

Hon. J. A. GREIG: That is just where we are. If we had a consolidated measure combining the three existing Acts and the Bill, we would then have less confusion and so less litigation, and we would have one book instead of two.

Hon. G. W. Miles: But you congratulated the Government on the Bill.

Hon. J. A. GREIG: Yes, as being the best of the four we have had. A consolidated measure would be the best of all. The Government, when dealing with closer settlement, should give more consideration to our light lands, of which we have immense areas unselected alongside railways. The Agricultural Bank will not advance on blocks of inferior land.

Hon. G. W. Miles: They are going into that question.

Hon. J. A. GREIG: I hope it will be decided to spend money experimenting with those light lands.

Hon. H. Stewart: That is being done at Wongan Hills.

Hon. J. A. GREIG: There are in this State hundreds of miles of light lands, and they vary just as much as does the good land. So the Government should experiment with these light lands in every district. If the Agricultural Bank would advance to old settlers taking up a little light land—I do not suggest that new settlers should take up all light land—it would help make out railways pay, for the development of such land means extra wealth for the State. I will not support the second reading, because I hope to see a consolidated measure brought down.

Hon. J. CORNELL (South) [10.20]: During the week-end I had opportunity to compare the Bill with the three previous Closer Settlement Bills. In principle I find they are all identical. During the second reading debate on the first and the third Bills—the whole of the discussion on the second Bill was as to whether or not it was constitutional—I made my position clear, expressing the opinion that if in a country like Western Australia a Closer Settlement Bill was required, there was something radically wrong with our system of land settlement. I repeat that. It is a bad advertisement to have it go forth that in a State having so much land and so few people it is necessary to resort to closer settlement. My attitude in voting against the second reading of the first and third Closer Settlement Bills was based on sound reasoning. I did not care how much land a man held so long as he put it to legitimate use. If he did not do that, it seemed to me there was only one logical course to pursue, namely, to bring in land values taxation and force the land into use. I know that farmers are opposed to land values taxation. Still, no man has any valid claim to land if he is not prepared to put it to its legitimate use. The Minister, in reply, may argue that it is futile to endeavour to

apply land values taxation. Just the same, until that contention be proved by an attempted application of such a tax, I will continue to believe that such taxation could be successfully applied. I will vote against the second reading of the Bill.

On motion by Colonial Secretary, debate adjourned.

House adjourned at 10.26 p.m.

Legislative Assembly,

Tuesday, 28th October, 1924.

	Page
Questions: State Children Department ...	1511
Wooroloo Sanatorium, Meat Supplies ...	1511
Bills: Reserves (Sale authorisation), 1A....	1512
Permanent Reserves, 1B.	1512
Road Closure, 1C.	1512
Land and Income Tax Assessment Amend- ment, Com.	1512

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

QUESTION—STATE CHILDREN DEPARTMENT.

Retirement of Inspector F. Murphy.

Mr. MILLINGTON asked the Honorary Minister (Hon. S. W. Munsie): Is it his intention to lay upon the Table of the House the file of F. Murphy, ex-inspector of the State Children Department?

Hon. S. W. MUNSIE replied: It is not usual to lay the personal files of officers on the Table of the House. I am prepared to furnish the member for Leederville with any information he desires.

QUESTION—WOOROLOO SANATORIUM.

Meat Supplies.

Mr. MARSHALL asked the Honorary Minister (Hon. S. W. Munsie): 1, What is the present cost per lb. of meat supplied to the Wooroloo Sanatorium? (2) What is the estimated cost per lb. if purchased on the hoof and slaughtered at the institution? 3, If the estimated cost is higher, what are the chief factors causing same?

Hon. S. W. MUNSIE replied: 1, Beef, fresh, 8½d. per lb. Mutton, fresh, 9d. per lb. f.o.r. Fremantle. 2 and 3, Prices

of stock fluctuate widely, and an estimate that would be a reliable guide for an extended period is impossible. Factors calculated to increase the cost are: erection of slaughter-house; slaughterman's wages; trucking small lots of cattle to Wooroloo, and feeding same pending slaughter as there is no available grazing area apart from that required for dairy purposes; purchasing arrangements. The matter was investigated by the department some time ago, when it was decided that the purchasing of meat under Government contract is preferable and more economical.

BILLS (3)—FIRST READING.

1. Reserves (Sale Authorisation).
2. Permanent Reserves.
3. Road Closure.

Introduced by the Minister for Lands.

BILL—LAND AND INCOME TAX ASSESSMENT ACT AMENDMENT.

In Committee.

Mr. Lutey in the Chair; the Premier in charge of the Bill.

Clause 1—agreed to.

Clause 2—Amendment of Section 2:

Mr. DAVY: I move an amendment—

That in Subclause 1 the words "bonus share or portion of a share of a company" be struck out.

Until recently dividends were not taxable under the Land and Income Tax Assessment Act. They are now taxable when, in conjunction with other income, they reach more than a certain amount. If we make bonus shares a dividend and taxable, we shall be up against the proposition that a man, without any increase of income or capital, will be regarded as having additional income. If a man has 100 shares in a 1,000-share company, he owns one-tenth of the assets of the company. If the company issue another share for every share he holds, he still has only the same proportion of shares in the same total assets, and is no better off than before. The courts have always held that bonus shares do not represent income, and the Federal Act recognises this, except in so far as bonus shares are given in respect of income earned in the current year.

The PREMIER: I cannot accept the amendment. The issue of bonus shares makes a very material difference to the position of a shareholder. Bonus shares are the result of profits made, and are clearly undistributed profits. If a company decide ultimately to distribute an amount in the form of bonus shares, it is properly chargeable as income. Only when the bonus share are distributed will they

be considered as income. It has not been done in the past, but that is a defect in the Act. The clause is entirely equitable.

Mr. C. P. WANSBROUGH: The clause represents a serious blow at the co-operative movement in Western Australia. I support the amendment of the member for West Perth.

The PREMIER: How are co-operative companies affected by the clause?

Mr. C. P. WANSBROUGH: I hope the Premier will accept the amendment.

Hon. W. D. JOHNSON: I quite appreciate the danger of attempting to obtain in this connection what the member for Beverley desires. Bonus shares are issued so that the capital of co-operative companies may be used again in spreading the co-operative movement. The advantages of co-operation are distributed not in the form of cash but in the form of bonus shares, so that the capital may be retained in the movement. Danger, however, arises from the fact that the Westralian Farmers Ltd. are registered under the Companies Act. It is a crying shame that a co-operative company should be compelled to register under the Companies Act. What we need is a co-operative companies Act. In Western Australia the co-operative movement is doing a great deal for the community as a whole. The real service that is being rendered to the entire community, and particularly to the agricultural section, by the co-operative movement will not be fully appreciated until we have a co-operative companies Act. Though a co-operator, I would be afraid to take advantage of the amendment of the member for West Perth even to protect the co-operative movement, because that amendment goes further than is desirable. Next session no doubt a measure of the kind I refer to will be introduced. If the amendment were carried, it would be an indication to all companies to extend the bonus share system.

Mr. DAVY: Then we would be where we are now.

Hon. W. D. JOHNSON: Yes; but the present position is not a good one for the State.

Mr. C. P. WANSBROUGH: The last speaker's arguments do not weigh with me, inasmuch as the holders of bonus shares pay tax on the income which they receive. I trust a co-operative companies Bill will be introduced next session.

Mr. DAVY: The point is not of vital importance, because directors will issue bonus shares only when it suits the position of the company. They cannot go on issuing bonus shares merely to avoid payment of tax, because that course would mean that the number of shares in the company would soar indefinitely. However, assume a company that has a balance of assets over liabilities equivalent to £10,000, including the reserve fund. Say there are 100 shares in the company, all of the same value. Then each of those shares will be

worth in the market a hundredth part of £10,000, or £100. I have, then, a share worth £100. Next, instead of distributing the accumulated reserves, the directors issue 100 more shares of the same face value. Thereupon, instead of having one share out of 100 worth £100, I have two shares worth £50 each.

The Minister for Mines: Does the asset remain at £100?

Mr. DAVY: My share of the assets does.

Hon. S. W. Munsie: Suppose the company were paying 5 per cent. dividends; then you would get 5 per cent. on two shares instead of 5 per cent. on only one share.

Mr. DAVY: No. The value of the shares has been halved, and the company will not be able to pay any larger dividends in consequence. However, I do not want to labour the point.

Hon. Sir JAMES MITCHELL: Bonus shares in co-operative companies do not represent cash, but their issue has encouraged people to join in the co-operative movement. I do not suppose the Premier had co-operative companies in his mind when framing this clause. If anything is to be done towards exempting co-operative companies, it should be done now, and not next session. So many things have already been promised for next session, that there is not much comfort in yet another promise.

The MINISTER FOR MINES: The co-operative companies of Western Australia give bonus shares as an alternative to the cash which would otherwise be distributed out of profits. There is no reason why that profit should not be taxed, even though it is distributed by way of bonus shares. The fact that a body is a co-operative institution does not entitle it to any more consideration than an individual receives. Taxation in any form is not an altruistic matter, but is imposed for the purpose of getting in revenue. The member for West Perth errs in stating that a bonus share represents nothing; it represents a profit which increases the capital, and as a profit it ought to be taxed.

Mr. E. B. Johnston: A bonus share may not be worth its face value.

Amendment put and negatived.

Clause 3—agreed to.

Clause 4—Amendment of Section 11:

Hon. Sir JAMES MITCHELL: The clause proposes to strike out exemptions from land taxation. It will cut out the exemption of land the unimproved value of which is less than £50, and it also wipes out the general exemption up to £250. The first will affect the worker who has a cottage site and the second will affect the small farmer. Are we going to wipe out such exemptions?

Hon. W. D. Johnson: The owner of a big house also gets the benefit of the exemption.

Hon. Sir JAMES MITCHELL: If the clause be agreed to, no land owner will be free from taxation. I object to that. People should be encouraged to own land. There is nothing to be gained by the taxation suggested against the worker and the small farmer. In many instances the tax will hardly pay the cost of collection.

The Minister for Agriculture: Where are the farmers whose holdings are not worth £250?

Hon. Sir JAMES MITCHELL: There are hundreds of them, particularly around the metropolitan area. There are many in the Osborne Park area. I do not refer to those possessing swamp lands, but to those owning blocks in the sandy parts. This taxation proposal merely means that whereas we relieve the mines, we put it on to the farmers. We are not justified in doing that.

Hon. W. D. Johnson: God help the mines if this is all the assistance they are to get!

Hon. Sir JAMES MITCHELL: I oppose the clause. We have no hesitation in agreeing to exemptions from income tax, and I hope the Committee will agree to exemptions continuing in favour of the worker and the small farmers.

Hon. S. W. Munsie: You supported the Wilson Government who sought to wipe out the £200 exemption.

Hon. Sir JAMES MITCHELL: I am endeavouring to assist the worker and the small farmer now. It does not matter what happened in the past. I opposed a Bill introduced by a Labour Government to wipe out the exemption of £200. The clause means that the big mining companies will get relief, but the miner's homestead lease will be subject to the land tax. The exemptions were not provided in the Act without good reason and it is only right and fair to continue them.

Mr. MANN: I move an amendment—

That the following words be added to the Clause:—“and paragraph (e) of subsection (i) thereof is amended by inserting after the word ‘used,’ in the second line, the words ‘or held’; and the proviso is amended by inserting after the word ‘which’ the following words, namely, ‘(not being the site of, or intended site of, or occupied for the purpose of a school or hall used or to be used for educational purposes the property of and belonging to a religious body)’.”

The effect of the first portion of the amendment will be to exempt land allocated to religious bodies for the building of churches or schools in towns that have been surveyed. In many instances those religious bodies are forced to hold their blocks for a number of years before the population of the centres concerned grows sufficiently to warrant the erection of schools or churches.

The Minister for Lands: A lot of the churches hold their blocks for the purpose of sale and put double their value on them.

Mr. MANN: I do not know about that. The religious bodies hold their blocks for legitimate purposes and have to pay land tax during that period. When buildings are erected, the land then becomes "used" and is thus free from land tax. By the insertion of the words "or held" the religious bodies will be relieved from the payment of land tax. As to the second portion of the amendment, several churches conduct denominational schools, some of which are run at a loss, while others are conducted at a profit. Last year the Church of England lost £1,000 on the Guildford Grammar School and several others, although a profit was made in respect of other schools. No allowance is made for their losses, but they are compelled to pay taxation on their profits, notwithstanding that if they show a profit it goes into extensions of their schools. So I desire that they should be relieved of taxation on the profits of their schools. Last year the Church of England Diocese paid in all £300 on their land and school properties. It is but a small item of revenue in the consideration of the Government, although it means a lot to the diocese. If the work were not carried out by these religious bodies it would have to be done by the State.

The MINISTER FOR LANDS: As a general principle I am in accord with the amendment. But many blocks of land granted in the early days for the erection of churches and schools have never been used for the purpose, have indeed been sold at a profit. There is no power to prohibit such sales. At East Fremantle a block of land required by the Education Department for the purpose of enlarging the school grounds is held by a church with no intention of building on it. So the school has had to go without a playground. We approached Mr. Colebatch, the then Minister for Education, and asked him to take it from the church, but it was found that that could not be done, for it had been granted under the old Act. In another instance, the corner of that Fremantle block on which the Immigrants' Home and the State school stand was originally granted for the erection of a synagogue, but has since been sold to a private purchaser who proposes to erect on it an auction room. It was a great mistake on the part of the Government to ever let it go. To-day, of course, no church can get land under the same conditions, for if it be not used for the purpose for which it was granted it is resumed. However, land held under original Crown grants cannot be resumed. Because of the good work they are doing I, like the member for Perth, am desirous that these religious bodies should be relieved of taxation. At the same time, some denominations have not used their grants for the purposes for which they were made.

Hon. Sir JAMES MITCHELL: What the Minister has said is true, but it does not apply to much land these days, for very few of the old grants exist. It may even be said that most of them have been sold. However, it is not worth while preventing right being done in hundreds of cases merely to get even with those who improperly hold land without any intention of building on it. Now, when new towns are surveyed, blocks are granted to the several denominations and, after a time, churches are built. It would be very proper to exempt such blocks from taxation until the holders have had a reasonable chance of utilising them.

The PREMIER: I am prepared to accept the amendment, for generally speaking, it is proper to exempt from taxation religious and educational bodies who are utilising their lands exclusively for educational purposes. But there is a weakness in the amendment. By inserting the word "held" the hon. member would allow a religious body to hold land idle yet free from taxation, notwithstanding that when eventually the land is used for church purposes it will still be exempt from taxation. Under the amendment there will be nothing to prevent such a body from holding the land unutilised indefinitely and, of course, free from taxation, and then perhaps disposing of the land to somebody else. So that land would have improperly escaped taxation for years.

Hon. W. D. Johnson: Although a profit was made on it in the end.

The PREMIER: Exactly. If in the end that land be sold at a profit, there should be some means by which the original owners could be called upon to pay taxation. The Committee will agree with the hon. member's desire to exempt from taxation land held for educational purposes. I do not know whether many churches hold land under grant and afterwards dispose of it, but I know it has been done.

Mr. Mann: A church might sell one block of land and apply the money to the purchase of a more suitable block. You would not then tax the church?

The PREMIER: No, not in such a case. In any event, the permission of Executive Council must be obtained before the sale is made.

Mr. Teesdale: Would land for a hospital be exempt?

The PREMIER: Under the Act, yes, provided the land is not a source of profit to the users.

Hon. Sir James Mitchell: Can any of those institutions make a profit?

The PREMIER: I do not think so. Even if there be any surplus, it is generally devoted to an extension of school buildings or to other improvements, so it is not really a taxable profit.

Hon. W. D. JOHNSON: I think the Premier is going rather further than he intends. The inclusion of these words is a direct invitation to land speculation and

monopoly by churches and other institutions. If we put in these words it will be possible for the different denominations to acquire blocks in all the various townships. Whenever a new townsite is created, the Government will be inundated with applications for blocks to be set aside for a church, school, or other purpose.

Mr. Mann: Do you object to that?

Hon. W. D. JOHNSON: I do. It may or may not be wanted. The amendment will be an invitation to these bodies to make application for land, and, while they are holding it, it will be detrimental to the township. If one denomination makes an application the others will do likewise. After a time a block may increase in value and be sold. The amendment is an invitation to churches to buy blocks, and an invitation to land monopoly. I am opposed to anything that encourages land speculation, and to the introduction of anything that extends land monopoly. We accept a huge responsibility in regard to education. We have primary and secondary schools, and a free university. If others say they are not prepared to join in this general community effort in the way of education, and desire to create something that is apart from the functions of Government, they must do so at their own risk. There is room for argument against the present system, let alone against this particular innovation.

The PREMIER: To use the term "land monopoly" in connection with churches and similar institutions that apply for blocks of land in new townsites, is to take an exaggerated view of the situation. The land can be granted only with the approval of the Government, which would not grant to any denomination more than was required.

Hon. W. D. JOHNSON: It might be granted to a multiplicity of denominations.

The PREMIER: Perhaps seven or eight denominations would get a block of land in any particular township. In most towns land could not be put to better use, and there is ample land for the needs and requirements of everybody. The land cannot be sold without the approval of Executive Council. The Government would take into consideration the work of the institution or body that held the land. If it was considered that no attempt had been made to put it to its proper use, and that it was desired to sell it in order to make a profit, the Government might not agree to the sale. If some institution did sell land after holding it for a number of years and make a profit, that profit would not go to an individual, but would go towards some other school, church or institution.

Mr. Teesdale: This has been abused by practically all denominations.

The PREMIER: Not to any extent. It may be that land, acquired in the early days for nothing, has been sold in later years at a good price.

Mr. Teesdale: Given for churches and sold for stores.

The PREMIER: But no individual has reaped any personal reward from the sale, for the money has gone to the extension of the general religious work of the organisation. There is nothing wrong in that or harmful to the State. These organisations undertake certain work and they relieve the State of a certain amount of expenditure. But for our secondary schools, the State would have to spend tens of thousands of pounds.

Mr. Teesdale: But the State institutions could cater for all that.

The PREMIER: Yes, but the State is saved that much expenditure. Many of the teachers give their services and talents at a rate far below that which the State would have to pay. I should like to have provided that where a block is not being used, a tax should be put upon it, but the amendment will not cover that point.

Mr. MANN: The Federal Government exempt all institutions that the amendment endeavours to cover; road boards and municipal councils in this State do the same. The concession will give no special benefit to any individual. If it benefits an institution, the money will be spent on the furtherance of the work elsewhere.

Amendment put and passed.

Mr. THOMSON: All the people should pay their quota. If the principle is good in the case of land, it should be made to apply in all directions. I should have liked the Treasurer to give us some idea as to what the increased revenue was likely to be with the exemption struck out.

Mr. SAMPSON: I hope that the Premier will agree not to press the clause. I take it the object of the clause is to support the principle that the holder of land shall be taxed, but there is another principle involved, and it is that we should encourage the individual to own the land on which his home is erected. Anything that can be done to encourage that should be done.

Hon. W. D. JOHNSON: There is no comparison between the exemptions in respect of land and the exemptions in respect of income, because the value of land, whether that land be in large blocks or small, is created by the community. Exemption in connection with income tax is sound because the whole of the income derived is due to individual effort. Income is not created by the action of the community; it is created by the individual, and for that reason, generally speaking, a tax on income is not equitable. Land is a very different proposition. The most equitable tax is that imposed on land because values are always created by the community, and the community is entitled to a portion of the value that it has been responsible for creating. No one would say that the income tax exemption should be fixed on the minimum wage standard. That exemption is

arrived at by calculation. With regard to land there is no basis of calculation, and therefore a land tax is the only equitable tax for the reason I have stated, that the community creates the value. When Western Australia had few people, the value of the land was low. Values have since been created by the demand for land. To-day I listened to evidence from one who is an undoubted authority on land values, and who stated that in a certain part of the State land was of little value because there was little demand for it. But he added that, as our population increased, so the demand for land in that particular area would increase and a value would be created far and above that which existed to-day. I support the abolition of the exemption because it is unsound in principle, but I hope the Government will go further and tackle the question so as to put it on a proper basis.

Hon. Sir JAMES MITCHELL: We know that the more people we have the greater will be the value of some, though not all, the land. We also know that we require something more than mere numbers; we require energy, enterprise, markets, and all sorts of things. I assure members that I never enjoyed imposing taxation, and I do not suppose the Premier does either.

Hon. W. D. JOHNSON: If we here had the population of Victoria, the value of our land would be greater.

Hon. Sir JAMES MITCHELL: Not when you are not exporting produce.

Hon. W. D. JOHNSON: Why is land, that does not produce anything like its value, worth £16 an acre as against ours at £6 and £8 an acre? Take the land at Wimmera.

Hon. Sir JAMES MITCHELL: There are not the buyers of wheat farms here to make them equal in value to the farms of Victoria. The sons of Wimmera farmers buy Wimmera land. Some of them are coming here, and the productive value of the land will cause values to increase.

Hon. W. D. JOHNSON: Production is the inducement for people to come, but the people create the value.

Hon. Sir JAMES MITCHELL: They do not create the value when the product has to be marketed overseas. If there was no population in the State the land would have no value. Many estimable people are single taxers. I would be a single taxer if the other fellow paid the tax. If we decided upon the single tax, we might have to buy our bread from Victoria, just as we buy our butter from the Eastern States now. When we consider the question of taxing the land, we must consider how the produce is marketed. The member for Guildford referred to dried fruits, and yet he says the land producing dried fruits should be taxed. He is inconsistent there. We cannot apply the views of 60 or 80 years ago to present day conditions. If we tax land, the produce of which is consumed in the State, it is all right because

the tax can be passed on, but that is impossible when the produce has to be exported. Is it wise to exempt small holdings? Should the vine-growers of the Swan be exempt to the amount of £250? I say they should be. Should the small cottage sites be exempt to a value of £50? Again I say they should be. Taxation in itself is bad enough, but it is worse when people are taxed by a dozen different means. Innumerable are the means by which taxes are taken from the people. I should like as few taxes as possible based on scientific lines, so that we should assist and not retard development. When the exemption is wiped out the Premier will have to introduce a new provision covering the amendment of the member for Perth.

The PREMIER: It is because I believe the abolition of these exemptions will approach something in the nature of scientific taxation that they are included. This provision was not inserted simply to relieve the mining section and pile taxation on to the land owner.

Hon. Sir James Mitchell: That is what will happen.

The PREMIER: The piling on will be very limited. For £50 unimproved value of city land we shall pile it on to the extent of 4s. 2d. The mining industry will not get much if we grant only what we receive by abolishing these exemptions. The poor working man, who will be hard hit, will not be debarrd from acquiring a block of land because of being required to pay 4s. 2d. a year.

Hon. Sir James Mitchell: He must have the land.

The PREMIER: And he will not be prevented from acquiring it because of having to pay an extra 4s. 2d.

Hon. Sir James Mitchell: Yes, it will take his money.

The PREMIER: The hon. member pictures an army of landless working men around the city because of their having to pay 4s. 2d. a year more. Are the agriculturists going to be hard hit because of having to pay 10s. 5d. a year more? That will be the maximum.

Mr. Sampson: Will it not be £1 0s. 10d.?

The PREMIER: Most of the properties are improved within the definition of the Act and will pay only 10s. 5d. We stand for a system of taxation that will not mean additional taxation on the whole. I believe, with the member for Guildford, that there should be no exemptions. Who is to say that £50 is a fair exemption and not £80 or £100? The principle of this taxation is that we tax something that was not created by the individual. We tax the value given to the land by the community generally.

Hon. Sir James Mitchell: That is not so.

The PREMIER: It is so. Without population, without railways and harbours, the farm lands would be worthless. The

value has been given to them by the community. We are not taxing anything a man may produce; we are taxing only the unimproved value of the land, the value prior to the owner taking it up, the value it has regardless of the work of the owner.

Mr. Thomson: So long as you tax on that basis is will be all right.

The PREMIER: That is the basis. We are not taxing on the capital value. The unimproved value is the prairie value, the value in its original state.

Hon. Sir James Mitchell: Oh, no!

The PREMIER: It is so, and every economist of standing justifies land taxation on that basis.

Hon. Sir James Mitchell: The prairie value is no value, and therefore you are going to tax nothing.

The PREMIER: There is land, in its prairie state, valuable because it will carry stock and produce something without the application of human energy. Therefore it has a value.

Mr. Sampson: It might be valuable because there is a railway adjacent to it.

The PREMIER: The unimproved value is the value created by the community. If land 50 miles distant is worth nothing and we build a railway there, the value of the land may become £1 an acre, but that value is given to the land, not because of any work done by the owner, but because of the expenditure of public money to provide the railway.

Mr. George: The owner of such land would have to pay his share of the cost.

The PREMIER: Of course, but we provide that the State shall take for the purposes of government a portion of the value created by the community. Some economists hold that the State would be justified in taking the whole of the value created by the community. This taxation was introduced in 1906 by a party who did not believe in land taxation at all. That is why there are anomalies in the Act.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. Sir JAMES MITCHELL: With commendable frankness the member for Guildford has told us that the removal of the exemptions will be but the forerunner of worse to come.

Hon. W. D. Johnson: I expressed that opinion.

Hon. Sir JAMES MITCHELL: In addition the hon. member did more or less say that increased land taxation is an ideal of the party with which he is associated.

The Premier: This is not a taxing measure at all. It is merely the basis upon which taxation is imposed.

Hon. Sir JAMES MITCHELL: Without this Bill there can be no tax collection. Anyhow, the proposal now is to impose taxation on the poorer people, who are not well able to bear it. As regards small land values, the measure will make a lot of

work without producing any revenue. I shall test the feeling of the Committee on this clause.

Mr. THOMSON: The arguments of the member for Guildford and of the Premier as to land values somewhat surprise me. The Premier said that the prairie value was the unimproved value of land. If that is the basis upon which the people are to be taxed, I have no objection whatever.

Hon. W. D. Johnson: That is merely the foundation.

Mr. THOMSON: I maintain that a man is entitled to exemption very particularly as regards land from which he is earning his income. That land is his capital. A man who puts, say, £3,000 into a business is not taxed on the £3,000, but on the income he derives from the £3,000, subject to an exemption if he does not earn an income of £250. He is allowed to make certain deductions for trading and travelling expenses, life and fire insurance payments and so on. When we deal with land, however, we say it is just to tax a man on his capital. When a man invests £3,000 in land, that land represents his capital. That being so, he is entitled to the same privileges as the man with an income.

Hon. W. D. Johnson: We do give him the same privileges. We do not tax the individual, but the land.

Mr. THOMSON: It is nonsense to say we do not tax the individual. It is the individual who has to pay the tax. Do hon. members realise how many taxes we have to pay in Western Australia? I refer particularly to the men on the land. Those taxes include the following: wheel tax, health tax, water rates, road board rates, dog tax, vermin rate, lighting tax, land tax, income tax, factory tax, machinery tax, amusement tax, excise and Customs taxes, and, when one is dead, the probate tax is collected as well.

Hon. W. D. Johnson: There is a greater tax than all those you have mentioned. There is the tax on the necessities of life.

Mr. THOMSON: Country Party members have been keen in their endeavours to impress upon the people of Australia, and particularly upon the Federal politicians who control the Customs, the necessity for reducing the Customs duties so that the cost of necessities may be decreased.

Hon. W. D. Johnson: We are substituting a scientific tax for those indirect taxes.

Hon. Sir James Mitchell: You won't do away with protection! You are not game to say you would do that!

Mr. THOMSON: If people realised the burden of the Customs duties, represented in the charges for commodities they required, there would be an outcry.

The Premier: This is not a taxing measure.

The CHAIRMAN: The member for Katanning is wide of the mark when referring to these matters. The clause deals with exemptions.

Mr. THOMSON: While the Bill may not be a taxing measure, it is, in racing parlance, a preliminary canter.

The Premier: Only in so far as it deals with exemptions. Members are not justified in a discussion in anticipation of some taxation measure being introduced.

Mr. THOMSON: While the tax to be imposed as the result of the removal of exemptions, may not be large, there is a big principle at stake. If it is right to grant exemptions from the income tax, it is also right to grant exemptions in connection with the land tax. It has already been suggested that 6d. in the £ would be a fair land tax to impose, while some have even suggested a shilling in the £.

The CHAIRMAN: I have given members a lot of latitude to-night, but I must ask the hon. member to confine his attention to the clause.

Mr. THOMSON: Merely by way of comparison, I wish to point out that if such a tax were imposed, it would represent a fairly substantial amount. While admitting there is a certain amount of truth in the contention that the community creates values, that may apply to metropolitan and town lands, but in the agricultural areas it is the effort of the farmer that creates the values. It is the farmer who creates the necessity for railways and harbours because he provides the freight. If the producer cannot dispose of his products, what becomes of the value of his land? The arguments in favour of a land tax do not apply in a new country like Western Australia as they may apply in an older country like Great Britain.

Clause, as previously amended, put and a division taken with the following result:—

Ayes	..	..	21
Noes	..	..	15

Majority for .. 6

AYES.

Mr. Angwin	Mr. Marshall
Mr. Chesson	Mr. McCallum
Mr. Clydesdale	Mr. Millington
Mr. Collier	Mr. Munsie
Mr. Corbov	Mr. Sleeman
Mr. Coverley	Mr. Troy
Mr. Cunningham	Mr. A. Wansbrough
Mr. Heron	Mr. Willcock
Mr. W. D. Johnson	Mr. Withers
Mr. Kennedy	Mr. Lambert
Mr. Lamond	(Teller.)

NOES

Mr. Angelo	Mr. Sampson
Mr. Barnard	Mr. J. H. Smith
Mr. Davy	Mr. Taylor
Mr. E. B. Johnston	Mr. Teesdale
Mr. Lindsay	Mr. Thomson
Mr. Mann	Mr. C. P. Wansbrough
Sir James Mitchell	Mr. George
Mr. North	(Teller.)

PAIRS.

AYES.	NOES.
Mr. Holman	Mr. Denton
Mr. Pantan	Mr. Richardson
Mr. Wilson	Mr. Stubbs

Clause, as previously amended, thus passed.

Clause 5—Amendment of Section 16:

Hon. Sir JAMES MITCHELL: Sub-clause 1 means that if £26 is contributed towards the support of a dependant by four people, only one of the four can claim exemption. The amount of £26 is not sufficient.

The Premier: It is the amount in the existing Act.

Hon. Sir JAMES MITCHELL: Where several sons are contributing to the support of a widowed mother, we should not say that only the man contributing the first £26 should be entitled to claim exemption in respect of that amount; rather should we say that the first four contributing shall have exemption. Again, a brother maintaining a sister, the deserted wife of a husband whose income under this provision is exempt from taxation, cannot claim consideration. That does not appear to be right; it is penalising the deserving, while protecting the undeserving. The Premier should look into that phase of the provision.

The PREMIER: At present the section of the Act proposed to be amended by the clause is operating unfairly, for under it any number in a family can claim exemption in respect of the one dependant. I am afraid that many of those claiming exemption are not paying the £26.

Mr. Taylor: They would have a nice chance of getting exemption!

The PREMIER: It must not be thought that all the ingenuity is displayed by the tax-gatherer.

Mr. Mann: You held different views at one time.

The PREMIER: Yes, but not in regard to this clause. All that it is sought to do is to amend the existing provision.

Hon. Sir James Mitchell: You don't mind having one scoundrel, but you object to four.

The PREMIER: We might be prepared to accept evidence that one is paying.

Mr. Mann: One sum of £26 per annum would not be sufficient for the purpose.

The PREMIER: Perhaps not, but we allow exemption up to a much larger amount. Also, under the existing Act the so-called dependant may have an unlimited income, notwithstanding which every other member of the family may claim exemption on the score of contributing £26 to the support of the so-called dependant.

Hon. Sir James Mitchell: No, you are wrong there.

The PREMIER: There is no limit to it. The clause is perfectly reasonable.

Mr. THOMSON: The Premier might postpone this clause. It should be re-

drafted to meet the cases mentioned by him. When members of a family are contributing equally to the upkeep of their parents, they should be placed on the same level in the matter of deductions as parents who are supporting their children.

Mr. SAMPSON: The deduction is just as right as in the case of children who are dependent upon their parents. Children will sometimes refuse to support their parents, and brothers have refused to support their sisters, but if payments are made by parents to their children surely a deduction should be allowed.

The Premier: So it is.

Mr. SAMPSON: Not to the full extent of the amount that is paid.

Mr. DAVY: In drafting Subclause 8 the Premier has done what is right, but has done it somewhat grudgingly. The proceeds of a mine from year to year should not be regarded wholly as income, but in the first place as a recoup of capital. There is a wide distinction between a gold-mining company and any other company. Every year that a gold mine is being worked there is reduction of the capital asset. It is, therefore, right that mining companies should not be treated from year to year as though they were earning true income until they had been recouped for the capital that was put into the mine. Unless the Premier is proposing to amend the Act on the ground that the dividends in the hands of the taxpayers are not true income and should be exempt, he has no right to give the exemption. If they are to be exempt because they are not income, they should not be taken into consideration, as they are in the proviso for estimating the amount of tax that the taxpayer shall pay.

Mr. Thomson: Some of us approve of portion of this clause, but are opposed to other parts of it. Can we not deal with other parts of the clause now?

The CHAIRMAN: I understand the amendment is to strike out the proviso to Subclause 8.

Hon. Sir James Mitchell: But the amendment has not yet been moved.

Mr. Thomson: I suppose we cannot go back.

The CHAIRMAN: No. The hon. member should have spoken before.

Hon. Sir James Mitchell: We are now discussing the whole clause.

The CHAIRMAN: The member for West Perth was about to move an amendment.

Hon. Sir James Mitchell: We can discuss any part of the clause.

The CHAIRMAN: The hon. member has not actually moved his amendment, but referred to Subclause 8. Members should have raised the point before.

Hon. Sir James Mitchell: We did not know the hon. member intended to move an amendment.

Mr. Thomson: I have raised no objection because I thought the member for West

Perth intended to speak on the point we had been dealing with.

The CHAIRMAN: It is not my fault if the member for Katanning did not raise the point before.

The PREMIER: No one discussed Subclause 1 any further, and the member for West Perth, after pausing for awhile and believing that the discussion had terminated, rose to speak about Subclause 8. We cannot now go back again.

Mr. E. B. Johnston: We can discuss the whole clause.

The PREMIER: We cannot go from one clause to another indiscriminately.

The CHAIRMAN: I thought we had passed on to Subclause 8. At any rate that is where we are now. If any one cares to dispute my ruling he can do so.

Mr. DAVY: It is right to exempt this particular kind of dividend, because it is not true income, being really a recoup of capital. If so, income of this nature is to be exempted for the reason that it is not income. How then is it logical to say that income, that is to be exempt because it is not true income, shall be taken into account in arriving at the rate of tax the taxpayer shall pay on the balance of his income? I move—

That the proviso of proposed Subsection (2c) be struck out.

A taxpayer may have £2,000 ordinary income from a stockbroker's business and may also draw £500 as dividends from a mining company. He will be taxed on the £2,000 only, but the Taxation Department will say, "Although we are taxing you only on £2,000, we deem the £500 to be income in ascertaining the rate of tax you shall pay on the £2,000." The scheme is just what one might expect from taxation officials. They develop a special nose for revenue, and devise all kinds of ways to prevent the relief proposed by the legislature having its true effect. The Premier has not made this concession because he thinks the mining industry needs assistance.

Hon. Sir James Mitchell: Yes, he has.

Mr. DAVY: He has come to the conclusion that hitherto the mining industry has laboured under a wrongful disadvantage, and he now proposes to do it the same justice that is meted out in other cases. In giving concessions I feel sure the Premier is not granting something to which the individual is not entitled. Therefore let him give it as any ordinary commonsense man would do and not wrap up a good gift in such a packet that it will largely deteriorate the value of that gift.

The PREMIER: I am afraid I am not able to go as far as the hon. member desires. Perhaps logically there is a good deal to be said for his contention, but after all there is nothing logical in taxation. If I were to go so far as not to take into account money received by way of divi-

dends from mining companies in assessing the rate of tax, the persons getting this relief would obtain it in a double sense. I am not prepared to admit that the money received by way of dividends from mining companies is not income, although the hon. member states, if I take that view, that I say it is income and that logically and equitably I have no right to exempt those people at all.

Mr. Davy: That is right.

The PREMIER: I am not admitting that it is not income. Still, I think Parliament is justified in giving a measure of relief in the direction set out in the Bill. Although dividends from mining companies may be considered to be income, still it is income from what might be and has been described as a wasting asset, and so we would be justified in saying that this income could be properly included in income and rightly charged under the Dividend Duties Act. Taking into consideration the fact that the money is invested in a wasting asset we are prepared to waive our right to tax to the extent of the dividends received. Assume that a person is in receipt of £500 in dividends from a mining company and that his other income amounts to £1,000. We will only tax him on the £1,000; we will not tax him on the £500 he receives from mining. But for the purpose of assessing what the rate of tax shall be on the £1,000, we take the £1,500 total and charge him at that rate. Whilst the total income would be £1,500, instead of saying, "You have to pay tax on the total," we say that we will relieve him to the extent of £500. He will pay a higher rate, of course. After all, he has had the total income and the benefit from it, and we say that we will not tax him on that portion that is derived from his investment in mining.

Mr. George: Don't you recognise that the £500 is repayment of capital?

The PREMIER: You can call it what you like. It is considered to be justifiable to exempt dividends from taxation, but I do not think we are prepared to go that far.

Mr. George: In a modified form it is a levy on capital.

The PREMIER: A levy on capital! Of course not. We propose to relieve him of the payment of taxation on the amount he receives from dividends in a mine and because we are doing that the hon. member says it is a levy on capital.

Mr. Thomson: Is this drafted on similar lines to the Federal proposal?

The PREMIER: So far as my information goes, it is. I have not yet seen the Federal Act. I consider we are going as far as we are justified in doing. We are going further than this Parliament has ever gone before or has ever attempted to go in giving relief in this direction, and for the time being we should not be asked to concede any more revenue.

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

Ayes	..	..	..	16
Noes	..	..	..	22

Majority against .. 6

AYES.

Mr. Angelo	Mr. Sampson
Mr. Barnard	Mr. J. H. Smith
Mr. George	Mr. Taylor
Mr. Griffiths	Mr. Teesdale
Mr. E. B. Johnston	Mr. Thomson
Mr. Lindsay	Mr. C. P. Wansbrough
Mr. Mann	Mr. Davy
Sir James Mitchell	(Teller.)
Mr. North	

NOES.

Mr. Angwin	Mr. Marshall
Mr. Chesson	Mr. McCallum
Mr. Clydesdale	Mr. Millington
Mr. Collier	Mr. Munsie
Mr. Corbov	Mr. Sleeman
Mr. Coverley	Mr. Troy
Mr. Cunningham	Mr. A. Wansbrough
Mr. Heron	Mr. Wilcock
Mr. Hughes	Mr. Withers
Mr. E. B. Johnston	Mr. Lambert
Mr. Kennedy	(Teller.)
Mr. Lamond	

PAIRS.

AYES.	NOES.
Mr. Denton	Mr. Holman
Mr. Richardson	Mr. Pantou
Mr. Stubbs	Mr. Wilson

Amendment thus negatived.

Mr. DAVY: I move an amendment—

That in lines 8 and 9 of the proviso to proposed Subsection (9) the words "at the appropriate schedule value as prescribed" be struck out, and "at market value" be inserted in lieu.

If the words stand as they are printed, they will place in the hands of the Commissioner the power to decide what are the values of the natural increase of stock in various parts of the State. Hitherto these matters have been dealt with by a kind of working arrangement between the Commissioner of Taxation and various pastoralists, and the taxpayers have more or less accepted the schedule that has been arrived at by agreement. They could have returned on the ordinary basis and refused to be bound by the schedule rates, but they accepted the schedule arrived at by agreement. Now that is to be wiped away and the Commissioner is to be given arbitrary power to prescribe rates. It is wrong to give more discretionary power than necessary to any Government official. If we adopt the market value we shall have a legitimate basis.

Mr. THOMSON: Will the Premier explain the meaning of paragraph 3 (a) of the proposed new Subsection 9? Last Parliament an attempt was made to provide that

if a man sold his business he was to be taxed on the sale over and above the value of stock and fixtures. Is this another attempt to do the same thing? I do not approve of taxing farmers on the increase of stock. They should pay only when they market the stock or the products from it. There has been a severe drought in parts of the North, and men who last year returned a considerable value for sheep have lost half their stock, and no allowance is made.

Hon. Sir James Mitchell: They write it off.

Mr. THOMSON: An increase of stock is an increase of capital, and not until the farmer realises upon it should it be deemed income.

The PREMIER: The proviso really legalises the practice adopted ever since the Act has been in existence.

Mr. Thomson: That is not to say it is right.

The PREMIER: So far as I know it has met with general agreement. Soon after the Act was passed it was decided to fix a schedule, and that has operated ever since. True, one or two individuals have lately taken exception to it and so, in order that the basis on which it has been computed all along might continue, this proviso is necessary.

Mr. Thomson: I know it is not new.

The PREMIER: It would be difficult to decide the market value. It would be easier for all concerned to have a fixed schedule. This provision will bring our law into line with the Commonwealth Act.

Hon. Sir James Mitchell: That means it is wrong.

The PREMIER: The Commonwealth Government are not always wrong. It is desirable to have uniformity as far as possible.

Hon. Sir James Mitchell: I shall remind you of that later on.

The PREMIER: Paragraph (3a) means what it says. It is designed to meet instances where profits are capitalised, and that is quite equitable.

Hon. Sir JAMES MITCHELL: It is impossible to make the proviso work with equity. To tax increase of stock is to tax something that is not sold. If a man has a stack of hay or wheat on his farm when he makes up his return, he has to pay tax on it, and because of that the farmer often pays on a greater amount of income than he actually receives. The stock may not be sold for years. Sheep are selling at a very high price. If a man buys 1,000 sheep and adds them to 1,000 already held and averages them, he would get a pretty high all round valuation. Lambs would be valued at the same price also. However, I do not see how it can be straightened out. The increase should not be taxed until it is sold.

The Minister for Lands: The member for West Perth says they have a schedule on which they work to-day.

Hon. Sir JAMES MITCHELL: No one has complained much of that.

The Minister for Lands: This is the same thing.

Mr. Davy: No, the Commissioner may fix it without reference to anybody.

Mr. ANGELO: It seems as if the Premier were trying to perpetrate the blunder made by the Federal Government.

The Premier: There has been a schedule of value.

Mr. ANGELO: But this will fix a value that is wrong.

The Minister for Lands: This fixes no value. It merely lays down the system to be adopted.

Mr. ANGELO: A pastoralist may have bred up valuable sheep for years, whereas a neighbour just starting may have purchased poor stock, and the newcomer will be penalised, because his neighbour has a better line of sheep. The amendment is quite fair. The farmer would have to prove the market value from previous sales.

Mr. LINDSAY: I oppose the amendment. We formerly had the market value, and it involved much guesswork. The schedule is a low one, being taken on the average, and represents a better system than that of market value, which fluctuates from year to year. Moreover, the schedule is much easier for a man who is not an accountant to deal with.

Amendment put and negatived.

Mr. DAVY: I move an amendment—

That all the words in proposed Subsection 10 after "repealed," in line 1, be struck out.

The proposed subsection would then read, "Subsection (5) is repealed." The proposed subsection represents an attempt to improve on Subsection 10 and to ensure that the last part of that subsection shall not do injustice. The form of taxation imposed is without analogy. It makes profit realised on the sale of assets income under the measure. But the capital is merely changed in point of form. A man might make a loss on the change in the nature of his capital, and no one would argue that he should be entitled to deduct that loss from his income. Similarly, a capital profit should not be taxed as income. The taxation was aimed at the mining speculator who made quick profits. Such profits would be income in the case of a man who made a business of buying and selling mining properties. It was realised that the provision might hit useful citizens such as prospectors; but to define satisfactorily and justly who is a prospector, or who has genuinely assisted a prospector, was found impracticable. A man who floated a company to work large mineral deposits in the North was held not to be a prospector because he did not actually discover the deposits. He made a profit in shares, and was held not to be a prospector.

The Minister for Lands: The profit was not all in shares.

Mr. DAVY: He got some cash. That man was not the kind of person who was intended to be hit by this legislation, and much more extreme cases might be quoted.

The PREMIER: I propose to accept the amendment. Since discussing the matter with the member for West Perth a few days ago, I have looked into it further; and I find there is a good deal of justice in his contention. The Commonwealth Parliament recently attempted to define a prospector, and found it very difficult. The persons whom the clause would rope in would not be numerous, and many of those who might not fall within the category of bona fide prospectors might yet have rendered a good deal of assistance to bona fide prospecting.

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

Clause 6—Repeal of Section 17:

Mr. THOMSON: I hope the Premier will be amenable to persuasion on this clause also. Section 17, which exempts a landholder from the payment of double taxation, should not be deleted. It is a very wise provision. If this clause is carried, the man deriving his income from land will have to pay two taxes. If I invested money in machinery for the manufacture of furniture, I would not be taxed on that money, but only on the income I derived from it. A man engaged in a manufacturing business can calculate his income much more easily than a man using land, whose income, in spite of scientific skill in farming, is entirely dependent on the elements, and whom an unfavourable season leaves without any income. This proposal represents a double-barrelled gun aimed at the producers. I do not object to the man in the city being taxed, because he has an opportunity to pass it on, but the man on the land has not that opportunity.

Hon. Sir JAMES MITCHELL: I hope the Premier will be as lenient to the farmers as he has been to the mining companies. On the other hand, while he is reducing the taxation imposed upon mining interests, he proposes to cover that reduction by increasing the taxation to be paid by the men on the land. Excessive taxation means an increase in the cost of production, a decrease in wages payable and, generally, has a bad effect. We are willing to reduce the tax on mining companies, but not to increase the impost on the farmers. In the past we have allowed the man on the land to pay the land tax or the income tax, whichever was the greater, but the Premier now proposes that the farmer shall pay both taxes. We have treated the increase of the farmers' flocks and herds as increased revenue and we have even dealt with the unsold crop as revenue. Thus the farmer has always paid more than he should have. Are not people producing wealth from the

surface of the ground as worthy of consideration as those who produce wealth from underground? If it were not for the wealth produced by the farmer, the State would have nothing to come and go on. We do nothing for the man on the land for which he does not pay. The Premier will receive a considerably increased revenue this year, due to the added value of the land, and I have already shown him that there is no need for additional revenue. I produced figures to show that he will balance the ledger.

The Minister for Works: If you produced figures that settles the matter and the cash is as good as in the hands of the Treasurer.

Hon. Sir JAMES MITCHELL: Someone wrote that figures are facts with which to confound fools. The figures I produced represented facts. The Premier must balance the ledger by the end of the financial year if he does not interfere. If he imposes taxation and decreases production, he may not be able to balance the ledger. This proposal will mean an additional £40,000 a year.

Mr. Taylor: The Premier will need all of it.

Hon. Sir JAMES MITCHELL: Let him get it from someone else than merely the farmers.

Mr. Thomson: Let the impost be spread over the whole of the community.

Hon. Sir JAMES MITCHELL: On the other hand the farmers are selected to carry the burden but they will not accept it without a protest. The farmer who has squared the ledger for the State should not be penalised.

The Premier: The deficit would be much higher if loan funds had not been drawn upon to meet interest and other charges.

Hon. Sir JAMES MITCHELL: We merely lent loan funds to men who owe us the money. Those funds are not lost to the State.

The Premier: It is the bond holder in London who has paid off the deficit.

Hon. Sir JAMES MITCHELL: No, it is not. We ought to recognise what the farmer has done for the State and not increase the burden upon him. It was said that the farmers owed the State £600,000 as at the 30th June last. That is not a very big amount.

Mr. Latham: And a lot of that money has been paid since.

Hon. Sir JAMES MITCHELL: Let us stop talking about what the farmers owe and get the money in. We should not impose this additional burden on farmers already severely taxed. The member for Guildford (Hon. W. D. Johnson) has warned us that if this goes through, it will mean that the increased land tax on the farmer will be very real.

Hon. W. D. Johnson: If I had my way it would be increased in the city.

Hon. Sir JAMES MITCHELL: But we cannot have one tax for the city and another for the country.

Hon. W. D. JOHNSON: The city people are getting the increased values created by the farmer.

Hon. Sir JAMES MITCHELL: I hope that when we divide on this question we shall have our agricultural friends on the Ministerial side voting with us.

The PREMIER: We are not attempting to impose any insupportable burden on the farmer, nor are we attempting to give relief to the miner at the expense of the farmer. In no other country of the world has so much been done for the farmer as has been done in Western Australia. There is no other country where thousands of men have gone on the land penniless and acquired an independence in the course of 12 or 15 years.

Hon. Sir James Mitchell: More power to them.

The PREMIER: Of course more power to them. But are we to refrain from taxing them? They are not paying any more than anybody else in the State, and not nearly so much as is paid in other parts of the world. The farmer is a splendid asset to the State, but let us not overlook what the State has done for him. Let us not always take the attitude that the poor farmer is carrying all the burdens of the world and is not in a position to pay taxation.

Hon. Sir James Mitchell: He is merely asking for justice.

The PREMIER: He has justice full and overflowing. He has had land given to him at less than half its value. He has had assistance through Government institutions that are not to be found in any other country. I am glad the farmer has reached a degree of prosperity enabling him to meet the comparatively small imposts placed on him by the Bill. I do not think the farmer desires the continual apology made for him in this House; I believe he is willing to shoulder his fair share of the burden of taxation.

Hon. Sir James Mitchell: The miner is doing just as well as the farmer.

The PREMIER: The man who put £10,000 into mining years ago, what has he to-day? A hole in the ground. As a rule the man who invests in mining is becoming poorer, whereas the farmer becomes wealthier every year.

Mr. Mann: One is a speculative proposition; the other is not.

The PREMIER: No, the other is a safe investment. Income tax and land tax stand apart. The landowner should not have the benefit of the abatement existing in the present Act. Land taxation is based on a principle separate from that underlying income taxation. Some of the greatest economists have contended that land should bear the whole of taxation. When we tax income we tax the result of a man's

work, but when we tax the unimproved value of land we tax, not the man's energy or activity, but something belonging to the community. There is no equity in exempting a land owner from the payment of land tax simply because his income tax might be greater. The Leader of the Opposition said the amount involved is £40,000. That is merely a guess. It might be £80,000.

Hon. Sir James Mitchell: I have calculated it.

The PREMIER: The hon. member has no basis for his calculation. It is merely guess work.

Mr. E. B. JOHNSTON: Surely you have an estimate.

The PREMIER: No, I have not. The man who holds land should pay land tax because he holds something belonging to the community. In Western Australia the land tax is the lightest in the Commonwealth, a mere half-penny in the pound. Seventeen or 18 years ago the amount received from income tax was only equal to that received from land tax; to-day it is over £500,000, whilst that received from land tax is only about £8,000.

Hon. Sir James Mitchell: On a further calculation I find that £40,000 is rather low.

The PREMIER: I am advised that the total amount will be about £10,000. It must be remembered that city properties, as well as agricultural lands, will be affected by the tax. This £10,000 is to be paid, not by the farmers alone, but by all the landowners, including city landowners. The hon. member suggests £40,000 as the farmers' share of the taxation, whereas I am advised that it means only £10,000 for the whole of the lands of the State.

Mr. E. B. JOHNSTON: That seems very little.

Mr. Latham: So small that it is not worth worrying about.

The PREMIER: The hon. member worried about 4s. 2d. the other day. It is little because the land tax is so low.

Mr. Thomson: It will not stop at that.

The PREMIER: This State has done a fair thing by the farmers. I would not do anything I considered unfair, and am just as anxious not to do an injustice to them as anyone else is, because I know the value of their work in this State.

Mr. E. B. JOHNSTON: This exemption to land owners has been in force since 1906. We ought to know what this clause will mean before we approve of the exemption being taken away. The Leader of the Opposition estimates the revenue at between £40,000 and £50,000 on the basis of a half-penny tax.

The Premier: He guessed that.

Mr. E. B. JOHNSTON: This is a machinery measure, and we do not know that the tax will stop at a half-penny. Most of our poison lands along the Great Southern have been rendered valuable by reason of the hard work done upon them. The Govern-

ment may subsequently declare that hitherto worthless land has become worth £2 10s. an acre. All the circumstances should be taken into consideration before an unimproved value to that extent is placed upon them.

Mr. LATHAM: I protest strongly against any additional tax being placed upon the farmers. Ever since the war they have paid higher taxes in countless directions.

The Minister for Lands: Other people have been taxed in the same way.

Mr. LATHAM: Not on the cost of machinery, for instance.

The Minister for Lands: We get no advantage from that.

Mr. LATHAM: But the farmer has to pay.

The Minister for Lands: Your party in the Federal House is responsible for that.

Mr. LATHAM: We have no control over that. The farmer is likely to be faced with a falling market for his wheat. It is, therefore, unfair to increase his land tax. While we have so much Crown land awaiting selection, nothing should be done to affect settlement upon it. I do not know how the Premier arrives at his figure of £10,000.

The Minister for Lands: The figure comes from a reliable source.

Mr. LATHAM: The value of the land held to-day is such that the figure should be very much larger.

The Minister for Lands: You will not believe me when I give it to you.

Mr. LATHAM: I doubt the accuracy of the figures. The Federal land tax has gone up to such an extent that people are to-day paying pounds, whereas formerly they paid only shillings. I understand the Federal valuations have been adopted by the State. Why should not the Government tax the commercial man who is running a business? Why should they choose the farmer for this extra tax?

Mr. THOMSON: The farming community is entitled to justice. A farmer should not be called upon to pay a higher tax before he has derived a higher income from his holding. The Premier has admitted that by deleting this clause he is imposing an additional tax of £10,000 on the farming community.

The Premier: I did not say the farming community; I said landowners. This will apply to city people who are living on rents.

Mr. THOMSON: Those people are able to pass on the tax. Where the man is using his land directly for the purposes of cultivation, he is entitled to consideration. One can safely say that this is an additional tax of £10,000 imposed on those who are producers. I strongly object to the man who is earning his income wholly and solely from the land having his concession taken from him. The Premier told us that the farming community had not been asked to pay an increased tax. That is correct so far as the land tax is concerned, because there has been no increase, but the valuations made by the department have materially increased,

and I am informed on reliable authority that those valuations in a great many instances have been increased by 200 and 300 per cent.

The Minister for Lands: You can appeal against a valuation.

Mr. THOMSON: The average taxpayer is not in a position to fight the Taxation Department. Even if the department have increased the value, I have no doubt that that increase is reasonable.

The Minister for Lands: Then you must pay for it.

Mr. THOMSON: But the increased valuation is placing an additional burden of £20,000 on the farming community. In some cases valuations have been increased by as much as 400 per cent. The farmer has paid his proportion of taxation in this State and the figures show a marked increase, even though he has been entitled to a reduction so far as his land tax is concerned. I hope the Government will agree to the deletion of the clause and allow the section in the Act to stand.

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

Ayes	..	..	23
Noes	..	..	15

Majority for .. 8

AYES.

Mr. Angwin	Mr. Lutey
Mr. Cheason	Mr. Marshall
Mr. Clydesdale	Mr. McCallum
Mr. Collier	Mr. Millington
Mr. Coverley	Mr. Munslie
Mr. Cunningham	Mr. Sleeman
Mr. Heron	Mr. Troy
Mr. Hughes	Mr. A. Wansbrough
Mr. W. D. Johnson	Mr. Willcock
Mr. Kennedy	Mr. Withers
Mr. Lambert	Mr. Corboy
Mr. Lamond	(Teller.)

NOES.

Mr. Barnard	Mr. Sampson
Mr. Davy	Mr. J. H. Smith
Mr. Griffiths	Mr. Taylor
Mr. E. B. Johnston	Mr. Teesdale
Mr. Lindsay	Mr. Thomson
Mr. Mann	Mr. C. P. Wansbrough
Mr. James Mitchell	Mr. Latham
Mr. North	(Teller.)

PAIRS.

AYES.	NOES.
Mr. Holman	Mr. Denton
Mr. Paxton	Mr. Richardson
Mr. Wilson	Mr. Stubbs

Clause thus passed.

Clause 7—Amendment of Section 29:

Mr. DAVY: I presume this will apply to the Agent General and the members of his staff. If that be so, I should like to know whether those people are exempt from the payment of income tax in England.

The PREMIER: This will apply to the Agent General and his staff in London. They are exempt from taxation in England and they are also exempt from taxation in this State under our present Act. It is not thought fair that the Agent General or his staff should be the only people in the British Empire escaping the payment of taxation.

Clause put and passed.

Clause 8—Amendment of Section 30:

Mr. THOMSON: I move an amendment—

That in proposed Subsection 1 "thirty" be struck out and "fifty" inserted in lieu.

Thirty pounds a year is not a reasonable allowance for house repairs, seeing that wages and material have increased so greatly. If a man owns a weatherboard house painting, together with repairs, will cost him more than £30.

The Minister for Agriculture: He would not paint it every year.

Mr. THOMSON: But he would be allowed only £30 in the year in which he did paint it. There should be no limit for genuine repairs.

Mr. SAMPSON: I should like to see the proposed new subsection struck out. If £30 is allowed, it would be quite as easy to do wrong as under the existing provision.

Mr. LAMBERT: It is arbitrary to say that irrespective of the size of a house the amount allowed shall be only £30. A percentage on the capital value would be better.

Mr. CLYDESDALE: It is essential for people living near the coast to paint their houses every three years. For a fair house it costs £90, and the owner would be allowed only £30. I spent £12 for repairs to a fence and the department would not allow it. The amount should be increased or a percentage of the capital value should be taken.

Mr. Thomson: Will the Premier accept £50?

The Premier: Yes.

Amendment put and passed.

Mr. THOMSON: In the proposed new Subsection 2 it is intended to allow a deduction for medical expenses on taxable incomes of £350 instead of £250. The Premier should agree to a reasonable deduction for medical expenses. The great bulk of the people receiving £350 are wage-earners in the metropolitan area where a doctor can be called in at a maximum cost of perhaps half a guinea. People in the country, however, have to incur great expenses for medical attention. The member for Yilgarn (Mr. Corboy) mentioned that one doctor insisted upon a fee of £50 before he would attend a patient, and that when he arrived, the man was dead. Those who live in the country are often put to great expense in conveying patients to hospital. Those charges

should be a legitimate deduction from their income. I move an amendment—

That paragraph (2) be struck out.

Mr. DAVY: I am inclined to agree with the member for Katanning. The only deductions that ought, in principle, to be allowed are those connected with the earning of a man's income. Deductions, however, have been allowed for the cost of repairs to a taxpayer's house, and in other directions; and they should also be allowed in the case of medical expenses.

Amendment put and negatived.

Mr. DAVY: Subclause 8 strikes me as the most difficult provision in the Bill to understand. I presume the Premier's intention is to bring into line with mining companies mines run by private persons who are not companies within the meaning of the Dividend Duties Act. The proposed subsection says—

Where a person derives income from a mining tenement as defined by the Mining Act, 1904, or acquired under the Mining Act Amendment Act, 1920, worked by him or on his behalf, he shall not be liable to pay income tax on such income until it has exceeded the total amount of his capital expenditure on such mining tenement incurred in producing his income; but such person shall be assessed for income tax on the income received in excess of such capital expenditure by the taxpayer.

I think the Premier's object was to go further, and provide that where a private person, or a collection of private persons, had bought a mine for, say, £10,000, and had then spent money on plant and sinking shafts and driving cross cuts and so on, they should get back their capital, including the money they had paid for the mine, before their profits were to be treated as profits from the income tax point of view. That intention appears to me not to be effected, and I move an amendment—

That the words "on such mining tenement incurred in producing his income," in lines 9 and 10, be struck out.

Hon. Sir JAMES MITCHELL: In the Act "person" is defined as including a company or any body corporate. It seems to me, therefore, that this subclause includes all mining companies, and that they would be entitled to deduct every shilling of their expenditure up to date.

The PREMIER: This provision deals with individuals. I was making provision for mining companies by an amendment of the Dividend Duties Act. The intention is to give relief by exempting from taxation companies formed after the 1st July of this year, and also to give relief from taxation in respect of any additional capital called up by companies formed prior to the 1st July of this year. Further, it is intended to give the same relief to a person or to

a number of persons engaged in mining as we propose to give to companies. I will look into the matter, and if necessary have the clause recommitted.

Hon. Sir James Mitchell: I would like you to exempt those little mining companies around Kalgoorlie and Boulder.

The PREMIER: That is the intention.

Mr. THOMSON: What is the intention of the proposed second proviso to Subsection 13? It reads—

Provided also that rates and taxes paid in respect of land held or acquired for sale, and charged by the taxpayer to the capital cost of the land, shall not be allowed as a deduction.

Mr. DAVY: The proviso has given me some cause to think. Firstly, it seems to me that there is difficulty in determining whether a given taxpayer has held land or acquired it so. After that, how is one to say that he has charged the rates and taxes to the capital cost of the land? Whatever charging the rates and taxes to the capital cost of the land may mean, it will not make the land any more valuable, or enable the holder to sell it at a higher price. I do not see how the Commissioner of Taxation could justly say to a man who sells at a profit, "You have charged in your price the rates and taxes you have paid." Further, I fail to see how the proviso could be applied either properly or justly.

Progress reported.

House adjourned at 10.50 p.m.

Legislative Council,

Wednesday, 29th October, 1924.

Bills:	Industrial Arbitration Act Amendment,	PAGE
2s.	...	1526
Inspection of Scaffolding, Com.	...	1535
State Lotteries, 2s.	...	1541
Fremantle Municipal Tramways, Assembly's Message	...	1545

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

BILL—INDUSTRIAL ARBITRATION ACT AMENDMENT.

Second Reading.

Debate resumed from the previous day.

Hon. J. J. HOLMES (North) [4.33]: Before addressing myself to the Bill, may I be permitted to refer to an incident that occurred yesterday in this Chamber. Unfortunately I was in the country when the Leader of the House moved the second reading of the Bill. Yesterday when Mr. Dodd had concluded his speech, I waited until the last moment to see if any member supporting the Bill would enlighten me as to the object of the measure and the necessity for some of the amendments, before I resumed the debate. When, at the last moment, I moved the adjournment of the debate, the Minister shook his head and one hon. member sitting opposite said: "Why for a day; why not for 12 months?" I have never been, and never will be, a party to holding up the business of this Chamber. I have always preached that this is the time we should deal with legislation. We should do it in cool weather and at a reasonable hour; we should not engage in rush legislation at the close of the session. In order to establish my bona fides I will refer hon. members to "Hansard" to show that I was the first member to speak on the Address-in-reply. Another important measure brought before us was the Closer Settlement Bill. I have looked up "Hansard" and I find that I spoke on the second reading of that measure on the 17th September, just six weeks ago. When hon. members opposite accuse me of trying to hold up business and suggest that I would prefer to have the Bill now before us postponed for 12 months, it is not quite fair. It was a fair and reasonable request that I put forward when I moved the adjournment of the debate till to-day. Apart from the Minister who placed the Bill before the House, every member who has spoken has expressed more or less strong opposition to the measure. It is not fair that those supporting the Bill should sit quietly; they should come forward and explain to us why the Bill is before the House and the reason for some of the amendments. The Minister has been out of the House for some considerable time, but he has now assumed the responsibilities of the Leadership of the House. I am prepared to admit that he is doing very well. Too much, however, is left to him by his supporters. The Minister places before us measures that have been dealt with elsewhere and, with the limited time at his disposal, is doing the best he can, and doing it well. We would like to hear further reasons from some of his supporters.

Hon. E. H. Gray: You want us to go first so that you may speak later!