the case in 1911, and that this is the one State of the Commonwealth where the price of meat has been reduced, whereas, in the other States, it has been considerably increased. I am not going into details in regard to the loan expenditure. I again assert that the statements about the squandering of money are incorrect. If hon. members were in earnest when they said that the money had been unwisely expended, their statements could only apply to a small proportion of the expenditure, that expenditure on works which had been approved or promised by themselves. My friend opposite condemns to-day the State steamship service, just as others on that side of the House have done, but my friend believes in the steamship service, and although he condemns the administration and the service, he condemns his own action in promising at the 1911 elections that if returned he would not hesitate to establish a line of

State steamers on the North-West coast.

Hon. Frank Wilson: You are misrepresenting me.

The PREMIER: I am doing nothing of the kind. The hon. member made that statement in Queen's Hall.

Hon. Frank Wilson: You are misrepresenting what I said. Read it.

The PREMIER: That speech was made in Queen's Hall and was afterwards printed and distributed, and I believe the Government Printing Office sent it forward—

Hon. Frank Wilson: No it did not.

The PREMIER: After it was corrected in my friend's own office. In that statement he definitely declared that he would not hesitate to put on a line of steamers to ply between North-West ports.

Hon. Frank Wilson: I did not say that.

The PREMIER: The hon. member did say so.

Hon. Frank Wilson: You are not stating the facts. I said if I found it necessary in conjunction with the freezing works.

Mr. Gill: You said "if necessary."

The PREMIER: The hon. member said "If necessary, I will not hesitate to put on a line of steamers."

Hon. Frank Wilson: At any rate I would not have run them at a loss, and you know that.

The PREMIER: Of course I will at once admit that. The hon. member never did run anything at a loss in his life: he has always made a profit out of all the businesses he has controlled, even the Canning mills proposition.

Hon. Frank Wilson: Yes; I made a very good profit there.

The PREMIER: I will not deny that; but the company did not.

Hon. Frank Wilson: The company did; that is the point.

The PREMIER: The hon. member says that under normal conditions our revenue should meet our expenditure.

Hon. Frank Wilson: So it should.

The PREMIER: It is a most remarkable feature about the leader of the Op-

position that he gets annoyed if one repeats statements which are made. Mr. Gardiner recently stated that the difference between the Country party and the Liberal party was sincerity. Is it not true that while the leader of the Opposition was Treasurer he put up a pretty big deficit?

Hon. Frank Wilson: Not half as big as yours.

The PREMIER: Never mind about the half.

Hon. Frank Wilson: Mine was in six years.

The PREMIER: If there is anything in the hon. member's assertion he had no right to show a deficit of a single penny, let alone a deficit of £300,000.

Hon. Frank Wilson: But I wiped it all out.

The PREMIER: It was the Premier of the day who wiped the hon. member out of the Treasury, and then wiped out the deficit.

Hon. Frank Wilson: This is all tedious repetition.

The PREMIER: Tedious repetition no doubt from the hon. member's point of view, but let him take his gruel. He may know something about private financing but not public financing. The hon. member has had something to say about the amount he left to the credit of the Savings Bank when he left office. He may find reasons for boasting about that, but I claim that he left £826,000 to the credit of the Savings Bank deposited in the Western Australian Bank, and while he was paying the depositors 3 per cent. interest he was earning from 1 per cent. to $1\frac{1}{2}$ per cent. on it. Is that the kind of financing my friend is boasting about? I have told this House before that that money was earning for the shareholders of the Western Australian Bank 20 per cent.

Mr. Moore: No.

The PREMIER: I say yes. Two dividends each of 10 per cent. were paid in that year, and it was due to the fact of having the use of this money instead of the State using it. The hon. member opposite was at the time borrowing money on the London market, and pay-

ing 3 per cent. and $3\frac{3}{4}$ per cent. for it, while he had £826,000 lying idle in the Western Australian Bank upon which he was getting $1\frac{1}{2}$ per cent., but upon which the people who had the money were getting 5 per cent. to 7 per cent. Does he call that financing? The people know differently. For the first time in the history of this State, just before the last elections, there was a combined conference of the municipalities and roads boards, the object being to condemn and protest against the action of the Government in reducing the subsidies to the extent that had been done. Does the hon. member know that?

Mr. Elliott: No.

The PREMIER: If the hon. member will look up the records he will find that that is correct, and also that at the same time the Government servants were working for less than a living wage.

Hon. Frank Wilson: He does not know that either; it is not correct.

Mr. Harper: Now they are working for less.

The PREMIER: Working for more than they got under the Government the hon. member supported; and we do not propose to introduce by regulation that the children attending school after the age of fourteen shall pay a shilling a week, and after the age of sixteen two shillings a week, or in the alternative that their parents should sign a pauper's certificate. We have increased the salaries of the teachers, and we have wiped out all fees from our educational system, so that to-day a child may go from the primary school to the University without the payment of any fees. These are some of the actions which have brought about the deficit: and, when an attempt is made to meet this additional expenditure by taxing those people who can well pay, our friends opposite are opposing it. They do not say they are opposing these things. They have never yet put their fingers on anything, except the State Steamship Service.

Mr. Harter: And the deficit.

The PREMIER: I am going to give the hon. member some further figures in regard to the deficit. I want hon. members

to understand that when considering the deficit the position of the Working Railways must be taken into account. The effect of the Government recognising the claims of all sections of railway employees to receive a living wage has reduced the cash profits of the Railways. I want our friends opposite to say whether they would alter that. They have an opportunity of presenting their case to the people. I want to ask them to say whether they would adjust the finances by getting back to the old order.

Hon. Frank Wilson: You will.

The PREMIER: I will not. I would decline to ask any man to work for less than a living wage, even if the deficit were double what it is. That is the attitude the Government have adopted.

Mr. Elliott: But you tax the men again, which is an equivalent.

The PREMIER: Yes, a 15 per cent. tax. There are not many in the railway service who will come under that 15 per cent. provision. The increased expenditure for the past three years in consequence of the increased wages in the railway service has been £287,000.

Mr. George: You said it was only going to cost £30,000 when I told you about it.

The PREMIER: No; the additional expenditure under this heading during the last three years has been £287,000.

Mr. Harper: Without any increase in the work done.

The PREMIER: How annoyed these gentlemen get. They have not complained about the high salaries paid to magistrates, but they complain when those magistrates are being retired on small pensions. It is always the Weld Club that our friends are ready to support. In the same period the railway revenue was £6,209,684, and the expenditure £4,527,966; thus leaving a cash profit for revenue of £1,681,718. But against this the interest chargeable to the Railways was £1,509,121, and the sinking fund £326,300, the result being a net loss of £146,503.

Mr. George: I am sorry to hear that.

The PREMIER: Would the hon. member suggest that because the Railways show a loss we should close them down?

Mr. George: No.

The PREMIER: But he would close down the State Steamship Service for the same reason. In 1910-11, after paying interest and sinking fund, and paying the railway servants less than a living wage, the Treasurer received a sum of £17,366. That was the profit for 1910-11, and had the present Government continued the policy of low wages, sweating conditions and long hours, adopted by the previous Administration, we would have achieved a much better result, so far as finances are concerned. That loss on our three years' working has been £146,503, which is equal to £48,834 per annum. The increased wages amount to £287,000, or £95,723 per annum. So that with wages and salaries as at 1910-11 our profit per annum would have been £46,889, as against the £17,366 of our predecessors, or a difference per annum in favour of the present Administration, on the railway system operated on the same basis of low wages and long hours, of £29,523.

Mr. George: Your figures are not accurate.

The PREMIER: They do not suit the hon. member, that is all. Again, hon. members. I suppose, will assert that this is squandering money: We had to provide from loan moneys during the last three years £820,650 for the purpose of the Agricultural Bank—nearly a million of money; and the only complaint has been by the member for Northam (Hon. J. Mitchell) who said it was not anything like sufficient.

Mr. Elliott: And now you are paying ten shillings in the pound.

The PREMIER: That is absolutely incorrect. Let me tell the hon. member that if some of the private banks were called upon to pay up, as we are, they could not pay two shillings in the pound; let me tell the hon. member that one of the best banks has repudiated its obligations to the State.

Hon. Frank Wilson: What did they repudiate?

The PREMIER: If the hon. member will come to my office, I will give him the particulars.

Mr. George: You have no right to make such a statement about a bank unless you explain it fully.

Hon. Frank Wilson: It is incorrect.

The PREMIER: The hon. member knows nothing about it; but I know about it.

Mr. George: You have no right to make a statement like that.

The DEPUTY SPEAKER: Order!

The PREMIER: The £820,650 has been used from loan funds for the purpose of financing the Agricultural Bank; the interest on this money borrowed by us has to be promptly paid, and in the absence of any recoup by those receiving the direct benefit of the bank's advances it becomes a charge on the taxpayer, and the general revenue has to suffer accordingly. We have been lending to the Agricultural Bank money upon which we had to pay promptly the interest due, and in addition pay into a sinking fund for the redemption of the loan when it falls due. That money has been loaned out through the Agricultural Bank, and not only the repayments, but even the interest, has been deferred. Is that not likely to have an effect upon the finances? Would the hon. member have us finance on the legal advice that if the money does not come in it cannot be paid out? The sinking fund for the redemption of the State's loans has now reached the sum of £3,807,889, being an increase of no less than £1,161,648, gross, during the last three years, or equal to 11 per cent. of the public debt of the State.

Mr. George: No wonder there is repudiation.

The PREMIER: I have heard a great deal of this repudiation, and I am not going to sit down under it much longer. If the hon. member is anxious to serve the interests of his friends he had better keep quiet.

Mr. George: I am not going to hear you malign the banks.

The PREMIER: I have as much right to malign the banks as you have to malign the Government.

Mr. George: Why you will have a run on the banks to-morrow.

Hon. Frank Wilson: He is only covering up his tracks.

The PREMIER: The sinking fund has not been drawn upon by the present Administration, although the Government were required to discharge Australian loans to the amount of £144,735 under option notice given by our predecessors and exercised by the holders of the stock. We preferred to leave the sinking fund intact and raise the money locally to discharge the liability. In addition to the £114,735, the Government had to redeem treasury bills for £650,000, which matured in London in July, 1913, and which were issued by our predecessors. The amount charged to revenue in contributions to the sinking fund during the last three years is £739,919; for the three previous years the amount was £723,778, an increased charge of £16,141. In regard to the loan expenditure, the Government have spent £3,784,900 of loan money during their term of office on the construction and equipment of the railways of the State, which is considerably over one million per annum, or equal to about 44 per cent. of the total loan expenditure; and although the Government's policy in this direction has been fully justified by the increased wheat production and export, the limited rainfall has militated against agricultural railways being as reproductive as they would have been under more favourable climatic conditions. Also it must be admitted that new agricultural railways cannot be expected to become a paying proposition from their inception. Thus the interest bill is increased, which is a charge on revenue, and due to the bad seasons the revenue from this new expenditure did not meet the additional charge. Would hon. members have me adopt the suggestion of the leader of the Opposition that we might relieve the strain by refusing to build agricultural railways unless it could be shown that they will pay from the inception? The hon. member talked a great deal about the non-borrowing policy, and held that we were pledged to such a policy. We have proved that to be incorrect. The

true supporters of a non-borrowing policy, if the hon. member can be believed, are those sitting on the Opposition benches. They are the people who would retard the development of the State, who would refuse to borrow more than a million per annum, no matter what the circumstances might be. They would refuse to assist the Agricultural Bank, to build agricultural railways, to provide water supplies in mining districts, in order to keep to their pet fad that not more than a million per annum loan money should be expended in Western Australia. It is not too well understood by hon. members, and it is even less understood by the general public, that when comparing the national debt of Western Australia with the national debts of the Eastern States it must be remembered that in the Eastern States they have no Agricultural Bank to finance from loan money, no Workers' Homes to finance from loan money, no water supplies to be a charge on the national debt, no sewerage system, no irrigation schemes, no harbour expenditure to be a charge on the national debt. If our position were placed on all fours with theirs, it would be found that we are in equally good position with them, if indeed we are not in a better position than are those States. From the point of view of the citizens it is an infinitely better position, in that when the Melbourne Harbour Trust have to borrow money they get it by paying one per cent. higher than the State pays; and if the Metropolitan Water Board in Melbourne have to borrow money they borrow it at a one per cent. higher rate than we can get it. If they require money for the purpose of establishing water supplies in their districts, the board borrow it, and must pay a higher rate of interest than we do, and from the point of view of the citizens, although our national debt appears to be high in comparison with the other States, our people are getting services rendered cheaper than if they were controlled by boards, which have to borrow money at high rates of interest. If we had paid no sinking fund during the last three years, as in the case of the

Eastern States, and had financed as we have done, we should not be showing a deficit to-day, but a surplus. Our sinking fund is a very heavy charge on revenue, and after all it is questionable whether the system is all that people claim for it. The State that cannot obtain the necessary revenue to meet expenditure including sinking fund is really taking money from loan fund to pay sinking fund, which is a very absurd method of financing. When the State can finance under ordinary conditions and show a surplus, and the surplus is used to purchase its own stock or pay into a sinking fund, it is sound finance. We have met the responsibilities imposed upon us by Act of Parliament, and if the sinking fund did not exist, and we were on the same footing as the Eastern States, we would be showing a surplus instead of a deficit. Let me deal with education. In pursuance of our policy of free education for the people the cost of the Education Department has increased from £202,000 in 1911 to £304,000 last year, an increased charge on revenue of £102,049 per annum, and the revenue was less, on account of the abolition of fees. We have had no additional source from which to obtain these funds, but have had to find revenue from the same sources as the previous Government, and we have been refused the facilities we sought for obtaining money to carry on our education system. The liberal provision of £819,000 has been provided in the last three years, compared with £562,000 in 1909-1911, or an increase of £256,000 during the term of the present Government for additional facilities alone, and every penny of that has been found from the revenue of the State. The Opposition would say "If you do not get the revenue you should not expend it; let your education system go hang: refuse facilities for the education of the children; refuse secondary schools and technical education; or, if you will, provide them at the expense of the children, so that the poor man's child cannot enjoy these advantages, while the rich man's child may." That might be the policy of the Opposition, but it is

not the policy of the present Government.

The Attorney General: And then they complain that we are not spending more.

The PREMIER: Yes; the hon. member complained that we did not build the line from Busselton to Margaret River, a line which will not pay for many years unless the large estates in that district are broken up. The member for Geraldton complained that there had not been a large expenditure on the harbour at that port, and the Liberal cry right through is that we are not spending enough money.

Mr. Elliott: We are complaining that we have not been put on the same footing as Bunbury.

The PREMIER: With regard to the Agricultural Bank, the leader of the Opposition and the members for Geraldton and Northam made remarks to the effect that the bank had repudiated its obligations. This is incorrect. We have not repudiated our obligations. Our action was essential for the purpose of keeping the bank sound until we knew how we stood and ascertained how we could finance this institution in the future when the source of supply was cut off, because the money had been supplied from loan funds. It would have been absurd if we had taken every penny of cash which was available and handed it over to the Agricultural Bank. We decided to conserve our cash, and we deferred payment of 50 per cent. of the advances—we did not repudiate it—to enable us to retain cash which we would be able to turn into notes to provide further money for the Agricultural Bank. I have been as much concerned about the matter as any hon. member, and have been trying to find ways and means to permit the bank as early as possible to pay the full amounts. These amounts will be paid in full as early as possible.

Mr. Elliott: You have said that for a long time.

The PREMIER: It is not a long time since this happened. My colleague brought this matter under my notice after discussing it with Mr. Paterson, the Managing Trustee of the Agricultural

Bank, and pointed out their requirements. These requirements are fairly heavy. There is nothing coming back; it is a matter of cash going into the agricultural areas.

The Minister for Lands: We have not half the interest coming in.

The PREMIER: No, it is all new money which has to be found. When my colleague wrote he said:—

The Managing Trustee of the Agricultural Bank saw me personally this morning and laid the attached minute before me. In discussing the question I asked Mr. Paterson to try and give me some definite estimate as to the amount required month by month in order to meet the full payments which I know you are anxious to arrange at as early a date as possible. This estimate is now attached. Will you kindly look into this matter and let me know, in the light of this information, whether we are able to fulfil our desire to make the full payments.

I sent that along to the Under Treasurer with the following note:—

For remarks, please. I think we should endeavour at all costs to finance the Agricultural Bank, anyhow so as to meet its obligations.

The Under Treasurer sent back the following minute:—

I have discussed the financial requirements of the Agricultural Bank with the Managing Trustee, and have been informed that the monthly amounts, as set out on the attached statement, represent the minimum requirements. To provide the sums asked for means one of two things:—
(a) A reduction in the amount set down to meet the loan expenditure of other departments—

That means the curtailment of public works.

Or (b) exhausting our funds before the 31st December. As regards the former, several departmental heads have already informed me verbally that they do not think they can manage on the monthly amounts allocated to them. If this is the case our fund will become exhausted sooner than

we expect. It is extremely difficult to gauge the financial position on account of the uncertainty of our revenue, and as you know, any shortage means a reduction in the amount of cash available to meet loan requirements. If the Government introduce a war tax at an early date, then the difficulty of financing for a while will no doubt be removed. I would suggest that we advance to the bank the amount asked for for this month, namely, £58,000 (£40,000 was allocated to the Bank by me) and that the position be reviewed at the end of the month.

Is that an evidence that we desire to repudiate our obligations through the Agricultural Bank? I have no source of supply; I cannot wave a magic wand and draw sovereigns at my will; and the position is not, as was pointed out by the member for Northam, that I can take five sovereigns to the Federal Treasurer and get twenty notes for them, pay those notes into a bank, draw a cheque for the £20, get it in the form of cash; and again go to the Treasurer and get 100 notes for it, and so on. That is not the position. The actual cash received is taken into account, and we have to do it on a proper business basis, and the member for Northam as an ex-bank manager ought to know it. We have had to conserve our finances. We cannot expect to get money in London under existing conditions. We have commitments in London which must be met. The money held by the Agent General must be retained by him to meet our interest bills which are falling due. Do members desire us to repudiate our interest bills which fall due in January, or to meet them at all costs to keep the credit of the State sound? If I am to do as hon. members desire, find employment for the unemployed, not those we are responsible for, but those whom private employers have been putting off in scores, I must have money. I was told that one institution had put off 100 girls, and another 70, and then we hear talk about patriotism. The patriotism of some people extends as far as the depth of

their pockets, but the Government are supposed to be able to find money to be patriotic enough to employ everyone without taxing anybody. I can only employ men when I have money to pay them, and I tell the House and the country that neither the present nor any other Government can carry on and employ people without the cash to pay them. There are only two means of obtaining money, and I claim the one we are proposing is the correct one from the point of view of the people of the State.

Mr. George: Can a private employer keep hands on if he has not the money to pay them?

The PREMIER: Can the Government do so? The private employer has to depend on his income. If he has not the money he cannot pay his men, and the Government will be in the same position unless this additional tax is imposed on the community, and I claim it is a right method. The only two methods available are those of increasing the taxation on the people, or of borrowing further moneys. Notwithstanding the statement of the leader of the Opposition I am not satisfied that there is sufficient money available in Western Australia which can be obtained at 5 per cent. to carry on our public works, to finance the Agricultural Bank, and absorb the unemployed; and if the money is available in Western Australia then I say this tax is the method by which to get it. If I can borrow the money, I can get it by taxation. Our friends on the Opposition side desire us to borrow it rather than that the people who are able should carry the burden by way of taxation, in order that they may get the increased amount of interest from the community—who to-day are suffering from the adverse conditions prevailing—and from the people in the future. They want to pass on the difficulties of the moment to posterity. The national debt of Great Britain is due to a large extent to the adoption of the same policy. For years they financed without going on the money market. It was when they struck disaster during the Revolution that they adopted the easier expedient, and in-

stead of taxing the people, borrowed money and built up their national debt, and the people of Great Britain have been carrying the burden since, while hundreds of moneyed people are living in England in luxury or spending most of their time in the south of France and at Monte Carlo, living on the interest of the bonds they hold, which interest the working classes have to pay. The Opposition desire that system to be extended to Western Australia. We have no right to obtain money in this way for emergency purposes and pass it on to posterity, because all authorities, notwithstanding the quotations by the leader of the Opposition, go to show that the taxation is paid by the working community—the wage earner and the salary earner. Is it not better to take the amount we require to-day, which will be much less, by means of taxation than to adopt the method of borrowing it and spreading the burden over a number of years?

Mr. George: You are adopting the Attorney General's method.

The PREMIER: If we borrowed £600,000 at 5 per cent. the revenue, or in other words the taxpayer, would have to find £30,000 per annum to meet the interest bill alone, and if the Treasury bills were for two years only the amount required to meet the interest would be £60,000, and at the end of two years we must find £600,000 to redeem those Treasury bills. So that it would cost this State £660,000 to have the accommodation of that sum of £600,000 for two years. Next, let me point out that hon. members will immediately contend that I will borrow the money to redeem the bills. That is so. But who is able to predict what the price of money will be in two years' time? It may be five per cent.; it may be nearer six per cent. However, even if the rate of interest in two years' time were five per cent.—and it is assuredly not likely to be less—that will mean that just for the purpose of tiding over a temporary depression we shall have to ask the people of this country to pay the Treasury £30,000 per annum for 42 years. That is the price the people

of this State would ultimately have to pay for the temporary accommodation of those Treasury bills. And that is the method of financing which our friends opposite advocate.

Mr. George: The people of this State are borrowing money now to pay their taxes.

The PREMIER: I claim that Adam Smith is certainly a better known authority—if not a greater authority, at least a better known authority—than the authority quoted by the leader of the Opposition. Adam Smith lays it down that one of the first canons, one of the first maxims, with regard to taxation is this—

The subjects of every State ought to contribute towards the support of the Government as nearly as possible in proportion to their respective abilities; that is, in proportion to the revenues which they respectively enjoy under the protection of the State. The expense of government to the individuals of a great nation is like the expense of management to the joint tenants of a great estate, who are all obliged to contribute in proportion to their respective interests in the estate.

That is the crux of the matter, and particularly is the application of that dictum essential in a case of emergency such as the present. It is essential that the subjects of the State should contribute in proportion to their respective interests in the State. That is exactly what we are providing under this measure. If a man is earning an income in Western Australia, as a citizen of Western Australia, of £1,500 per annum, he is in an infinitely better position to pay £18 15s. per month than is the individual working for a paltry wage of 9s. per day to pay the amount which the Government claim from him by this Bill. But I know that our friends opposite are concerned rather about the £1,500 a year man than about the £150 a year man. They are much more concerned about the £1,500 a year man than they are about the farmers of the State. As a matter of fact, the only incidence of the tax concerning

which complaint has been made by hon. members opposite is the 15 per cent. incidence.

Mr. George : Oh, no !

The PREMIER : Oh, yes !

Mr. George : Not at all.

The PREMIER : I tell the hon. member, yes. The only rate mentioned by hon. members opposite was the 15 per cent. rate. That is their difficulty, that is their trouble, that the man who is able to pay, their good friend and supporter from a political point of view, should be called upon to pay. That is the class of people hon. members opposite are endeavouring to extend consideration to, even under existing circumstances. I contend that those friends of hon. members opposite are the people who are best able to pay, who are best able to bear the burden and to assist in tiding the community over the present trying period. What would hon. members opposite have the Government do ? I want this to be understood here, and I want the public to appreciate this. Hon. members opposite, even at the eleventh hour of this expiring Parliament, wish to prevent this Administration from carrying out its policy. They wish to place us in the position of not being able to carry out our policy except at the risk of showing bad results from a financial point of view. Hon. members opposite, with the assistance of another place, have from the very outset refused to grant us the right to obtain the revenues we require in order to put our policy into operation. The only remedy we have in our hands, then, is to put our policy into operation notwithstanding the financial difficulties. We have done that, and we are not ashamed of having done it—not in the slightest. I have said this on the public platform before, and I will repeat it on every platform I shall speak on in Western Australia ; I am not ashamed of the position of the finances when I recognise the valuable results which have accrued from the putting into operation of our policy during the past three years. Let me further say this, that what hon. members opposite want is that the working classes

shall suffer reduction of wages. Only the other day, the employers asked that we should suspend the operation of industrial awards and agreements. Up to the present time the war has not affected the goldfields ; but were we to suspend the operation of industrial awards and agreements, what would it mean to our miners ? What position would our mines find themselves in ? All the unemployed of the State would be drawn to the goldfields, with the result of over-stocking the labour market there ; and thus the miners would be compelled to accept reduction of wages, although the employer is still receiving exactly the same return as before from their labours. Our friends opposite want either that, or else reduction in the number of hours worked. They want to compel the working classes to carry the whole of the burden resulting from the existing unfortunate circumstances. Now, I say this may be claimed—and I claim it here without any undue boasting—that the position has been saved by the fact of a Labour Administration being in power here at the present time and another Labour Administration coming into office in the Federal Parliament. It may seem a boast ; at the same time I will ask any right-thinking man whether he considers that in a time such as this, when the whole of the British Empire is passing through a crisis unparalleled in its history, when this community in particular is suffering not only from the war but also from depression in its agricultural industry, whether in these circumstances he considers it right and just that that section of the community which is least able to protect itself—that is to say, the salary and wage earning section of the community—shall carry the whole of the burden, or whether he considers it right and just that those members of the community who, as I said before, are best able to bear the burden, should carry their fair share of it ? We have a number of individuals in our community—I could mention them by name if necessary—living in luxury to-day, and not contributing one penny towards the relief of the distress existing

in Western Australia at the present time. Scores of people are taking that position, and, further, they want to pass the burden on. And these are the people whose interests our friends opposite are so solicitous to protect.

Mr. Bolton: They want to give those people five per cent.

The PREMIER: I can assure the House and the country that at least, for so long as we remain here, all sections of the community will receive exactly the same consideration. That is to say, all sections will be called upon to carry their fair share of the burden so far as we are able to make each man's share a fair one. And when I say that, I may admit that even under this proposal the incidence of the tax is not fair. It is not fair in this respect, for instance, that the married man cannot possibly obtain all that he requires on earnings of £100 per annum, and that still the married man is called upon to contribute something. But the man who is receiving £1,500 a year, although he may have to alter his style of living to some extent, will, even after paying his tax under this Bill, still be in an infinitely better position than that of the wage earner existing on £100 per annum. I am prepared to admit that, equitably, I have no right to impose a tax on any man earning less than £200 per annum; but, in order that practically every money earning member of the community may share in the burden, I have fixed the minimum at £100, and have asked the man earning that amount to pay five per cent. Of course it is the 15 per cent. man that is causing all the trouble.

Mr. George: Do you think you are going to collect the tax from the £100 a year man?

Mr. Bolton: Not if the man knows as much as you do.

Mr. George: You do not even collect the fines imposed on people of your party.

The PREMIER: I want to return to the question of public debts. Professor Thorold Rogers has stated that "the English public debt is almost entirely the creation and outcome of the revolution of 1688," and that "the existence of the public debt is even made a re-

proach to that great event." Then Professor Thorold Rogers says elsewhere—

The lenders of money to Government are neither patriots nor politicians.

Mark that—"neither patriots nor politicians."

Hon. Frank Wilson: Politicians have no money.

The PREMIER: That is the most remarkable statement I have yet heard. The hon. member stood up in this place for about an hour this very afternoon and urged that we should borrow the money from our own people. If we can borrow the money from them, they must have it, it must be here; and now the hon. member says that the people have not the money.

Hon. Frank Wilson: No. What I said was that the politicians have not got it.

Mr. George: The front bench may have it, but the rest of us have not got it.

The PREMIER: Now, Professor Thorold Rogers is a higher authority than the hon. member's authority.

Hon. Frank Wilson: Why?

The PREMIER: Nobody ever yet was able to understand who this gentleman is that the leader of the Opposition quotes. I think it will be found that he is a German authority.

Mr. George: He must be pretty strong if he is a German.

The PREMIER: I dare say he is pretty strong. He will get a lot of the wind taken out of his sails in the very near future, though. Now Thorold Rogers says—

When a Government borrows money from its own subjects or citizens—

And that is what has been suggested by hon. members opposite,

it is plain that it could extort the money, for the success of the operation proves that what it is in quest of is present.

That is the position. Therefore, if I can borrow the money, I can borrow it by means of a tax. The only difference is that, this being purely a case of emergency, the cheaper method to the general

community eventually will be to raise the money by taxation.

Mr. George: You would sooner steal than borrow?

The PREMIER: I assure the hon. member that I am not seeking advice of that kind. He may be an excellent robber—I do not know.

Mr. George: You are the first robber; I am a victim.

The DEPUTY SPEAKER: Order!

The PREMIER: However, I do not intend to accept the hon. member's advice on this question. When introducing this measure, I stated that the matter of raising funds for the purpose of tiding over the present crisis had been discussed pretty freely throughout the country; and so it has. Here I want to say at once that while there is quite a number of the community in receipt of fairly large salaries and incomes, there is quite a large proportion of that number showing willingness to carry its fair share of the burden. That is evidenced by the fact that the public service of this State has proposed to tax itself. Amongst those public servants are the highly paid officers to whom the member for Pingelly (Mr. Harper) has referred as drones, who ought to be kicked out. What a nice spectacle the leader of the Opposition will present when appearing before an audience of public servants during the coming elections. How will the leader of the Opposition look when that remark of his follower, the member for Pingelly, is quoted to him, that those officers are drones who ought to be kicked out. Public servants, perhaps, can recognise a drone when they see one, and perhaps somebody else will be kicked out in the very near future.

Mr. Harper: You are the biggest drone yourself.

The DEPUTY SPEAKER: Order!

The PREMIER: I may be a drone, but the hon. member is certainly not a queen bee.

Mr. Harper: You always have been a drone.

The PREMIER: These public servants who were so insultingly alluded to by the member for Pingelly this afternoon have held a meeting. They did

not wait until a tax of this nature was suggested, but they voluntarily agreed to adopt a scheme which would tax them for the purpose of relieving distress throughout the State. And the taxation they propose to place on their own shoulders, the taxation which the public servants themselves have proposed to bear, is heavier than the taxation proposed by the Government under this measure. The public servants are prepared to contribute, under their own voluntary scheme, more than is demanded by this Bill. Perhaps I ought to mention that the highest paid public servant in this State receives a salary of about £1,300 per annum; but, at all events, we find the public servants voluntarily contributing, for the purpose of relieving distress, more than this Bill demands from them. And yet we have a few financial magnates drawing 15 per cent. dividends in St. George's Terrace who can get the ear of hon. members opposite with a view to escaping their responsibility. They want those who are suffering in our community to pay tribute to them for the purpose of finding a use for some of the funds that those magnates have available for investment.

Member: Five per cent. patriotism.

The PREMIER: Yes. These are the patriots, and these be their gods. Five per cent. is the price they want for showing their patriotism. That kind of man says, "I will provide £1,000 which I enjoy, if the community will pay me five per cent. interest on it." That is the sort of patriotism our friends opposite are supporting and are endeavouring to get the Government to acquiesce in. I say that so far at the Government are concerned, we are determined that the present difficulty shall be overcome without carrying on the burden for years and years. We shall provide this money quite easily. No one will unduly suffer under this Bill. The measure will not press hard upon any one, though the man who is able to earn, or who receives, an income of £2,000 per annum can well afford to pay the tax imposed for the purpose of tiding the State over the present difficulty. Moreover, while he pays that tax, he is assisting to keep

trade and commerce going, and also to keep going the agricultural industry concerning which our friends opposite speak so much, but for which they have in fact so very little sympathy, and for which they have done so very little.

Hon. Frank Wilson: For which they have done so much.

The PREMIER: They have just about done them all in, I should say. Here we propose to keep that industry going, to continue to develop the State as has been done during the last three years, to continue the trade of the State, and we hope by that means that we will not feel that we have anything like as large a burden to carry generally as would otherwise be the case.

Mr. George: How much development have you done at Eucla?

The PREMIER: Instead of doing that our hon. friends opposite say that the interests of their own friends in St. George's-terrace must be considered. The people who have large incomes must be the first to be considered when it is a question of a burden that ought to be carried by the entire community. I am exceedingly pleased that the hon. member for Geraldton (Mr. Elliott) has admitted that even in Western Australia we have masses and classes. He said that the classes are contributing the money. He talks of the Liberals in Western Australia and the masses.

Mr. George: Which are you?

The PREMIER: I would refer the hon. member to the hon. member for Geraldton; he seems to be able to distinguish between the two. Judging by the condition of the Opposition benches I should say that there are not many of the "class" in the community. Whether there are classes in the community or not, these classes are entitled to carry their fair share of the burden. They only obtain their position by reason of the fact that they are citizens of Western Australia and because of the production of the wealth of the country by the labouring community. In a time like this it is hardly patriotic, it is hardly fair, and hardly just that any Government should be responsible for imposing a further burden upon the

working classes of the community, and at the same time allow these people to go scot free. It will never be a charge against this Administration if we can help it, that we are responsible for such a thing. If there is any unemployment during the next few months and the Bill does not become law, I will lay it as a charge against our hon. friends opposite that the responsibility is theirs. If, owing to difficulties that arise employers in Western Australia are obliged to reduce the wages or salaries of those of the community whom they employ, again I will lay that reduction at the door of our hon. friends opposite. Further, if the farming community is unable to carry on and produce the where-withal with which to feed the community—one of the most important features of the whole lot—once more I will lay the responsibility at the door of our hon. friends opposite.

Mr. Allen: If we do not get any rain I suppose you will lay it at our door.

The DEPUTY SPEAKER: Order!

Hon. J. Mitchell: This is merely a political Bill.

The PREMIER: If it is, then the leader of the Opposition has made it such. I defy the hon. member to show one word in my speech on the second reading of this measure that was not absolutely fair, and which did not absolutely apply to the Bill and to the Bill only. What I said had no political importance about it whatsoever. As a matter of fact, as I pointed out on the occasion of the second reading, some of my best political friends had told me that it was desirable to hold this measure over until after the general elections. Instead of doing so, however, I said that I would take the responsibility which had been cast upon me, and that when I saw this difficulty arising I would, whether the Bill were popular or unpopular, introduce it to relieve the position if it lay in my power to effect any relief. I was not in the least concerned about the political consequences. I am speaking in a candid and honest manner. I am not in the slightest degree concerned about the

political results of our action, but what I am concerned about is that it should not be laid a charge at our door if the farmer suffers distress or loses his farm and someone else reaps the advantage of his life's work, if there are men out of employment asking for work which cannot be provided for them simply because our hon. friends opposite in the interests of a few financiers, of a few large dividend grabbers in St. George's-terrace, in the interest of those who have large incomes and of people who are receiving large profits and not distributing them, and acting in such a way as to avoid paying a fair tax on their incomes in order to protect their own interests at the expense of the working classes. I say I am not going to allow it to go forth that the responsibility of all this is ours, but wish to be understood that if the Opposition refuse to pass this measure the responsibility is theirs.

Mr. George : Tell us about the measure.

The PREMIER : I regret exceedingly that it has been necessary to discuss the Bill in this manner, but in the circumstances I was obliged to do so. The leader of the Opposition, as soon as he discussed the measure, commenced to refer to the condition of our finances, to our squandering of moneys in the past. Then he went on for the purpose of obtaining some advantage which would help him in the coming campaign, to discuss everything but the measure itself, and to introduce personal matters which had no bearing whatever upon it. In view of the action of the civil servants, I say that if the measure is good enough for them it is good enough for the magnates of St. George's-terrace. If the working classes of the community are prepared to suffer under our Bill more in proportion to the wealthier classes, I say it is for this Parliament to see that the wealthier classes, who have enjoyed the benefits of the labouring community by reaping large rewards in the past, and at the moment, contribute in fair proportion to the earnings of those of the general community for the purpose of tiding us over this rather disastrous period.

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

Ayes	19
Noes	11

Majority for	8
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AYES.

Mr. Angwin	Mr. Price
Mr. Bath	Mr. Scaddan
Mr. Carpenter	Mr. B. J. Stubbs
Mr. Collier	Mr. Swan
Mr. Dwyer	Mr. Taylor
Mr. Gardiner	Mr. Turvey
Mr. Gill	Mr. Walker
Mr. Johnson	Mr. A. A. Wilson
Mr. Mullany	Mr. Bolton
Mr. Munsie	(Teller).

NOES.

Mr. Allen	Mr. Monger
Mr. Elliott	Mr. Moore
Mr. George	Mr. A. N. Plesse
Mr. Harper	Mr. F. Willson
Mr. Lefroy	Mr. Layman
Mr. Mitchell	(Teller).

PAIR.—For : Mr. O'Loghlin. Against : Mr. Male.

Question thus passed.

Bill read a second time.

In Committee, etcetera.

Mr. Price in the Chair, the Premier in charge of the Bill.

Clause 1—Short title :

The PREMIER : There is a printer's error in this clause, which is that the word "Parliament" has been printed instead of the word "proclamation." I move an amendment—

That "Parliament" be struck out and the word "proclamation" inserted in lieu.

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

Clause 2—Interpretation :

The PREMIER : I move an amendment—

That after "person" in line 3 of the definition of "Agents" "outside" be struck out and the word "out" inserted in lieu.

Amendment passed.

Hon. FRANK WILSON : I would suggest that the income to be taxed should be less the amount paid in Commonwealth or State taxation ; they are all heavy taxes, and it is only fair that

the Government should agree to this. I move—

That to the definition of "Income" the following words be added :—"provided that all monies paid to any Commonwealth, State, municipal, or other authority as taxes or rates shall be deducted from the income to be assessed under this or any previous Act."

The PREMIER: I hope the hon. member will not press the amendment. It means very little after all, and I do not think it is desirable to introduce such a method. It would be a most undesirable precedent. If we are to make deductions under that heading we must make others, until there will be very little left to tax. Again, we do not want to complicate the Bill, because the tax has to be paid monthly, and the amendment, if carried, would certainly give rise to complications. The difference in the amount to be collected is hardly worth considering. One of the complaints made against the income tax is that the cost of the preparation of a return frequently exceeds the amount collected under that return. We wish to keep the system under this measure as simple as possible.

Hon. FRANK WILSON: The levying of the proposed tax will not be a simple operation by any means, and there will be great difficulty in collecting it monthly. How can a storekeeper declare his profits monthly?

The Premier: We make provision for that by regulation.

Hon. FRANK WILSON: You can only take the previous ascertained profits and make him pay on that and, at the close of the year, adjust the actual profits. If we have to adjust on the actual tax paid I do not see why we cannot make an allowance for the rates and taxes, which are merely part and parcel of a business expenditure.

The PREMIER: It is proposed to continue the present method of deducting rates and taxes which are necessary for the earning of the income. The provision will be found in Clause 10, which prescribes that Section 30 of the Land and Income Tax Act shall apply to this measure. Under that

provision, the Commissioner of Taxation informs me, they allow the deductions if it is a charge on the business for the purpose of earning the income.

Hon. FRANK WILSON: That does not cover the Commonwealth land tax, or the State land tax, or the State income tax, nor will it cover the war tax which must be levied by the Federal Government to meet the expenditure on the troops we are sending Home. That tax is bound to be imposed.

The Premier: No. They get their revenue out of the note issue, which will return them a million and a half.

Hon. FRANK WILSON: And perhaps £20,000 a day will be expended on the troops we are to send Home. We will have to face a very big tax indeed in that regard sooner or later. The tax contemplated in the Bill is a most extortionate one to impose on money already extracted from the people under other forms of taxation. The burden is going to be heavy enough as it is. The Premier ought to accept the amendment.

The PREMIER: If the Federal authorities impose a war tax I will take an early opportunity of amending the measure in the way of providing that no tax shall be imposed on the money paid under the Commonwealth war tax. I cannot see that the troops are going to cost us £20,000 per day, or something like 7½ million pounds per year. I do not think that in the circumstances it is desirable to introduce this principle into the measure. I shall take the earliest opportunity of amending the measure in order to make provision, if another Bill of a similar nature is introduced in the Federal Parliament imposing a similar tax, that we should not continue a tax of this sort.

Hon. J. Mitchell: Will you abolish it?

The PREMIER: I cannot undertake to do that, but I will take the opportunity of amending it if necessary in order to make the burden lighter.

Hon. J. MITCHELL: Under our ordinary income tax we pay money to the Taxation Department and under this Act we are to pay a tax on the same

money to the Treasury. That is double banking with a vengeance. It is absolutely unfair. Having taken the money the Premier should be satisfied without endeavouring to claim a heavy tax under this measure and a fair tax under the other measure from the same person on the same money. It is preposterous.

Amendment put and negatived.

The PREMIER: I move an amendment—

That in line 4 of the definition of "Taxpayer" the words "relating to land or income tax assessment" be struck out.

This will mean that the definition will be "Taxpayer means any person liable to pay tax, whether in his own behalf or in a representative capacity, or who, whether liable to taxation or not, is by this Act required to pay any return."

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

Clause 3—Emergency tax to be levied:

Hon. FRANK WILSON: I do not know how this section would bear. I want to know if income is confined to what is earned in Western Australia. If not, I should like this made clear. A person trading outside this State as well as inside ought not to be taxed upon the profit he earns outside the State.

The Premier: No, only within the State.

Hon. FRANK WILSON: Cannot we say so in the Bill?

The Premier: It says so in the Sub-clause.

Hon. FRANK WILSON: I should like the words "earned in Western Australia" put in.

The Premier: We could not do it even if we wanted to. We have no power. We cannot tax on the income earned outside Western Australia.

Clause put and passed.

Clause 4—Exemptions:

Hon. FRANK WILSON: This clause provides for the exemptions of the profits of the Government Savings Bank, the Agricultural Bank and other Government institutions, trading concerns, and undertakings. These trading concerns ought to be made to pay taxes on the same basis as any other concerns.

The Premier: You say that they are not showing any profit.

Hon. FRANK WILSON: Perhaps the Commissioner of Taxation will be able to find out whether they make any profit or not. I realise that it will only go from one pocket into the other, but at the same time it is a legitimate charge.

The Premier: You would not ask the State Steamship Service to pay anything?

Hon. FRANK WILSON: I think the whole lot ought to pay so that the earnings from these undertakings may be put towards assisting the settlers on the land. I move an amendment—

That in line 2 of Subclause 2 after "institutions" the words "other than" be inserted.

The clause will then read—

The profits of the Government Savings Bank, the Agricultural Bank, and other Government institutions other than trading concerns and undertakings.

Meaning that these trading concerns and undertakings should not be exempt.

The PREMIER: I do not think we can accept that amendment.

Hon. Frank Wilson: I do not think you will accept anything.

The PREMIER: If there is any profit the State gets the whole lot.

Hon. Frank Wilson: Why not put it in?

The PREMIER: So that it should be clearly understood. You cannot tax the Crown, because that would be absurd. If there are any profits they all go to the Treasury.

Hon. FRANK WILSON: Why do you exempt the profits of the Government Savings Bank and the Agricultural Bank?

The Minister for Lands: That is for the information of the leader of the Opposition.

Hon. FRANK WILSON: Well, delete it all. Why did not you draft the Bill properly?

The Premier: Evidently the draftsman knew the hon. member and thought he would make it clear to him.

Hon. FRANK WILSON: One appreciates the Premier's class of humour. If he does not amuse himself he amuses others. I would like to point out that

there is no need evidently for Subclause 2. If I am permitted I will withdraw my amendment with a view to making a further amendment.

Amendment by leave withdrawn.

Hon. FRANK WILSON: I will now move—

That Subclause 2 be struck out.

Amendment negatived.

Hon. J. MITCHELL: [notice that in Subclause 5, clubs are amongst exempted institutions. I think race clubs might be taxed, particularly the race clubs in the metropolitan area which make large profits. I would also like to know why the exemptions in regard to children, usually found in measures of this description, are not included in the Bill.]

The PREMIER: As I have already pointed out, a tax of this nature is different from an annual tax. Here the employer has to take a declaration from the employee with the result that it would be a simple matter for an employee who might be single to say that he had a family of ten. The result would be that we would have families springing up in no time in Western Australia, and an employer would have to accept the statement of the employee. I have no desire to cause a reprint of the Bill to be made before sending it to the Legislative Council, and I will endeavour to meet the hon. member's wishes by having clubs eliminated when the measure is before another place.

Clause put and passed

Clause 5—Returns and payment of tax:

Hon. FRANK WILSON: Here is another difficulty which may be set down to the inexperience of my friends opposite. It asks an impossible thing, namely, that a return shall be made within seven days in the prescribed form of all income received, meaning profits derived by a person or a firm each month. It is absolutely impossible to prepare such a return in seven days and it is often impossible to ascertain the profits monthly. I suggest that the term for the preparation of the return should be extended to 21 days after the end of the month in order that firms and individuals

might have some time to enable them to ascertain approximately the amount of profit they have earned. I move an amendment—

That in line 2 the word "seven" be struck out and "twenty-one" inserted in lieu.

The PREMIER: I appreciate what the hon. member has said in regard to some of the big firms or companies being unable to prepare their returns in seven days after the expiration of the month.

Hon. Frank Wilson: Small firms also.

The PREMIER: Yes, and in view of the special circumstances surrounding a tax of this nature there will be no desire on the part of the Commissioner to impose any penalty if they are not able to comply with the provision; but we must have some time specified. If it can be shown by any firm that they are not able to provide this return within seven days the Commissioner will give them an extension for the purpose of doing so. With regard to arriving at profits the hon. member will see that in this clause there is a proviso which reads—

Provided that the income disclosed by every such return shall be subject to adjustment by the Commissioner on the expiration of every calendar year during or in respect of which monthly returns have been made under this Act, to ascertain the actual taxable income under this Act of the taxpayer from all sources, and on such adjustment any excess in tax paid shall be repaid to the taxpayer, and any deficiency in tax shall be payable by the taxpayer.

After all, for the purpose of the monthly return all that will be required will be a statement by the taxpayer of his estimate for the month. Hon. members know that quite a number of companies and firms cannot state definitely what their profits for the month have been; they can, however, estimate their turnover in a way which will be near enough to enable them to comply with the provisions of this clause. And at the end of the calendar year an adjustment will be made.

Hon. H. B. LEFROY: Under the clause the return must be made within

seven days, and the money has to be forwarded with the return; but under Clause 12 a lapse of 30 days is allowed before a penalty for non-payment is imposed. It seems a curious position; in one clause seven days and in the other 30 days, are allowed.

The PREMIER: It is not peculiar. Seven days are allowed in which to make the return, and 30 days' grace is provided before a penalty is imposed for non-payment.

Amendment put and negatived.

Clause put and passed.

Clause 6—Returns and payment of tax in respect of wages and salary:

The PREMIER: I move an amendment—

*That the following proviso be added:—
Provided also that the income disclosed by such return shall be subject to adjustment by the Commissioner to ascertain and assess the actual taxable amount of income of the employee from all sources, and on such income being ascertained and assessed and notice thereof being served on the employee by post as an ordinary prepaid letter or otherwise, any tax or deficiency found to be due shall be payable to the Commissioner by the employee as taxpayer.*

This is to provide for cases in which the employee is casually employed by different employers during any one month and perhaps does not earn sufficient from any one employer to be taxed upon. In such case the tax could not be deducted by the employer. Again, an employee might be earning from two or more sources, and so his employer, in ignorance of that fact, would collect from him on a lower basis than that on which he should pay. The provision will adjust these anomalies.

Hon. FRANK WILSON: Before dealing with the amendment, should not the clause make provision that an employer can deduct on pay day? As a rule wages are paid fortnightly or weekly; why then should not the employer deduct on each pay day instead of collecting monthly?

The Minister for Lands: He has to deduct when he pays.

Hon. FRANK WILSON: Suppose a man works for a fortnight only, what is to be deducted?

The Premier: We are going to specify on the back of the form exactly what amount is to be deducted in each case.

Hon. FRANK WILSON: You provide for monthly payments in the Bill, and therefore I doubt if you can insist upon, say, a weekly payment.

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

Clause 7—agreed to.

Clause 8—Debenture interest:

Hon. FRANK WILSON: Can we provide that a firm or individual having borrowed money outside the State and issued debentures shall be bound to pay this tax on the interest, and have no recourse to the owners of the debentures? I do not think we can deduct the amount from interest so payable outside the State. It seems to me the clause will operate very harshly. Not only will they have to pay the 15 per cent., or whatever it may be, but they will have to pay on the amount of interest they pay to debenture holders outside the State.

The PREMIER: It is doubtful whether we can insist upon that where it is money borrowed on debentures outside the State, but we can obtain the same end by providing that if the amount is not deducted we will not allow it as expenses against the business.

Clause put and passed.

Clause 9—Default assessment:

The PREMIER: I move an amendment—

That after "five" in line 2 of Sub-clause 2 the words "or six" be inserted.
Amendment passed; the clause as amended agreed to.

Clause 10—Incorporation of certain provisions of the Land and Income Tax Assessment Act:

The PREMIER: I move an amendment—

That after "ten" in line 4 the words "and of the words in paragraph 1 thereof; that is, income which is not exempt from taxation under Section 19 of this Act" be inserted.

Amendment passed; the clause as amended agreed to.

Clauses 11 to 18—agreed to.

Schedule:

The PREMIER: I desire that the schedule be struck out.

Hon. Frank Wilson: What will you put in its place?

The PREMIER: Something nearer what the hon. member desires. He objected to the sudden jump in regard to salaries of £199 and £201, and showed that a man receiving the higher amount, after paying the tax, would be worse off than the man who received the smaller salary. This has been adjusted, and the new schedule will make the graduations bear fairly throughout. It is even more accurate than that suggested by the Civil Service Association.

Hon. FRANK WILSON: The new schedule, of which I have a copy, is certainly preferable to the one in the Bill, but the whole thing is an extortion. Schedule put and negatived.

New Schedule:

The PREMIER: I move—

That the following be inserted to stand as the schedule:—

The Schedule.

The tax shall be at such rate per centum, not exceeding fifteen per centum of the taxable amount of the income arising or accruing to any person from all sources for the calendar month, as is represented by twelve times such income divided by one hundred.

As for example:—

Income for month.	Income on annual computation.	Rate of tax per centum.	Tax payable for month.
£ s. d.	£	%	£ s. d.
5 6 8	100	1.00	0 1 8
8 8 4	101	1.01	0 1 8
8 10 0	102	1.02	0 1 9
9 0 0	108	1.08	0 1 11
13 0 0	156	1.56	0 4 1
16 11 8	199	1.99	0 6 7
16 13 4	200	2.00	0 6 8
17 0 0	201	2.01	0 6 11
50 0 0	600	6.00	3 0 0
62 10 0	750	7.50	4 13 9
83 6 8	1,000	10.00	8 6 8
125 0 0	1,500	15.00	18 15 0
168 13 4	2,000	15.00	25 0 0

Fractions of a penny not to be included in the amount of Tax payable, but the nearest penny to be adopted.

New schedule passed.

Preamble, Title—agreed to.

Bill reported with amendments and the report adopted.

Read a third time and transmitted to the Legislative Council.

BILL—POSTPONEMENT OF DEBTS.

Council's Message.

Message received from the Council notifying that it did not insist on amendments Nos. 2 and 3, but insisted on amendments Nos. 4, 5, 6, and 8; that it agreed to the amendments made by the Assembly to the Council's amendments Nos. 1 and 7, but disagreed to the amendment of the Council's amendment No. 9.

MINISTERIAL STATEMENT—WAR NEWS.

The PREMIER (Hon. J. Scaddan, Brown Hill-Ivanhoe): I have just received the following cablegram from the Secretary of State for the Colonies, dated London, 9th September:—

The following review of the war is sent for the information of your Ministers and for general publication:— After one month of war command of sea is left unchallenged in hands of Great Britain and her allies. Main German and Austrian fleets remain in harbour under shelter of mines and batteries. Four German cruisers, one auxiliary cruiser, two destroyers, one submarine, and one Austrian cruiser have been sunk. German dreadnought and cruiser have fled, without fighting, to Dardenelles. Loss of British ships has been insignificant. In consequence of this naval supremacy over 300,000 troops have crossed sea in different parts of the world without losing a man. British expeditionary force has been carried to France. Expeditions have been sent to attack German colonies in Africa, and Pacific, and French troops, protected by Anglo-French Mediterranean fleet, have been escorted from Algiers to France. Armies in Europe will be reinforced without ceasing by troops from Canada, Australia, New Zealand, Africa, India.

German mercantile marine has disappeared from the seas, which are open freely to British commerce everywhere. In China, Pacific, Atlantic, German ships have avoided action with British cruisers, and their depredations have been small. British navy will be increased within the next twelve months by not less than ten first-class ships, fifteen cruisers, twenty destroyers. During same period Germany will not add more than one-third of this number to her fleet. Meantime, in answer to call of Government, large number of fresh recruits have voluntarily joined British army. Eagerness to enlist has grown markedly since British troops have actually engaged enemy. During last week in London alone number of recruits averaged nearly 4,000 daily, and on Monday last number exceeded 4,800. Enthusiasm for recruiting is increasing everywhere. Position in France dealt with in previous telegrams. Russian armies have invaded Prussia. Austrians have been decisively beaten by Servians and Russians. Outside Europe Japanese fleet and troops blockade Tsing Tou. Togoland has surrendered to Anglo-French force, and Samoa to a force from New Zealand.

BILL—INDUSTRIAL ARBITRATION ACT AMENDMENT.

Returned from the Legislative Council with amendments.

BILL—EAST PERTH RAILWAY SIDING.

All Stages.

Introduced by the Minister for Railways and read a first time.

Second Reading.

The MINISTER FOR RAILWAYS (Hon. P. Collier—Boulder) [9·54]: The object of this short Bill, which is purely of a formal character, is to authorise the construction of a siding from the East Perth station to a point on the

river bank, a distance of about 45½ chains. The siding is being put in at the request of the city council, who are erecting a gas works in that locality. The council some time ago requested the Railway Department to put in a siding with the object of getting their supplies of coal and other requirements from the Railway Department direct to the works. As shown in the schedule it commences at a point in East Perth station yard on the Eastern Railway, and proceeds thence *via* Sampson-street and crossing Claisebrook-road to Kensington-street; thence *via* Kensington-street, crossing Jewell-street to the Eastern boundary of Trafalgar-road. There is no objection to the measure, and I move—

That the Bill be now read a second time.

Hon. FRANK WILSON (Sussex) [9·56]: The Premier has advised me of this Bill, and it is necessary that the measure should be put through.

Question put and passed.

Bill read a second time.

In Committee, etcetera.

Bill passed through Committee without debate, reported without amendment, and the report adopted.

Read a third time and transmitted to the Council.

ADJOURNMENT—SPECIAL.

The PREMIER (Hon. J. Scaddan): moved—

That the House at its rising adjourn until to-morrow at 3·30 p.m.

Question passed.

House adjourned at 10 p.m.