

get up and justify his position instead of confining himself to interjections. The Opposition would be justified in keeping the Committee here for another 24 hours in order to resist this proposal.

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

Ayes	..	..	..	..	22
Noes	..	..	..	..	12

Majority for 10

AYES.

Mr. Angwin	Sir James Mitchell
Mr. Carter	Mr. Money
Mr. Corboy	Mr. Pickering
Mr. Denton	Mr. Piesse
Mr. George	Mr. Richardson
Mr. Gibson	Mr. Sampson
Mr. Harrison	Mr. Scaddan
Mr. Hickmott	Mr. Teesdale
Mr. Johnston	Mr. J. Thomson
Mr. H. K. Maley	Mr. Underwood
Mr. Mann	Mr. Mullaney

(Teller.)

NOES.

Mr. Chesson	Mr. Marshall
Mr. Clydesdale	Mr. McCallum
Mr. Heron	Mr. Walker
Mr. Hughes	Mr. Willcock
Mr. Lambert	Mr. Wilson
Mr. Lutey	Mr. Munzie

(Teller.)

Question thus passed.

No. 50. 101-104. The conference agrees to the retention of the clause as passed by the Legislative Assembly, subject to the insertion after the word "premises" in line 8 of the words "by other than bona fide lodgers."

The PREMIER: I move—

That the conference recommendation be adopted.

This amendment means that bona fide lodgers but not bona fide travellers will be able to carry liquor away from licensed premises during prohibited hours. Travellers will be permitted to obtain liquor, but not to carry it away.

Question put and passed.

Resolutions reported. the report adopted, and a message accordingly returned to the Council.

House adjourned at 1.24 a.m. (Wednesday).

Legislative Council,

Wednesday, 20th December, 1922.

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

LEAVE OF ABSENCE.

On motion by Hon. J. Cornell, leave of absence for six consecutive sittings granted to Hon. J. W. Kirwan (South) on the ground of urgent private business.

BILL—BUSSELTON-MARGARET RIVER RAILWAY EXTENSION.

Received from the Assembly and read a first time.

BILL—LAND AND INCOME TAX ASSESSMENT AMENDMENT.

Second Reading.

Debate resumed from the previous day.

Hon. G. W. MILES (North) [4.35]: I have not yet made up my mind whether to vote for the second reading. One of the objections I have to the Bill is the exemption it gives to members of Parliament. It is wrong. The only way we can rectify it is by rejecting the Bill. Members of Parliament living outside the metropolitan area will pay no income tax at all. Seeing that, a year or two ago, the salaries of members were increased from £300 to £400, I am opposed to any further concession. Also I do not like this exemption up to £200. I do not know that it is necessary, since the taxpayer on £4 10s. weekly, and having one child, pays no tax at present. The man with £5 weekly and two children is in the same position, and so too is the man on £5 15s. weekly, and having three children. In these circumstances I am not inclined to vote for the second reading. We are told that the exemptions passed in another place will entail a loss of revenue of £30,000, and that in another Bill it is proposed to make up that loss by imposing an extra burden on another section of the community. I do not think that fair, especially having regard to the existing exemptions and deductions. Mr. Lovekin last night quoted the anomaly set up by the refusal of the Commissioner of Taxation to read into the Act the manifest intention of Parliament. It was clearly understood that dividend duty was to be deducted from the net income, and that the

super tax would be imposed on the net amount of tax. The Commissioner of Taxation will not allow that, and so it will be necessary to amend the Bill by the insertion of the word "net." Of course that is an argument for passing the second reading in order to deal with the Bill in Committee. Clause 6 will require to be amended to read in the seventh line "15 per cent. of the net amount of income tax as aforesaid." Clearly it was the intention of Parliament that the 15 per cent. super tax should be imposed on the net amount of tax. I have here an illustration of the taxation paid by a man with an income of £3,795:—Total income £3,795, tax rate at 24.17d. equals £382 3s. 9d., plus 15 per cent. super tax, £57 6s. 7d., or a total of £439 10s. 4d. Then he is credited with duty paid on dividends £272 15s. 4d., leaving a net tax of £166 15s. However, this should be:—Total income £3,795, tax £382 3s. 9d., rebate in respect of dividends £272 15s. 4d., making a total tax of £109 8s. 5d., plus super tax 15 per cent., £16 8s. 3d., or a grand total of £125 16s. 8d., instead of £166 15s. We agreed that the 1s. 3d. in the pound dividend duty was to be deducted from the taxable income. They have refused to do that, and have charged tax on the gross amount of income. The taxpayer's net income is his taxable income less the amount he paid in dividend duty. The tax should not be on the gross income. It is an injustice, and anybody who has been taxed in that way would have a good case against the Government, for when it went into court the intention of Parliament would be clearly seen.

Hon. A. J. H. Saw: Law courts do not bother much about the intention of Parliament.

Hon. G. W. MILES: No, I know that. Still, it is clearly provided that the 15 per cent. shall be on the net tax. In this case they charge him on the gross tax.

The Minister for Education: It is 15 per cent. of the amount of the tax imposed.

Hon. G. W. MILES: In this instance the taxpayer gets a certain income from dividends. The dividend duty paid by him has to be deducted.

Hon. F. E. S. Willmott: They tax the gross instead of the net income.

Hon. G. W. MILES: Yes, and that is absolutely wrong. The Minister himself must agree that the intention of Parliament was sufficiently clear. The Act seems to be quite clear. The Government have no power over the Commissioner. He fixes the rate and that is the end of it.

Hon. A. Lovekin: And the people are paying.

Hon. G. W. MILES: Yes. If this Bill goes out the word "nett" could be put into the Taxation Bill. On the present rate a man with a taxable income of £157 a year, that is after deductions and allowances have been made, pays 10s. tax. Under the Bill he would pay no tax. On a taxable income of £200 a year he would pay £2 9s. 10d. under the Act, but nothing under this Bill. A member of

Parliament could deduct £100 from his £400, and if he had three children he could deduct another £120, so that he would pay nothing at all under the Act. A man earning a taxable income of £225 would pay £2 19s. 4d. under the Act, but under this Bill would pay 12s. 6d. On a taxable income of £250 he would pay £3 9s. 6d., or £1 13s. under the Bill. On £275 he would pay £4 0s. 5d., but under the Bill would pay £2 19s. 4d. On a taxable income of £300 he would pay £4 12s. and would pay the same under this Bill. The rebates of tax under this Bill for the taxable incomes I have stated would be 10s., £1 15s. 6d., £2 9s. 10d., £2 6s. 10d., £1 16s. 6d., £1 1s. 1d., and nil, respectively. I am going to vote against the second reading of the Bill. It would be better to pass it out and allow the tax to be collected as in the past. A man with three children earning £5 15s. a week would, with his deductions, be exempt.

Hon. A. Lovekin: Are you going to let all these people lose their money? That is not fair.

Hon. G. W. MILES: No. I am in a quandary. If the Bill goes through can we amend it in Committee?

Hon. A. Lovekin: We can throw it out on the third reading if we like.

Hon. G. W. MILES: I oppose the second reading.

Hon. J. E. DODD (South) [4.47]: This is called the Land and Income Tax Assessment Amendment Bill. I had intended to see whether I could test the feeling of the Council in regard to an increased tax on land values, and a decreased tax upon incomes, but it is too late to do that now. I want to get this Bill through, and have no desire to embarrass the Government. If I am here next session I intend to bring forward a proposal for land taxation and the valuation of land, and see if we cannot come down to a proper system of land classification, land values, and land taxation. Many members think that something should be done. I am encouraged to say this by the support I have had from Mr. Boan, who made a fine speech on the subject, Mr. Stewart, Mr. Lovekin, and Mr. Willmott. I believe with the following we have we shall be able to carry some measure of land values taxation through the Council. Year after year a Bill has come up as the Land and Income Tax Assessment Amendment Bill, but no alteration has been made to land values taxation since it was first introduced, while the income tax has increased to £425,000. With regard to exemptions, all members have referred to them as being too high. The complaint is that we are taking the burden off some shoulders and placing it upon others. If the £30,000 we are taking off could be more fairly and equitably placed upon some other shoulders there would not be much room for complaint. An exemption of £200 for a married man is not a great one. To-day children are a rarity. There are not so many children about the country to provide much exemption.

I do not think this £200 exemption is a high one. I should like to see some alteration made in land taxation. I have no objection to business men like Mr. Boan or Mr. Lovekin earning all they can by their business brains, or to a surgeon such as Dr. Saw making all he can out of his professional skill, but I should like to see a proper system of land values taxation.

Hon. A. J. H. SAW (Metropolitan-Suburban) [4.53]: I oppose the second reading of this Bill. In view of the financial position of the State it is desirable that the Government should raise more money instead of less by means of taxation. I can see no justification for reducing taxation at present. Surely the deficit is large enough already. If it is thought desirable to increase taxation on the higher levels that is no justification for diminishing it, as proposed in the Bill, on the lower levels. The exemptions, considering the financial position of the country, are already sufficient. I should imagine that a man on an income of £300 a year is less highly taxed in this State than in any other country in the world, with the exception perhaps of America. The object of the Government should be to square the finances and get us out of the drift we have got into.

Debate suspended.

BILL—LICENSING ACT AMENDMENT.

Assembly's Message.

Message received from the Assembly notifying that it had agreed to the amendments agreed to by the managers at the conference.

Hon. A. LOVEKIN: I move—

That the message from the Assembly be now taken into consideration.

The PRESIDENT: I do not think you ought to take the work out of the hands of the Leader of the House.

Hon. A. LOVEKIN: The Leader of the House proposes to do nothing. I do not wish the message to lapse. I submit I am entitled to move in this direction.

The PRESIDENT: Is there any seconder to the motion? The hon. member might propose this after we have finished the debate. We are now in the middle of the debate on the Land and Income Tax Assessment Bill.

The MINISTER FOR EDUCATION: When the Legislative Assembly sends us a message stating that it has agreed to anything we have done we do not consider it any further. That ends the matter.

Hon. A. LOVEKIN: I rise to a point of order. The fact that the conference has been held and that certain managers have agreed to certain amendments does not put these amendments into the Bill. The Legislative Assembly managers went back to their House, and the House went into Committee, and put the amendments that the conference agreed to into the Bill. The Bill has, therefore, been

completed there in the ordinary way. I take it we must put these amendments into the Bill and agree to them. It is not sufficient to say that the report of the managers be adopted, for that does not place the amendments into the Bill.

The MINISTER FOR EDUCATION: The course suggested by Mr. Lovekin is contrary to any action we have taken in the past. We adopted the report of the managers, and the Assembly now acquaints us with the fact that it has put the amendments into the Bill. What more do we want?

Hon. A. LOVEKIN: Two Houses have to put them into the Bill. It is not sufficient for the Assembly to have done it. We must do it too.

The PRESIDENT: I ask the hon. member to raise this question by notice.

Hon. A. LOVEKIN: I am raising it in another way.

The PRESIDENT: I think this is out of order at present.

BILL—LAND AND INCOME TAX ASSESSMENT AMENDMENT.

Resumed from an earlier stage of the proceedings.

Hon. V. HAMERSLEY (East) [4.58]: I feel that the only course to adopt at this stage is to oppose the second reading of the Bill. I understand that a large section of the community would be relieved from taxation. Something like 39,421 people are at present paying direct taxation to the extent of £425,784, and 27,700 people pay £54,441. From these figures it will be seen that there are only 11,701 people who have to find £371,343.

Hon. T. Moore: They get most of the money.

Hon. V. HAMERSLEY: All these people are voters. There are something like 173,764 electors on our State rolls.

Hon. F. A. Baglin: They have not all a vote for this House.

Hon. V. HAMERSLEY: They ought to have a vote. In view of the high values of homes in this State it would be remarkable that they should not all have a vote for this Chamber. The voters on the Assembly roll are those who call the tune in regard to the expenditure of the funds created by the taxpayers.

Hon. T. Moore: They call a tune you will not subscribe to now.

Hon. V. HAMERSLEY: We cannot all think alike regarding the question of exemptions. We probably feel that everyone should be exempt from direct taxation. Unfortunately, the financial position is such that everyone who has a vote should at least attempt to accept his or her share of the cost of the tune, thus helping the Government who are at their wits' end to raise revenue to meet the expenses of the State. Mr. Dodd mentioned land taxation when he was speaking and said that we should raise

more revenue from that source. I wish to draw the attention of hon. members to the fact that those 11,000 odd taxpayers who are paying such an enormous sum in taxation are persons who, in the majority of cases, are already heavily taxed regarding their lands. They not only pay direct land taxes to the State, but also to the Federal Government, in addition to income taxation. On top of that they are called upon to pay heavy road board and municipal taxes. It appears to me that the people who will be exempt from taxation under the Bill to the tune of something like £33,000 are much better off than those 11,000 odd who are paying £371,000 taxation into the coffers of the State.

Hon. T. Moore: You would not like to change places with some of those on the lower rung.

Hon. J. Dodd: Some of the people Mr. Hamersley refers to can pass on their payments.

Hon. V. HAMERSLEY: Some of these people who are contributing towards this enormous sum would like to change places with others. We often hear it said in the street and in different places that people on the lower rung would like to be in the shoes of the people receiving the higher incomes. I have come in contact with a lot of people who are willing to change places. When one hears of all those who are attempting to get out of their present businesses, it is a serious thing for the State. Some hon. members seem to think that the revenue on which these people pay such an enormous amount of taxation is on a cash basis. Unfortunately it is not so. Many of them are taxed upon values and their income tax is assessed on the basis of the increase in their flocks and herds, which are taken into consideration on a cash basis. I know of one individual who realised an increase in the stock on his cattle station last year of something like 2,000 head. They were valued for taxation purposes at £4 a head, which gave what was apparently a respectable income of £8,000. That individual had to borrow the money from the bank to meet the working expenses of the station which amounted to £3,500. The balance of £4,500 was taken as representing his income, on which he had to pay tax. The only animal he could sell from his station in that year was one horse, which brought £25. How could that man pay the various forms of taxation, State and Federal and road board as well, when such was the actual result of his working for the year? The result is shown this year seeing that that individual has decided that he will not have any increase in his stock. Another man had 23,000 ewes. He told me the other day that he was not going to mate rams with the ewes this year. He has decided that in future there will be no increase at all, because he cannot afford to pay this taxation.

Hon. T. Moore: Then it does not pay to grow wool?

Hon. V. HAMERSLEY: Another individual who attended the wool sales yesterday, told me that not only is he in the same position regarding the valuation placed upon his stock by the Taxation Department, but that he, too, is not going to mate the rams with his 11,000 ewes. This is an unfortunate thing for the State.

Hon. T. Moore: And wool is selling at 2s. 6d. a lb.!

Hon. V. HAMERSLEY: In addition, this individual informed me that he intends to cut the throats of 3,000 ewes as he cannot sell them at anything like the price at which they are valued by the Taxation Department.

Hon. R. D. Ardagh: But he will still have to pay.

Hon. V. HAMERSLEY: He cannot raise the money. I do not think the bank will finance him any further. He will probably have to sell out altogether. That person is perfectly willing to change places with some of these individuals who are to be exempt. In fact, this individual would be glad to see them getting into the boat he is only too ready to get out of. All those men I have spoken to have indicated that it is not their intention to go on building up their holdings. They see it is no good going ahead, because they cannot afford to pay the taxation.

Hon. E. Rose: Are these men fully stocked up?

Hon. V. HAMERSLEY: No, nothing like it.

Hon. T. Moore: They had a drought there.

Hon. V. HAMERSLEY: In my own case, it has been practically impossible for me to make necessary improvements unless I am willing to increase my liabilities by borrowing money at extortionate rates of interest. I cannot see that it is worth while following that course. People in our position must come to a dead end, and cry a halt to the improvement of our properties. I earnestly appeal to hon. members to take these aspects into serious consideration. It should be remembered that that section of the community it is sought to exempt are those who are in receipt of cash.

Hon. T. Moore: But very little of it.

Hon. R. J. Lynn: But it is good, what there is of it.

Hon. V. HAMERSLEY: The other unfortunate people have to pay their income tax, as the result of valuations and not out of cash. It is such a serious matter for Western Australia that the whole position should be taken into consideration, particularly if so many of our settlers do not propose to increase their flocks and herds because they cannot afford to shoulder the burden of taxation. The financial houses behind them will not advance cash to pay the taxation based on the valuation of their stock, because when they come to realise on the stock they cannot get anything like the price at which the stock has been valued for taxation purposes. So great is the burden that I know many of them who would

willingly change places with other individuals in the State.

Hon. T. Moore: Do you know of any who are doing well?

Hon. V. HAMERSLEY: Many of these people are quite ready to realise on their investments and move off. Many are doing well but by the time the Federal and State income tax departments have extracted all they can from these people, it is felt that it is not worth while carrying on. They cannot see there is any justification for doing so and they will not do it by way of improvements, because the more the flocks and herds are built up, the greater is the cash to be paid in the form of taxation. They have only one voice when voting for State or Federal elections but those who are to be exempt from direct taxation do not appear to realise that the individuals I have referred to are bearing taxation in the manner I have indicated. We should seriously consider the question of further exemption. Like Mr. Miles, I recognise we cannot amend the Bill which the Assembly has sent to us. That being so, the best thing we can do is to reject the Bill at the second reading stage. I do not like the clause regarding the exemptions granted to members of Parliament. I have often tried to get an exemption for myself from the Taxation Department but have been unable to do so. My expenses are fairly heavy from travelling about the country. I do not think it redounds to the credit of members of the Legislature that they should propose a special exemption for themselves when the general public have not the opportunity of getting a similar concession. It is simply a matter of principle and we should not place in a measure something which will directly benefit ourselves. It is wrong in principle for members of Parliament to adopt any such course. If the Bill be passed, I hope that clause will be deleted. I do not wish to delay the House any further, but I feel it is better to leave the Government with the measure we have already on the Statute-book under which they will be able to raise the same revenue as before. I oppose the second reading of the Bill.

Hon. H. BOAN (Metropolitan-Suburban) [5.13]: I recognise the position of the Government and the necessity for increased income from taxation. It is a question, however, as to whether the policy being pursued is wise. Mr. Dodd referred to the unimproved land tax; that appears to have been lost sight of. Mr. Hamersley referred to increased taxation, but in every instance he quoted, he referred to improved land, stock and herds. I agree with him that the burdens are high, but the fact remains that there is land regarding which people are earning revenue without any outlay of capital or without any personal exertion. Speaking from the standpoint of a commercial man, there is no denying the fact that this State is labouring under great disadvantages as compared with the Eastern States. I am safe in saying that

we are burdened with an additional tax representing between 6 per cent. and 7 per cent. which the Eastern States never had to pay. A great proportion of the requisites for the development of this State have to be imported from the Eastern States at manufacturers' prices. On top of those charges, we must add insurance, freights and handling charges. On every shipload of stuff which comes into this State we are handicapped to the extent of 6 of 7 per cent. over and above the Eastern States. That in itself represents an enormous item. To that must be added a little profit which is passed on, but it is passed on to the consumer. It is a very serious disadvantage under which we are labouring, and our aim should be to minimise and reduce taxation in every conceivable way, not only to the poor, but also to the rich. There are very few people in Western Australia who can rightly be classed as rich. There are very few people who are able to build up anything like big reserves. Such reserves, when built up, are the mainstay and backbone of the State. They are re-invested. I could quote scores of instances from the commercial and manufacturing world where men have been retarded from making urgently needed developments owing to the shortage of cash. A big proportion of their profits have been absorbed by taxation. The amount asked for by the Government under this Bill is not very great, and in their wisdom they thought it better to levy the impost on the higher incomes, but this reacts on the million without the slightest doubt. Economy must be considered. I could quote an instance from my own affairs. The Federal law provides that stock shall be taken at cost and valuation, but at the same time one must not anticipate any fall in the market. Two years ago when I returned from London, we were on the verge of stocktaking. The market in London was falling rapidly. I told my people that unless they made ample provision, we will lose a tremendous amount of money. It should be borne in mind that when putting a value on goods, there is no refund. I quoted the Act and told my people they were not supposed to anticipate a fall. Stock was taken, and I suggested a discount of 40 per cent. The discount turned out at 3 per cent., and they were satisfied they could accomplish a reasonable profit. I submitted my return on that, and was informed on the revaluation of the stock that there was a discount of 20 per cent., representing £20,000. On that I had paid £12,000 income tax which brought the total loss to £32,000. No refund was allowed for that by the Government. I went to Melbourne and pointed out the position and the reply I received was, "We cannot help it; that is the position." The position of some people in the State is anything but enviable. They are taxed to the hilt and unfortunately they are taxed not on their sovereigns, but on their stocks. Values fall, markets fall, droughts come, and what I have pictured is the position not only in the commercial world, but as it affects everyone in the State. We are taxed on imports to a

greater extent than are the Eastern States, and this retards our opportunity to compete against the East. No wonder we cannot build up our secondary industries when we are taxed unjustly. The Federal Government are not treating us so kindly and justly as they might. Here efforts are made in every conceivable way to extract more money by way of taxation and people are becoming poorer. I believe that the sooner we arrive at some fairer way of deriving income taxation the better it will be and the more rapidly the State will flourish. I live in hopes that an amending measure will later on be introduced which will be more agreeable to all of us.

Hon. H. SEDDON (North-East) [5.21]: The subject of taxation is one on which more heated argument has ensued than on any other. I support the Bill, because I recognise the necessity for taxation in order to meet the necessary expenditure for the administration of the Government. At the same time we can not but realise that this is going to have a very marked effect on the welfare of the State. I support Mr. Dodd in his suggestion that the whole question of taxation would be well worthy of revision in order to place it on such a basis that it will press least heavily on the primary industries and so on the community at large. We must realise that the community can carry on only when they have plentiful supplies of cheap capital. If by means of taxation we deplete the capital resources, we shall be inflicting an injury on the community which it will take a long time to recover from. I heard the other day of an instance of the severity of taxation in the Old Country. A typist who was receiving an income of £120 a year had to pay in income tax no less than 5s. in the pound. When people in Australia complain of the incidence of taxation here, they should compare our conditions with those in other lands where the charges are necessarily much heavier, because of their greater burden resulting from the recent war. This House as well as another place, should set down as a fundamental rule that any deficit should be made up by the close of the year. Any system of administration not worked on those lines is fundamentally wrong. Any attempt to carry over the deficit and hand it on to posterity in the form of a funded debt is to a large extent dishonest. We are not meeting our liabilities and not facing the position as we should do. Any scheme of taxation should be sufficient to meet any deficit occurring in the same year. Unwise taxation has caused the downfall of many countries in the past. History shows how great provinces of the Roman Empire were depopulated owing to the extremely unfair taxation imposed upon the populace as a result of the wars in which the Empire engaged. Taxation is one of the most important questions we have to consider. Though I support the second reading of the Bill, I trust that amendments will be made in Committee. The Minister should support such amendments as will relieve the primary industries and thus confer a real benefit on the com-

munity generally. If this were done we would be able to realise the true benefits of the wealth which is being produced by our primary industries. Mining is a primary industry, and we cannot fail to recognise that the Federal Government are treating the industry far more favourable than the State Government. Under the Federal Act there is provision for an exemption of so much assessable income as is paid in calls on shares in companies carrying on mining operations in Australia for gold, silver, base metals and other minerals. We could well afford to introduce such an exemption in the present Bill. It would mean that those people who at present are assisting to develop this great industry would not entirely lose by thus investing their money, and the Government would show some recognition for the work they are doing. Even while working for their own benefit, they are doing a national work and we should recognise it by granting this exemption. There is also the question of the money sunk in development work. A mine is a wasting asset. All the work done in the way of shaft sinking and driving becomes worthless, when the mine is exhausted. It cannot be used for anything else, and to that extent the capital is lost. A mining company might spend a thousand pounds in development work during the year and receive in the form of dividends £500. If the development of the mine is justly regarded, the £500 is really a return of capital. If a man invests his money in any other way, he assumes that he will get a return of his capital. In mining this cannot be provided for and consequently the £500, though received in the form of income, should really be classified as a return of capital. Provision might well be made in our Act to regard such profits as a return of capital. Such a provision would not affect the old mines, many of which have received back their capital over and over again, but it would be of great benefit to the new miners struggling to establish themselves and which we hope will be the producers of increased wealth in the future. I commend to members the consideration of an exemption on these lines as is provided in the Federal Act. I support Mr. Dodd's proposal that the whole question of taxation should be thoroughly investigated before another assessment Bill is brought down. We should consider the question of taxation from the standpoint of conserving the welfare of the country. Every person should be encouraged to realise that he has a direct stake in the country and has a responsibility to the country. If we revised the exemptions in order to be generous to those doing their duty by the country, and increased the burden on those who are not doing the duty, it would be more equitable. I understand it was suggested in this House at one time that taxation might be imposed according to the occupation in which a man engaged. If a man was engaged in an occupation not directly productive of wealth or harmful to the community, he should be more heavily taxed, even though he was taxed

out of existence. On the other hand, if a man was engaged in an occupation which increased the wealth of the country and supplied a useful need, he should be protected and encouraged. If we made provision in the exemptions for a wage earner or salary earner to receive a certain rebate when buying a house, we would be encouraging thrift. If we provided that when a man saved a few pounds and placed it in the savings bank, a certain rebate in connection with the interest would be allowed, there again we would be encouraging thrift. The money saved would be put into the development of the country, and would help to increase the country's wealth. These are matters which I would recommend to the consideration of any committee or body inquiring into our system of taxation. I support the present Bill because I realise the necessity for carrying on the affairs of the country, and for meeting, as far as we possibly can, our liabilities and leaving no deficit to be borne by those who come after us.

Hon. F. E. S. WILLMOTT (South-West) [5.32]: Anyone listening to the remarks of previous speakers must be struck by the thought that Governments, both Federal and State, have only one object, to obtain money somehow, not caring where it comes from. As pointed out by Mr. Hamersley, in the case of increase of live stock values the Governments do not wait until, for instance, a calf has become a marketable commodity and then tax on the income. Again, in the case of sheep, if the owner is left alone and not hit on the lamb, there is a chance to hit him doubly hard when he sells the wool and the mutton. But the Governments of to-day are doing exactly what the old man and the old woman did to the goose that laid the golden eggs. Governments are in such a hurry to get everything that they kill the goose. The people who develop the back country and make it carry stock are to-day being taxed out of existence. If they were encouraged, the State would benefit a great deal more. Say a calf when dropped is worth £4, and the owner is taxed on that basis; the taxation takes away from him any chance of further development, prevents him from going on to lay more golden eggs. The Bill has come to us very considerably altered from its original form. There is a proposal that one section of the community shall be practically immune from taxation, and that a corresponding additional burden shall be placed on another section. Nobody has a softer spot in his heart than I have for the struggling poor man. At the same time, as pointed out by Mr. Boan, if we put the whole of the taxation on a certain section of the community, some proportion of that will be thrown back on the million. That is undoubtedly so. If we say to a large section of the community, "We will put up such exemptions that you will not pay any direct taxation," their reply will be "Borrow, borrow, and spend; it does not matter how much you borrow and spend; the other fellow has to pay; and we have a chance of

unlimited employment at probably increased wages and salaries." Such a position is wrong, and kills that spirit of thrift which is so essential to the welfare of the nation. Mr. Seddon pointed out the absolute need for encouraging thrift. Shall we be encouraging thrift if we exempt a very large section of the community? I am afraid that in such circumstances the section exempted would lose sight of the fact that borrowed money has to be paid back. They would never think of the future because in the present they would not be called upon to pay taxation. If we go on as it is proposed we should go on, relieving one section of the community and burdening another section, we shall in a very short time find that the goose has been killed. Then the so-called poor man of to-day will find himself in a very much worse position. If there is one object we should have in view in such a State as this it is to increase our flocks and herds and every kind of primary production. In order to achieve that end we must be careful how we tax people engaged in primary industries; otherwise we shall be taxing away the funds which they would use for developmental purposes. Every man in the community, however little he receives, should be made to recognise his responsibility as a citizen of the State. Another measure proposes to do that. To my mind it is extraordinary that in one measure we are asked to say that we will exempt these people from taxation, while in another measure, which may reach us later, we are asked to say that every man in the community should be prepared to pay taxation. I agree with the latter opinion. Mr. Dodd says that the married man on £150 a year has a struggle to live. He does have a fearful struggle; I know it. But if he pays a very, very little, a mere trifle, that is better for him as a citizen than that he should get into the habit of thinking that someone else should always be called upon to pay taxation. I myself should like to pass taxation on. That is human nature. But what we as legislators should try to do is to make all sections of the community recognise their responsibilities. I do not think we are setting a good example when we allow a business man coming up to Perth from the country £15 a year for travelling expenses, and allow a member of Parliament £50 or £100 as the case may be.

Hon. J. Cornell: You do not mean to say a member of Parliament is in business, do you?

Hon. F. E. S. WILLMOTT: If I were not a member of Parliament, I should take a great delight in baiting members of Parliament on that discrimination, in ridiculing them on that score whenever an occasion presented itself. We have heard a great deal about salary grabs, but if this discrimination becomes law the people will have something to complain of indeed. I say fearlessly that if a man is put to a certain amount of expense for his election, that should be taken

into consideration if the £400 a year he gets by way of Parliamentary allowance is taxed.

Hon. J. Ewing: Is it not so?

Hon. F. E. S. WILLMOTT: He should have an allowance made to him for his election expenses.

Hon. J. Ewing: Does he not get it?

Hon. F. E. S. WILLMOTT: No; and that is absolutely wrong. It seems to me that certain gentlemen thought they would get back by means of the discrimination money taken from them unjustly though lawfully in this connection. Apparently this is the means by which they intend to get back money of which they have been legally robbed. I support the second reading of the Bill, and in Committee—

Hon. G. W. Miles: We cannot alter the Bill in Committee.

Hon. F. E. S. WILLMOTT: I think we can.

Hon. G. W. Miles: We cannot do anything of the sort.

Hon. F. E. S. WILLMOTT: I am willing to take a chance in that direction. I hope certain amendments will be made in Committee.

Hon. J. CORNELL (South) [543]: Having compared this Bill with existing legislation, the only fundamental change I have been able to find is the exemption in favour of a married man and the exemption in favour of members of Parliament. Otherwise there is little difference between the Bill and the existing Act. True, there are minor exemptions, like that given to a taxpayer with a dependant such as a widowed mother or an orphaned younger brother or sister. Such a taxpayer this measure places on the same footing as the parent of a dependent child. I do not think hon. members will quibble about this exemption. It is claimed that the exemption proposed for married taxpayers will mean a considerable loss in revenue collected, and to compensate that loss a corresponding amount of tax is to be imposed on another section. Any measure imposing taxation is bound to meet with a certain amount of hostile criticism. I agree with previous speakers that probably much good would result were Parliament to devote itself to evolving an equitable scheme of taxation. However, I think that the man who will evolve an equitable scheme of taxation suited to the great bulk of taxpayers has yet to be born. I may digress and say that in all my researches and reading I have found that the most equitable and economical method of taxation is that set out by Henry George. But how many Georgians are there to-day? I have a lively recollection of the hon. Mr. Dodd, one of my colleagues, being opposed to an income tax. I too was opposed to it, and on fundamentals he is opposed to it to-day, and so am I. A majority of the community, however, favour an income tax and consequently the majority must prevail.

Hon. G. W. Miles: Income tax on the other fellow.

Hon. J. CORNELL: That is what it has always been, and so it will be to the end. We have protectionists and freetraders to-day as we had them in the past, but generally speaking the freetrader, except when he is a primary producer, is almost as rare as the dodo in Australia. If we carry our memories back we find that the imposition of the income tax dates back to only 1907. When that tax was imposed in this State, the promulgators of it agreed that a certain section of the community should be exempted, and that the exemption should be £200 for married or single taxpayers. The war came on and the exemption was reduced, and we were told by the Government that the reduction was only a war expedient. The war has been over for four years and we should seriously consider whether or not we ought to return to the pre-war position regarding taxation.

Hon. H. Stewart: State taxation was never considered as a war measure.

Hon. J. CORNELL: I was away when my exemption was increased and I was told on my return that the increase was a war measure, the object being to raise more revenue. We know, however, that the war measures have become permanent. I am of the opinion that the capacity of the Government for spending money has in no way lessened since the end of the war. I believe the Bill provides a way out in regard to exemption so far as the married man is concerned. Let us examine the incidence of this taxation and the exemption. Under the law as it stands a single man and a single woman enjoyed an exemption of £100 odd. They marry. By the man marrying the exemption is increased to £156. The man takes unto himself a female taxpayer and he is expected to provide for her. When he does that the exemption they both enjoyed as single individuals should be continued.

Hon. R. J. Lynn: It will be after a short period.

Hon. J. CORNELL: But that blessing does not come to all marriages.

Hon. R. J. Lynn: It does within a reasonable time.

Hon. J. CORNELL: And the dispensation of Providence. It is only logical that if two single taxpayers should marry the exemption they enjoyed whilst single should be the exemption after their marriage. The Bill gives the married man an exemption of £200. When approaching taxation measures people are prone to view taxation from the particular position that is before them. Taking our customs and excise duties which are part and parcel of the obligation of citizenship, here as it is elsewhere, that impost weighs just as heavily on people exempted under the Bill before us, as it does on those who are not. There are other sources of taxation, but customs and excise is a question which should be considered when we are reviewing legislation such as that before us now. A married man cannot live on £156 a year. If he is earning that amount only, he must be living at somebody else's expense.

Our industrial tribunal has declared that the basic wage should be about £204 a year. That being so I do not think anyone will argue that those who are in receipt of £136 are getting enough. People living on £200 a year and who try to meet all their obligations have a very hard row to hoe. It is only the married man to whom this measure seeks to give some relief. The married man on a small wage is in an unfortunate position. There are exemptions for children and we prate about that exemption of £40 per child. But there are hon. members here who have sturdy boys of 14 or 15 years of age who require more for their maintenance than do the parents. I have previously stated, regarding the exemption for children, that I would make it on a sliding scale and provide that the more children a taxpayer had, so would there be a corresponding increase in the exemption. Will any hon. member for a moment say that an exemption of £40 for an infant is comparable to a similar exemption applied to a boy of 14? Turning to the proviso relating to the deduction to be allowed members of Parliament for expenses incurred, we can all be chivalrous or heroes or martyrs. But I venture to say that a member of either House, representing a country constituency, is called upon to bear greater expense and do infinitely more work than a member who is fortunate to represent a metropolitan constituency. Mr. Willmott has stated that if we pass this clause we shall have heaped upon us more abuse than we have ever experienced. I hardly think that is possible. I have just been through an election campaign and I can say from experience that what I went through was about the irreducible minimum.

Hon. A. Burvill: Irreducible maximum.

Hon. J. CORNELL: And the last straw might break the camel's back on this occasion. Hon. members take up the line of reasoning that it is better to throw out this Bill inasmuch as we cannot amend it. I think we can suggest amendments, and in the direction that the impost we desire to levy shall not be greater than the impost the Bill suggests. If members are prepared to frame amendments that will give legitimate relief to some section of the taxpayers, I shall possibly give them my support, but to argue that we should throw out the Bill on the bald assumption that because married people have had their exemptions raised by £14, will be arguing on bad premises. There are in the Chamber, I think, sufficient members prepared to make a little further sacrifice in the interests of married taxpayers. The best citizen of all is the married man, for unavoidably he must have a very fair conception of his responsibilities. I trust the House will pass the second reading; then, if necessary, we can amend the Bill in Committee.

The MINISTER FOR EDUCATION (Hon. H. P. Colebatch—East—in reply) [8.0]: One or two members have discussed the Bill as being a Bill to advantage the Government

in the raising of additional revenue. It is nothing of the kind. The Bill will materially decrease the revenue we have been receiving from taxation.

Hon. H. Stewart: It would not financially hurt the Government if the Bill were not passed.

The MINISTER FOR EDUCATION: If the House were to reject this Bill and pass the other taxation Bill, it would help the Government a great deal. The question has been raised as to whether the Council can amend the Bill. One member declared it was a money Bill, and therefore could not be amended here. This is not a money Bill. But there is in the Constitution Act, as amended last year, a provision that the Council may not amend any Bill so as to increase any proposed charge or burden on the people. The Council is free to amend this Bill, but not in a direction which would increase any charge or burden on the people. If an amendment were proposed which removed the exemption, it would be for the Chairman of Committees to say whether or not he could take that amendment, whether it did not increase the burden on the people. I say this merely to correct the idea that this is a money Bill and, therefore, cannot be amended. The Bill can be amended.

Hon. A. Lovekin: We can request an amendment in it.

The MINISTER FOR EDUCATION: No, the Council may amend it, so long as the amendment does not increase the burden on the people. It is only in the case of money Bills that the Council may request an amendment. In a money Bill the Council may not even request an amendment which increases the charge or burden on the people.

Hon. A. Lovekin: But if the amendment does not do that, we can request an amendment.

The MINISTER FOR EDUCATION: No, in the case of this Bill if the amendment does not increase the charge or burden on the people we can make the amendment ourselves; because this is not a money Bill, and so it is open to us to amend it just the same as we would amend any ordinary Bill. In no Bill can we make an amendment which will increase the charge or burden on the people.

Hon. A. Lovekin: How do you interpret the words "Bill which the Council may not amend"?

The MINISTER FOR EDUCATION: A Bill appropriating revenue or money, or imposing taxation. Those are about the only Bills we may not amend; that is to say, in a way other than increasing the charge or burden on the people.

Hon. A. Lovekin: We amended this Bill last session.

The MINISTER FOR EDUCATION: Yes, in the direction of lightening the burden on the people. It is open to the Council to amend this Bill in the same way. When the Bill was before the House on Thursday, Mr. Lynn raised an important point in regard to Clause 2. I told the House at the time that

that clause was identical with the clause in the taxation Bill of last session, except that it did not include the proviso in respect of the deduction of interest. The reason is that it is now proposed to make that a permanent part of the other Bill. I can assure Mr. Lynn that the enactment of this clause, whether in the Bill before us or in the other Bill, will not in any way alter the method which has been practised in the past. Companies having shareholders in other parts of the world will be required to pay 1s. 3d. in the pound on their dividends. But a person resident outside of Western Australia who receives those dividends will not be required to pay anything further towards the taxation in this State.

Hon. G. W. Miles: No absentee tax?

The MINISTER FOR EDUCATION: No, we know nothing about the absentee. Probably he will have to pay in the country where he lives, but we do not follow him. We merely collect from the company 1s. 3d. in the pound. The clause is undoubtedly necessary. Our taxation methods would be monstrously unfair without it, because without it any person or firm could carry on a business and declare dividends, taking in dividends what would otherwise be taken in profits, and paying only 1s. 3d. in the pound. That is all this clause provides against.

Hon. R. J. Lynn: I do not object to that.

The MINISTER FOR EDUCATION: Two points were raised by Mr. Lovekin and Mr. Stewart in regard to the Taxation Assessment Bill of last year. I have already referred to them. Undoubtedly a series of errors were committed. They seem to have arisen out of the wrong numbering of clauses. The unusual practice was adopted of calling one amendment "1a," and another amendment was not sent to another place at all. The result was that all the numbers were wrong; and the amendments were sent up for our consideration on numbers. So, naturally, mistakes were made. The amendment to which Mr. Lovekin has referred was in regard to what are known as walk-in walk-out sales. I have gone exhaustively into this with the Deputy Commissioner of Taxation, and I desire to place the position clearly before the House, because undoubtedly some misapprehension exists as to how the matter applies. Here is a statement by the Deputy Commissioner of Taxation—

Section 5 of the Land and Income Tax Assessment Amendment Act, No. 17 of 1922 provides that the profits arising or accruing to any person from the sale of any business as a going concern shall be deemed income within the meaning of the paragraph (a), Subsection (1), so far as such profits are derived from the sale of stock in trade, livestock, or other goods, chattels and effects, the proceeds of which, if disposed of in the ordinary course of trade, would have been taxable income. I have to advise that ever since the inception of taxation in this State in 1908 up to the time of the

Newman judgment in October last year, all profits made on the sale of any business in a walk-in walk-out sale have always been taxed under the State law. That is to say, only the profit arising from the sale of the stock in trade has been taxed. Any profit arising from the sale of any fixed or other assets of the business has been treated as capital, and exempt from taxation. For example, if a pastoralist sold his station (lock, stock and barrel), and made a profit on the station as a whole, of, say, £20,000, the department would deduct from such profit the amount of profit made on the sale of the following items: Freehold and leasehold land, improvements on the land, machinery and other movable plant, and any other asset not used as stock in trade, and the resultant profit would be taxed by the department, and which would represent the profit made on the sale of the livestock in which the pastoralist traded. That is to say, the farmer would only be taxed on the profit that he made on the sale of his produce. These two examples should be emphasised for the reason that many people, including members of Parliament, have a wrong idea as to what the department actually taxes as profit in a walk-in walk-out sale. The general opinion is that the department taxes the whole profit. This is not so. The judgment in the Newman case has relation to assessments made on incomes earned for the years ended the 30th June, 1919 and 1920, respectively, and where income tax was paid, the department has made refunds where applications have been received. The provisions of the Land and Income Tax Assessment Amendment Act, No. 17 of 1922, apply to the income earned for the year ended the 30th June, 1921, and it should be remembered that the provisions of Clause 5 of the said Act were in the Land and Income Tax Assessment Bill when it was submitted to the Legislative Assembly in August, 1921, and about six weeks before judgment in the Newman case, and it was never contemplated by the Taxation Department or the Crown Law authorities that the Newman case would go against the Crown, and it was only on a technical point of law, namely, that the buying and selling of stations was not a business within the meaning of the Land and Income Tax Assessment Act, that the Crown lost the case. It is contended in some directions that Clause 5 of the Act should not have retrospective application, and that it should only operate as from the date at which the Land and Income Tax Assessment Amendment Act was assented to, namely the 10th February last. If this contention is agreed to by Parliament, it will mean that all the businesses that were sold on a walk-in walk-out basis during the year ended the 30th June, 1921, and between the 1st July, 1921, and the 10th February last, will escape taxation. Many business concerns were sold or formed into incorporated companies during the period mentioned,

some deliberately with the intention of escaping taxation, notably those formed since the date of the Newman case decision, and in such cases there has been a deliberate inflation of the stock in trade acquired, with the result that when the stock is sold by the company or new concern, little, if any, profit will be shown, which means that no tax will be payable in such cases. There will, therefore, be a double loss of revenue to the State if the provisions of Clause 5 are made operative from the date on which the Act was assented to, namely, the loss of the profit on the sale of the business concern, and the loss due to the selling of the inflated stock in trade. In regard to a few of the businesses that were formed into limited liability companies before the date of the judgment in the Newman case, it is realised that only a paper profit has been made which, of course, the department taxed, and this arises from the fact that the stock in trade has been acquired at a price in excess of the value returned to the department for income tax. Had, however, the companies taken over the stock at the value returned to the department for income tax, no profit would have been shown and, consequently, no tax claimed. As I explained to one shareholder yesterday, who was interested in a company which recently took over a pastoralist's business, had his company taken over the livestock at the scheduled values returned to the department for income tax, no profit would have been shown, and no claim for income tax made. It would have been an easy matter for his company to have taken over livestock at the schedule values.

That puts the matter clearly.

Hon. A. Lovekin: But it is quite unfair.

The MINISTER FOR EDUCATION: Not at all. Suppose a man has 10,000 head of sheep and the Taxation Department assesses them. If he sells them to some other person or to a limited liability company—which is really himself—at £2 or £3 per head he escapes paying any taxation; and then having paid £2 or £3 per head, when he comes to sell them, he does not get anything above that £2 or £3 per head, and so he again escapes, although he has made a profit.

Sitting suspended from 6.15 to 7.30 p.m.

The MINISTER FOR EDUCATION: Before tea I was explaining the method followed by the Taxation Department in taxing profits on walk-in walk-out sales and endeavouring to remove the misapprehension in the public mind (and this is shared by some members) that it is the desire of the department in such cases to tax the whole of the profits of the sale. That is not the case. All that the department taxes upon are the things in which a person deals. The contention, that is unassailable, is that if a person whose trade is dealing in stock sells the whole of his stock in one line instead

of animal by animal he should just as much pay on the profit of the sale as though he had sold it animal by animal. In the same way if a merchant sells the whole of his business he would not be taxed on the property, goodwill or anything of the kind, but on his stock in trade. If he sold his stock in trade at a profit he would have to pay on that profit just as if he had sold the stock in trade by individual lines at a profit.

Hon. G. W. Miles: Are you sure he would not be taxed on the goodwill?

The MINISTER FOR EDUCATION: Yes. In the case of a farmer he is taxed on the profit he makes on the sale of his produce. Here is an example of a sale by a farmer of his property on a walk-in walk-out basis. The land, comprising 2,500 acres, is valued at £4,000, sold at £6,000, showing a profit of £2,000. He would not be taxed on the £2,000 profit. The house and other buildings are valued at £1,000 and sold at that sum; the fencing, dams, well, windmill, etc., are valued at £1,800 and sold at £2,000, showing a profit of £200, but again he would not be taxed on that profit. Plant and machinery are valued at £1,000 and sold at that price and there is no profit. Two hundred sheep valued at £1 apiece are valued at £200 and sold at £250, showing a profit of £50. He would be taxed on that. Ten working horses are valued at £200 and sold at that price, there being no profit. Standing crop (800 acres) is valued at £1,000, and sold at £2,500, showing a profit of £1,500, on which profit he would be taxed.

Hon. G. W. Miles: There is no mention of that principle in the Bill.

The MINISTER FOR EDUCATION: No.

Hon. A. Lovekin: We can show you cases where people have been taxed and where there have been losses and not profits.

The MINISTER FOR EDUCATION: This is the system followed by the Taxation Department. Our present method of taxation on walk-in walk-out sales is fair and equitable.

Hon. A. Lovekin: It ought to be.

The MINISTER FOR EDUCATION: And so it is. To date this forward as Mr. Lovekin had intended would not be equitable. Its only effect would be to enable many taxpayers to escape taxation that they were justly entitled to pay. Mr. Lovekin also referred to the matter of allowances for interest on money borrowed for business purposes. It is true the Taxation Department did at one time disallow the interest, but this was done under a misapprehension. The matter was referred to the Crown Law Department, by whom the Taxation Department were informed that they were acting under a misapprehension, and that they had to allow it. They did allow it, irrespective of the amendment of the Act.

Hon. A. Lovekin: And in some cases they did not pay back what they had collected.

The MINISTER FOR EDUCATION: I know of no cases where claims for repayment were made and refused. Mr. Miles raised the question of the 15 per cent. sur-

charge. That is purely a matter for the taxing Bill. It finds no place in the Assessment Bill.

Hon. G. W. Miles: Will it be in the other Bill?

The MINISTER FOR EDUCATION: The Land Tax and Income Tax Bill provides—

In addition to the income tax payable under the preceding provisions of this Act, there shall be charged, levied, collected and paid, for the use of His Majesty under and subject to the Acts referred to in Section 2, on the income chargeable of all taxpayers, and on such incomes as are liable to tax under Section 5, a super-tax equal to fifteen per centum of the amount of the income tax imposed as aforesaid.

This is not referred to in any way in the Assessment Bill. It is impossible for me to deal with the cases referred to by Mr. Hamersley without knowing the full circumstances. I venture to say that no pastoralists in this State are cutting the throats of their sheep unless there is some reason for it other than taxation.

Hon. R. G. Ardagh: They might want the skins.

The MINISTER FOR EDUCATION: To say that this is due to taxation is to put before the House only part of the circumstances. I cannot imagine anyone doing such a thing unless other circumstances than those put forward by the hon. member existed.

Hon. A. Lovekin: They cannot borrow the money with which to pay their taxes.

The MINISTER FOR EDUCATION: We have had in succession Mr. Boan, Mr. Seddon, and Mr. Hamersley. Mr. Hamersley wanted the sheep farmer relieved. Mr. Boan pointed out the difficulty from the merchants' point of view. Mr. Seddon said that relief was necessary for the gold-miner. Each in turn saw the difficulty of his own class and each wanted some relief. Mr. Boan said we wanted some Bill that would be more agreeable to us all. A taxation measure can only be made agreeable to people by the lightening of the burden upon them. If we lighten the burden upon the commercial community, the pastoral community or the mining community, it must fall upon some other section of the community. Then we have members asking for the lightening of the burden on the wage-earning community. Each wants the burden lightened for those associated with him.

Hon. J. J. Holmes: There is only one section getting relief under this Bill.

The MINISTER FOR EDUCATION: That is so. I am conscious of the fact that there is no State in Australia where more is done by the State for people with small incomes than is done in Western Australia. It is a fact that under this Bill small incomes will escape more lightly than they will in any other part of the Commonwealth.

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

Ayes	15
Noes	8

Majority for	7
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AYES.

Hon. R. G. Ardagh	Hon. J. W. Hickey
Hon. F. A. Baglin	Hon. A. Lovekin
Hon. A. Burvill	Hon. G. Potter
Hon. H. P. Colebatch	Hon. E. Rose
Hon. J. Cornell	Hon. H. Seddon
Hon. J. Duffell	Hon. F. E. S. Willmott
Hon. J. Ewing	Hon. H. Boan
Hon. E. H. Harris	(Teller.)

NOES.

Hon. C. F. Baxter	Hon. A. J. H. Saw
Hon. V. Hamersley	Hon. H. Stewart
Hon. J. J. Holmes	Hon. J. Nicholson
Hon. R. J. Lynn	(Teller.)
Hon. G. W. Miles	

Question thus passed.

Bill read a second time.

In Committee.

Hon. J. Ewing in the Chair; Minister for Education in charge of the Bill.

Clause 1—agreed to.

Clause 2—Amendment of Section 15.

Hon. A. LOVEKIN: I move an amendment—

That the words "inserting subsections as follows" be struck out, and "omitting Subsections (1) and (2)" be inserted in lieu.

I want to deal particularly with the absentee tax. This subsection deals with the additional tax of 50 per cent. for absentees. So far as I can learn, this extra tax was levied years ago with the object of keeping people in the country so that they would spend their money here. It has not had the desired effect anywhere, because when people have gone away they have taken their money with them and thus avoided paying this tax. The result has been that not much extra taxation has been received by this State or by the Federal authorities. It has done a lot of harm and it has driven people away from the State. If a man has a building here he may go to England and stop there.

Hon. A. J. H. Saw: Shame!

Hon. A. LOVEKIN: A great injustice is done to that individual if that extra absentee tax is imposed upon him. The result is that such a man sells out and takes his money Home. Then he can lend it to the Government, collect interest, and pay no tax at all. If he left his money here and paid only the single tax, it would be better for all concerned. Someone has to find the money to purchase his property and that money, seeing that it goes to England or to wherever the property owner proceeds, is a loss to us and we cannot use it for the development of the

country. If he is compelled to pay only a single tax we are better off because the money is left here. The Federal Government have abolished the absentee tax but they have provided that he shall not be entitled to the statutory exemption, otherwise he pays nothing extra in the shape of taxation. If the amendment be agreed to, I propose to move a further amendment to bring our taxation proposals into line with those of the Commonwealth, by deleting the references to exemption in the case of absentees.

The MINISTER FOR EDUCATION :

I am quite aware that this is a question that can be argued both ways. There may be much to be said in favour of not taxing absentees but there are equally sound arguments in favour of taxing them. If a man has a large station property but lives away from the State, spending his money elsewhere, it is not inequitable that he should pay a larger tax than those persons who stay here and spend their money amongst us. That is quite as good an argument as the one Mr. Lovekin advanced. I hope the Committee will not agree to the amendment.

Hon. J. NICHOLSON: I always understood it was the desire of the Government to encourage the investment of capital here.

Hon. G. W. Miles: Only by themselves. They do not want outside capital.

Hon. J. NICHOLSON: I must have been under a misconception. I understood the Government were desirous of getting people to invest money here.

Hon. G. W. Miles: That is not their policy at all.

Hon. J. NICHOLSON: If that be so, it means that unless we give encouragement as suggested by Mr. Lovekin, capitalists will be driven away from the State.

Hon. G. W. Miles: This tax has driven capitalists away already.

Hon. J. Cornell: It has taken 15 years to find it out!

Hon. J. NICHOLSON: We need a great deal of money to develop the resources of the State. I know of an instance where people have hesitated to invest money in Australia because of the inequitable burden of taxation levied upon them, because they are not residents of this country. Encouragement is given in other parts of the world for the investment of outside capital and instead of adding an extra taxation burden on those people, they are relieved from it. If we are to develop this State—

Hon. A. J. H. Saw: You will not do it by absentees.

Hon. J. NICHOLSON: I think that is wrong. Take, for example, the early goldfields days.

Hon. T. Moore: It was not an absentee who found the goldfields.

Hon. G. W. Miles: But it was the capital of absentees that was brought in to develop the mines.

Hon. T. Moore: Only after the fields had been discovered.

Hon. J. NICHOLSON: We would not have opened up the goldfields unless that capital had been brought in.

Hon. G. W. Miles: We wanted good old British capital then.

Hon. T. Moore: I suppose we could not have developed the fields without that money. Is that what you suggest?

Hon. J. NICHOLSON: Had it not come in, we would probably not have developed the fields—

Hon. H. Seddon: If that capital had not come in, 146 million pounds worth of gold would have remained in the ground.

Hon. J. NICHOLSON: Many millions of pounds of outside capital were invested here and that money was used in the development of the mines, the purchase of plant, payment of wages, payment for stores, and in the payment for a hundred and one other necessities for the development of the State. If we cease to recognise the importance of inducing capital to come here, we will witness the departure of capital from our shores. Mr. Lovekin has given an instance to show the effect of this tax. The absentee makes his money available here.

Hon. A. J. H. Saw: He gives us jolly little, so far as I can see.

Hon. J. NICHOLSON: I disagree with that. I have seen many people invest money here and they have left it.

Hon. J. Cornell: What did they invest in? Did they invest in companies?

Hon. J. NICHOLSON: Yes, and in stations and other properties.

The Minister for Education: Does that not apply all over the world? People make bad investments everywhere.

Hon. J. NICHOLSON: At the same time, we do not wish to discourage outside capital from coming to Western Australia.

Hon. A. Burvill: Will this not encourage people to come here?

Hon. J. NICHOLSON: Many people cannot come here owing to the circumstances in which they are situated. To ask people to invest money here and then tax them 50 per cent. more than ordinary people is not equitable. They should be exempted as suggested by Mr. Lovekin in the further amendment he has indicated.

Hon. A. J. H. SAW: I intend to oppose the amendment. The absentee landlord is a curse, no matter where he is. He has been a curse to Ireland and has been a curse to Western Australia.

Hon. F. E. S. Willmott: I do not blame him for leaving Ireland, seeing that he has never had anything but bullets there!

Hon. A. J. H. SAW: The absentee pays practically nothing to local charities; he does not pay anything through the Customs, as people who live here are required to do. He is not a good proposition for Western Australia at all.

Hon. G. W. MILES: I support the amendment. Dr. Saw says that the absentee pays no taxes. The absentee has his money

invested in station or other property, and his money is distributed in various ways.

Hon. A. J. H. Saw: But he does not pay anything on his personal account or on account of his family.

Hon. G. W. MILES: The absentee tax is one of the worst advertisements we can get in the Old Country, where men who have made hundreds of thousands of pounds out of this State are advising others not to invest here.

Hon. T. Moore: That is why those people made their money!

Hon. G. W. MILES: They bore the heat and burden of the day but they are selling out as fast as they can.

Hon. J. W. Hickey: That is their gratitude!

Hon. G. W. MILES: They are selling out because of this 50 per cent. extra tax. We want all the money we can get.

Hon. T. Moore: Why cannot they live in the country?

Hon. G. W. MILES: Why should everyone who has money to invest be required to live in the country? If he is prepared to leave his money here why should he be taxed 50 per cent. more heavily than the ordinary individual? One man is selling out and investing his money in Victoria. Victoria is one of the most prosperous States of the Commonwealth and it has no absentee tax. That State is able to get all the capital it requires. The greater the amount of private capital invested, the better for the State. If a man comes in to Western Australia with money, he cannot get land. That is the policy of the Mitchell Government. They are out to assist men with no money.

Hon. A. J. H. Saw: What about all those farms for sale?

Hon. G. W. MILES: I have an application for 1,000 acres of land and a British farmer and a Canadian farmer are prepared to expend £3,000 on it, but there is no land available for them. If the Mitchell Government are allowed to continue, the debt per head of population will mount up to £200. The amendment would be one of the best advertisements possible for Western Australia. We cannot develop Western Australia with Government money alone.

Hon. J. CORNELL: I oppose the amendment. The hon. member seeks to go the whole hog. The subsection was agreed to in 1907 and this is the first time an effort has been made to knock it out.

Hon. A. Lovekin: The Federal people have knocked it out this year.

Hon. J. CORNELL: They had reasons for doing so, but I doubt whether the results will justify their action. The people who would be benefited by the amendment are those who live abroad and invest their money in this State. Should not greater relief be given to the man who resides here and invests his money here?

Hon. G. W. Miles: Yes, if he has money to invest here.

Hon. J. CORNELL: I am going to give consideration to the man who lives here.

Hon. J. J. Holmes: Your vote on the second reading does not bear that out.

Hon. J. CORNELL: Mr. Nicholson had much to say about investors in gold mining. These people invested mainly in companies, and received the relief they were entitled to. Recently I had an opportunity to compare the conditions of absentee investors in two countries. All we have to show for the 28 millions of dividends won from the Golden Mile is an obsolete drinking fountain in Victoria Park costing about £200. The union of South Africa, where the laws are more stringent and the imposts infinitely higher, has very much more to show. There it is recognised that mining must come to an end, and millions of money made in mining is being devoted to the development of agriculture.

Hon. G. W. Miles: Have they a 50 per cent. absentee tax?

Hon. J. CORNELL: In Johannesburg the mining companies have to contribute nearly a million a year for the relief of men suffering from miners' phthisis. Directors of South African mining companies must reside there.

Hon. G. W. Miles: I know of absentee firms in this State who contribute more liberally than local firms.

Hon. J. CORNELL: The hon. member should cite individuals.

Hon. G. W. Miles: I cited one.

Hon. J. CORNELL: An abstract case. The resident taxpayer is of infinitely greater value to the State than the absentee.

The CHAIRMAN: I suggest that Mr. Lovekin withdraw his amendment and move it in the following form:—"Insert after 'by' in line 1, 'omitting Subsections 1 and 2 and is further amended by.'"

Hon. A. Lovekin: I accept your suggestion.

Hon. H. STEWART: I suggest that the hon. member first move for the deletion of Subclause 2. If that is carried, he can move for the deletion of Subclause 1 on recommendation.

Hon. A. Lovekin: I am willing to do that.

The CHAIRMAN: Then the hon. member must withdraw his amendment.

Hon. A. Lovekin: I ask leave to withdraw the amendment.

Amendment by leave withdrawn.

Hon. A. LOVEKIN: I move an amendment—

That after "by" in line 1 the words "omitting Subsection 2 and is further amended by" be inserted.

Hon. H. STEWART: We should consider what is most desirable in the interests of the development of the State. We should not take a shortsighted view in order to gain a little extra revenue. The ex-parte statements of Dr. Saw do not call for much reply. He gave no very substantial reasons.

Hon. A. J. H. Saw: Except common observation.

Hon. H. STEWART: Common observation apparently not based on knowledge of the

industries of this State. Mr. Cornell is easily answered. He said that this tax had been in operation since 1907, and that its repeal had not been asked for in the interim. I do not know what the 50 per cent. meant 15 years ago, but now it means about 6s. in the pound. Moreover, in 1915 the Commonwealth began to impose income tax for war purposes. The Commonwealth tax now amounts to 6s. in the pound. Adding this State's maximum rate of 4s., we have 10s. in the pound. The 50 per cent. addition means a total of 15s. in the pound for State and Federal income tax. People consider what returns they are likely to get from investments, and we cannot shut our eyes to the amount of Federal taxation. We should consider what returns are obtainable in other parts of the world. It would be interesting if a member with knowledge of the subject would contrast the position, from a British point of view, of the agricultural industry here as against that industry in the Argentine.

Hon. T. Moore: The Argentine was not in the great war.

Hon. H. STEWART: Everyone will acknowledge that we need money for the development of this State, and not only money borrowed by the Government, but capital privately invested. People making money in the metropolitan area are evidently not inclined to invest money in the secondary industries of this State, as shown by the results of the campaign to raise capital for the proposed woollen mills. The people in the South-Western division, who are not wealthy, have responded well, and so possibly have the pastoralists.

Hon. A. J. H. Saw: What are the pastoralists of the North doing?

Hon. H. STEWART: I do not know. At a meeting of business men in the city, which meeting was addressed by the chairman and directors of the proposed company, cutting references were made to the lack of response from the business men of the city. We do not want the Government to borrow to an unlimited extent, and therefore private capital is necessary for the development of Western Australia. Although the Federal Government have given relief in the matter of absentee tax, the taxation in this State is still so high as to make the investment of private capital here unlikely. References have been made to the fact that people who have profited from our mining industry take their money out of the State. As a shareholder in mining companies and agricultural companies in the Transvaal, I say that Mr. Cornell's statements do not convey a correct impression.

Hon. J. J. HOLMES: I can understand some members opposing the amendment—members who believe in the nationalisation of industry—but Dr. Saw's opposition puzzles me. We seem to be aiming to push all private capital out of industry here, so that our Government may borrow at a high rate of

interest for the purpose of lending to destitute people—I do not say this offensively at all—at the other end of the world and for the purpose of spoonfeeding them here. The woollen mills are likely to prove one of the best paying propositions in the State. Unfortunately, however, the statement has gone forth that so long as enterprises are profitable they should be run by the Government. Hence people hesitate to subscribe capital to the woollen mills, feeling that should the undertaking prove profitable the Government will enter into competition with it. I thought the British people would ere this have said to our Government, "We will not lend you any more money." But the gentlemen at the other end of the world can buy and sell us any day in the week. They are willing to let the Australian Governments, and particularly the Government of this State, have any money they like, and when they get an Australian Government well in the bag they squeeze that Government. That was what occurred in connection with our three million loan at 6 per cent. for 20 years, on which the gentlemen in London imposed a charge of a quarter of a million for negotiation. Those people are taking their privately invested money out of the country and lending it to our Government. If one of our people goes out of the country and leaves his money here, the Government put on him a 50 per cent. absentee tax. The result is likely to be that such people will take their money with them to London and join in the process of squeezing Western Australia. We should begin now to say to the absentee that if he leaves his money in this country, he will not be called upon to pay any higher rate of taxation than residents here.

Hon. V. HAMERSLEY: I support the amendment. From the day this provision was enacted, I have regarded it as a great wrong. We want to promote investment in this country by the outside world. If a man who has made money in this State chooses to travel all over the world, he is the very best of advertisements for Western Australia. People will inquire where his money is invested, and they will compare the results from investment here with the results from investment elsewhere. If, however, they learn that an absentee has to pay double taxation here, that is quite sufficient to scare them off Western Australia. People simply take our bonds and so dodge double taxation; and we, their foolish co-partners in the State, are responsible for the money which is lent to us at high rates of interest. It would be far better for the State to borrow less and that the people should invest more and take the responsibility for those investments. Whatever money is invested here will be left here. Many mines would be operating to-day but for this class of legislation which has blocked the investment of money. Investors feel at every turn that they are looked upon as enemies by us; they feel that they are not wanted and that they can get a better deal in another country. Now that we

have an opportunity we should put the matter right.

Hon. T. MOORE: I confess I have not heard a single instance quoted where harm has been done to any person. Has any section of the community suffered? Hon. members talk in generalities. That kind of thing would be all right if members were addressing an audience that lacked intelligence. Bogies are continually being trotted out to show that harm is being done by the imposition of the absentee tax.

Hon. G. W. Miles: Anyhow, you cannot get on without capital.

Hon. T. MOORE: Mr. Stewart said that things were better in Argentine than they were here.

Hon. H. Stewart: I did not say that.

Hon. T. MOORE: I thought the hon. member meant that. Anyhow, he mentioned Argentine and if it was not to show that things were better there, why did he refer to that country? Why have not members given us something tangible? Why is money not being invested in woollen mills in this State? There are men here who have made enough out of wool to build mills of their own, and they could do it if they were good enough citizens. But they are not prepared to do that. In days gone by they have invested much of their money in war bonds and now are doing remarkably well out of those investments. That is where the money is to-day. They are taking no risk. We agree that the man who remains here and rears a family is the best citizen and has to pay more in taxation. We want population and we want to induce them to remain here.

Hon. H. STEWART: The absentee tax has been in operation for 15 years. Even if the amendment be carried, the maximum that will be paid will be about 10s. in the pound, and if it is not carried, the amount will be 12s. We cannot compel people to live where they have no wish to live.

Hon. A. LOVEKIN: In 1907 when the absentee tax was imposed, the ordinary rate on incomes was 1s. and the company rate was 4d. in the pound. One, who at that time was a member of this House, objected to paying the first rate, and formed a company of his concern and so got on to the 4d. rate. The whole position in regard to taxation is very different now from what it was years ago. Fifty per cent. on 4s. is very different to 50 per cent. on 4s., especially with the other tax. I have submitted this amendment in the interests of the Treasurer; we have a deficit and we need money. If we try to get tax and a half from absentees, we shall get practically no tax at all. The Federal authorities have dropped the absentee tax and in the interests of the State I want the Treasurer to start with the single tax instead of collecting tax and a half and then not getting it. My desire is to get people to invest their money here instead of buying Government bonds and the State getting nothing out of it. Mr. Moore asked for concrete instances of people who have taken their money out of the State.

Hon. T. Moore: The absentee tax did not drive them out.

Hon. A. LOVEKIN: It did. To-day there is a lady here who was recently in England educating her daughters, and she intends to withdraw her money from this State because she cannot afford to pay the tax plus the 50 per cent. Somebody here will buy her property.

Hon. E. H. Harris: If we repeal the tax, will she leave her money here?

Hon. A. LOVEKIN: Yes. I know of other similar instances. If we were getting a lot from the absentee tax it would be well enough, but we are getting practically nothing.

Hon. A. J. H. Saw: Then, it is hardly necessary to have the amendment.

Hon. A. LOVEKIN: The Federal people agree that it is far better to let go this tax, and get the single rate.

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

Ayes	..	..	12
Noes	..	..	10
Majority for	..	..	2

AYES.

Hon. H. Boan	Hon. J. Nicholson
Hon. V. Hamersley	Hon. E. Rose
Hon. J. J. Holmes	Hon. H. Seddon
Hon. A. Lovekin	Hon. H. Stewart
Hon. R. J. Lynn	Hon. F. E. S. Willmott
Hon. G. W. Miles	Hon. J. Duffell
	(Teller.)

NOES.

Hon. R. G. Ardagh	Hon. E. H. Harris
Hon. F. A. Baglin	Hon. T. Moore
Hon. A. Burvill	Hon. G. Potter
Hon. H. P. Colebatch	Hon. A. J. H. Saw
Hon. J. Cornell	Hon. J. W. Hickey
	(Teller.)

PAIR.

Ayes: Hon. E. H. Harris. Noes: Hon. F. E. S. Willmott.

Amendment thus passed.

Hon. A. LOVEKIN: I move an amendment—

That at the end of Subclause (2b) the following proviso be added: "Provided that in any assessment made under this section a deduction shall be allowed for interest incurred by the person in the production of the income derived from dividends." Assuming that the proviso be not necessary, no harm whatever can be done by having it inserted. However, notwithstanding what the Minister has said, I suggest that the proviso is essential, for without it the department will do what it has done over and over again, namely, refuse to allow the interest on overdrafts obtained for the purchase of shares which have been producing dividends.

The Minister for Education: Since when?

Hon. A. LOVEKIN: It last came before me in January. However, even if the proviso be covered by Section 30, it can do no harm to insert it again.

The MINISTER FOR EDUCATION: I would have no opposition to the proviso if I could be satisfied of the necessity for it. Even if it were necessary, surely it is obvious that Section 16 is not the place for it. Section 16 relates to taxable income. It is Section 30 which deals with deductions.

Hon. A. LOVEKIN: If this is not the place for it, why was it inserted following this clause in the Bill of last year?

The Minister for Education: It was not an amendment to Section 16.

Hon. A. LOVEKIN: I cannot dissociate the proviso from the clause.

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

Ayes	13
Noes	9

Majority for	4
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AYES.

Hon. A. Burvill	Hon. G. W. Miles
Hon. J. Duffell	Hon. J. Nicholson
Hon. V. Hamersley	Hon. H. Seddon
Hon. E. H. Harris	Hon. H. Stewart
Hon. J. J. Holmes	Hon. F. E. S. Willmott
Hon. A. Lovekin	Hon. E. Rose
Hon. R. J. Lynn	(Teller.)

NOES.

Hon. R. G. Ardagh	Hon. J. W. Hickey
Hon. P. A. Baglin	Hon. T. Moore
Hon. H. Boan	Hon. G. Potter
Hon. H. P. Colebatch	Hon. A. J. H. Saw
Hon. J. Cornell	(Teller.)

Amendment thus passed.

Hon. A. LOVEKIN: I move an amendment—

That after Subsection (b) there be inserted:—"Provided that—(a) where the income derived from dividends is the sole income; or (b) where the income from dividends is such that when added to the income from other sources a lower rate of tax than one shilling and threepence in the pound would be payable, either the whole of the dividend duty which has been paid or such proportionate part thereof as is in excess of the tax payable under this Act may be refunded to the taxpayers."

This is a provision that says in effect that what is sauce for the goose should be sauce for the gander. Persons who receive dividends of 1s. 3d. in the £ have to merge them into their ordinary income, and the 1s. 3d. is deducted and the higher taxable rate is paid. This should cut both ways. Where the dividends do not bring a person within the taxable rate, the difference between 1s. 3d. and the amount of the deduction should be given back. This is copied from the Federal Act.

The MINISTER FOR EDUCATION: Mr. Lovekin seems anxious to bring the State into line with the Commonwealth. This would result in reduced revenue to the State. The

State tax starts at 2d. and stops at 4s.; the Federal tax starts at 4½d. and stops at 7s. 8d. If we had a tax based on that scale we might reasonably adopt all the Federal exemptions and deductions. If we are going to maintain our present tax we cannot afford to be as liberal as they are. Many advantages accrue to a person because he carries on his business as a limited liability company, and I fail to see why he should not pay something for the privilege.

Hon. R. J. LYNN: To some extent it is a double-headed penny that the Government have to play with. I cannot support the amendment, because companies have always paid this 1s. 3d. and the amendment would free them from that obligation, in order that the shareholder who receives the dividend might obtain the lower rate on his ratio. If a company had a large number of small shareholders the Government would under the proposal get practically no revenue.

Hon. A. LOVEKIN: This cannot greatly interfere with the revenue, but it will assist the few people on the bread line whose income of, say, £150, is derived solely from such dividends. If the income of a person is £150 and is derived solely from property he will be exempt, and he should be equally exempt from this other tax.

The Minister for Education: But your amendment also covers the man in receipt of £1,500 a year.

Hon. A. LOVEKIN: I do not press the amendment.

Amendment put and negatived.

Hon. A. LOVEKIN: I move an amendment—

That Section 16 of the principal Act (as amended by Act No. 17 of 1922) is further amended by inserting in paragraph (4), after the word "sale," in the second line, the words "after the thirtieth day of June, 1921."

The Minister has given only one side of the picture concerning walk-in walk-out sales. This amendment was practically agreed to last session but was lost between the two Houses. It was one that the Minister promised should be given effect to, and members accepted his word. I could quote many cases of hardship relating to this matter.

The Minister for Education: What are they?

Hon. A. LOVEKIN: A man who had spent his life in building up a station sold it for £50 less than he had put into it. He lost the whole of his working expenses and yet was taxed on the sale. That was not fair. There are quite a number of cases which have arisen in connection with the W.A. Trustee Company. I do not wish to disclose the names but I have a number of them. One of these estates has been sold on the strength of the Newman case and the assets have been distributed. In two cases, the beneficiaries are out of the country and even if they were willing to pay we have no chance of getting hold of them. In the cir-

cumstances, the company have had to pay the taxes.

The Minister for Education: What nonsense! The company would not be called upon to pay the tax. If they distribute the assets in accordance with the laws of the land at the time, they cannot be called upon to pay this tax.

Hon. A. LOVEKIN: But this is retrospective. This course was adopted on the strength of the decision in the Newman case. The company accepted that decision of the High Court as the law of the land and distributed assets. Now it is suggested that we shall agree to retrospective legislation to force these trustees and others to pay the tax and thus nullify the decision of the High Court in the Newman case.

The Minister for Education: This does not nullify the decision of the High Court.

Hon. A. LOVEKIN: Under that judgment, the estate was not taxable but this clause will make it taxable and thus nullify the decision of the High Court. This company have paid all they were called upon to do in accordance with the law as it stood at the time and they should not be called upon to pay under the retrospective provisions of the Bill. The amendment will bring the Bill into conformity with the law in the Commonwealth and the other States which are falling into line as well.

The MINISTER FOR EDUCATION: I do not intend to repeat all I said in reply to the second reading debate. The fact remains that this method of taxation does not extract from any person one sixpence he should not pay. The Newman case was decided on a technical point that the buying and selling of a station was not a business within the meaning of the Land and Income Tax Assessment Act. That was the whole point.

Hon. H. Stewart: Can you give us the date of that decision?

The MINISTER FOR EDUCATION: It was in October, 1921. It is not intended that this shall apply to the Newman case or any case prior to that, but it is intended that the people who, after the Newman judgment, rushed in and sold their properties simply for the purpose of evading taxation, shall fail in their endeavours.

Hon. J. J. Holmes: That is what the amendment means.

The MINISTER FOR EDUCATION: No; it will mean that they will succeed in what they have done. The case of the Western Australian Trustee Company has been quoted. It was said that they had distributed assets and had paid this tax.

Hon. A. Lovekin: They have not paid, but they have been called upon to do so.

The MINISTER FOR EDUCATION: If such is the case, it is entirely contrary to my instructions and I think it is entirely contrary to the Act. I do not see how the company could be called upon to pay a tax if they merely acted as agents and if what they have done in distributing the money on be-

half of the principal was merely in accordance with the law of the land at the time.

Hon. R. J. Lynn: But if this is retrospective, will it not apply to them?

The MINISTER FOR EDUCATION: It is not intended to apply to them at all. I conferred with the Commissioner of Taxation on this point and he said it was impossible for the company to be asked to pay if they had bona fide distributed the assets in accordance with the law of the land, as has been suggested.

Hon. A. LOVEKIN: I have here a list which was supplied to me by the manager of the trustee company, Mr. Barker.

The Minister for Education: Did he say that the trustee company had been called upon to pay?

Hon. A. LOVEKIN: Yes.

The Minister for Education: That is contrary to the advice of the Commissioner. Did the manager say he proposed to pay the tax?

Hon. A. LOVEKIN: No, but he asked me to get this amendment through to secure his position.

The Minister for Education: Can you tell me under what law an agent bona fide distributing money on behalf of his principal, can be called upon to pay tax?

Hon. A. LOVEKIN: If the agent has funds in hand he might be called upon to do so.

The Minister for Education: But you said all the funds had been distributed.

Hon. A. LOVEKIN: I have not looked up that point, but I think that under this Act the agent is responsible. The Minister gave what he considered was the decision in the Newman case. I think the effect of the decision was that walk-in walk-out sales were taxable but that there was no provision made by which the tax could be collected. I have the authority of the Minister himself as chairman of the select committee last year, which was appointed to consider the Income Tax Assessment Bill. His view was endorsed by Mr. Black at the time and on this point the committee reported as follows:—

Your Committee has given full consideration to objections which have been raised against Clause 5 of the Bill. It has been asserted that the provisions of this clause have been designed to nullify the legal decision given by the High Court in what is known as "The Newman Case." Rightly understood, this clause of the Bill cannot bear any such construction. In the Newman case, the court decided that in a "walk-in walk-out" sale no statutory provision existed which permitted the Commissioner to tax the purchase price as profits. The court did not hold that the purchase price or part of the purchase was not a trading profit, but merely that there was no legal authority to tax it in this form. Under the law as it stands, if trading profits are made they are taxable from year to year. If, therefore, these profits are allowed to accumulate, e.g., in the case of increase of live stock which has only been taxed from year to year on a regulation

scale, and such stock is sold as a whole and as part of a going concern, in equity they should be taxable as they would be in the case of a continuing business. Clause 5 of the Bill remedies the defect in the legislation which enables a person by closing his business to escape taxation, whereas if he continued it he would make contributions to the revenue. The clause does not nullify the legal decision, but merely makes clear what is the obvious intention of the taxation legislation, viz., that all profits shall be subject to tax.

Hon. J. J. HOLMES: There is one point raised by the Minister when he suggested that the trustee is not liable for the payment of tax.

The Minister for Education: That is not quite the position.

Hon. J. J. HOLMES: If the trustee is not in the position of being liable to pay tax, he should be. I want information on the point. If a man has distributed the assets in accordance with the law of the land as it stood at the time and pays all the taxation due at the time, retrospective legislation should not be passed to saddle him with the responsibility of paying extra taxation.

The Minister for Education: That is so. And that is the position.

Hon. J. CORNELL: I wish to draw attention to the addendum to the Notice Paper which has been supplied to hon. members. For the first time since I have been here, I find notes have been added to the Notice Paper. Are we to regard these notes as records of fact or of supposition? Reference is made to an amendment being unfortunately lost in transit between the two Houses. Has that been cleared up?

Hon. J. J. HOLMES: Yes, that was cleared up when you were away electioneering.

Hon. J. CORNELL: Was that amendment lost between here and the Government Printer or between the two Houses?

Hon. A. LOVEKIN: It was lost between the two Houses.

The MINISTER FOR EDUCATION: I did not intend to draw attention to the notes. I presume they are intended to assist hon. members. If hon. members generally would make greater use of this convenience and insert notes and arguments in connection with the amendments they proposed, it would still further assist members of this Chambers!

Hon. A. LOVEKIN: We were given the privilege of putting our amendments on the Notice Paper.

The Minister for Education: But you were not given the privilege of putting arguments in support of your amendment as well.

Hon. A. LOVEKIN: This Bill has just been read a second time and was taken into Committee immediately. Had the amendments not been put on an addendum to the Notice Paper, it would have been impossible to get them printed until the second reading was passed.

The Minister for Education: That is not the point. You are not allowed to put your arguments on the Notice Paper.

Hon. A. LOVEKIN: It is true this is an innovation and I was going to direct attention to it. I think it a very good thing. The Federal Bill is in a most convenient form which members can easily follow.

Hon. H. STEWART: Is the hon. member in order?

The CHAIRMAN: The hon. member is explaining.

Hon. J. CORNELL: We have a Standing Order which precludes a member from reading his speech, but Mr. Lovekin has gone further and written his arguments for others to read to us.

The CHAIRMAN: The hon. member is not in order.

Hon. H. STEWART: I submitted an amendment which was handed back to me as being too simple. It is not fair that one member should be able to get a full sheet of amendments printed on the addendum, and that another member should be excluded.

The CHAIRMAN: No member is excluded.

Hon. A. LOVEKIN: I did this only to help the Minister and members. I could just as well have waited until to-day.

Hon. H. STEWART: I think the Committee will adopt the amendment because it was carried last year, but it did not appear before another place. The Minister has not indicated why it should not be carried.

Hon. J. J. HOLMES: He is in favour of it.

Hon. H. STEWART: He did not intimate that during his speech. Up to the decision in the Newman case there was no doubt an uncertainty as to what was income in connection with these sales. The Newman case was not decided until October. We carried an amendment that it should not have a retrospective effect. That amendment did not go to another place; therefore this amendment is eminently fair and I hope it will be accepted.

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

Clause 3—Amendment of Section 19:

Hon. A. LOVEKIN: I move an amendment—

That all the words after "Act" in line 4 be struck out.

There is no reason for retaining these words.

The Minister for Education: Will they do any harm? We put in an amendment for you on the ground that it would do no harm.

Hon. A. LOVEKIN: They do not look very well.

The Minister for Education: Neither will yours.

Hon. A. LOVEKIN: Two wrongs do not make a right. Fancy putting into an Act of Parliament the words "and to any exemption which might be declared from time to time by Parliament"! Obviously Parliament can declare anything from time to time.

The MINISTER FOR EDUCATION: It is extraordinary that the hon. member can take exception to these words on the ground that they are unnecessary, when he himself has been instrumental in getting an amendment passed to a wrong clause in order to make absolutely sure.

Amendment put and negatived.

Clause put and passed.

Clause 4—Amendment of Section 30:

Hon. V. HAMERSLEY: I hope this clause will be deleted.

Hon. J. Cornell: What about increasing the burden?

Hon. V. HAMERSLEY: The Minister has nodded and I take it that we are at liberty to deal with the clause.

Hon. J. J. HOLMES: I support Mr. Hamersley. At all events the proviso relating to members' expenses should be negatived. It is a monstrous proposition.

The MINISTER FOR EDUCATION: I do not propose to argue in favour of the clause but, in view of Section 33 of the Constitution Act Amendment Act, 1921, that the Council may not amend any Bill to increase any proposed charge or burden on the people, are we at liberty to amend the Bill in the direction indicated?

The CHAIRMAN: My ruling is that we cannot amend the Bill. If members wanted to vote against the clause that would be tantamount to increasing the burden on the people. On the other hand I do not think I can refuse to receive the vote, though the amendment may not be accepted by another place.

Hon. A. LOVEKIN: You cannot render this Chamber altogether impotent.

The CHAIRMAN: Does the hon. member take exception to my ruling?

Hon. A. LOVEKIN: Not at the moment, but you are putting the clause to the Committee. What is the use of doing that if the Committee cannot vote it out?

The CHAIRMAN: It is my duty to put it to the Committee. I have given my ruling.

Hon. J. J. HOLMES: Will you give reasons for your ruling?

The CHAIRMAN: That the deletion of the clause would increase the burden on the people.

Hon. J. J. HOLMES: I think it would increase the burden on the people to leave the clause in the Bill. If members of Parliament, who have already received an increased allowance of £100 a year, are to receive this concession, the burden on someone else will be automatically increased. If the provision is struck out, the burden will not be increased.

Hon. T. MOORE: I have not a railway line to take me to the many places in my electorate which I have to visit, and if I am to be allowed to put in my actual expenses, I shall be quite satisfied. The clause says I am to be allowed not more than a certain sum.

Clause put, and a division called for.

The CHAIRMAN: Before the division is taken, I wish again to draw the attention of hon. members to the ruling I have given. I am satisfied that my ruling is correct, and that it applies not only to the proviso, but to the first portion of the clause. Hon. members who vote "No" in this case do it on their own responsibility.

Hon. A. Lovekin: Are you ruling Sir, that you put a clause to this Committee and that the Committee cannot vote it out?

The CHAIRMAN: I do not say that. Hon. members take the responsibility if they do vote the clause out. I desire again to give my ruling that, in my opinion, to strike out the clause will be to increase taxation. I shall put the clause to the Committee.

Division taken with the following result:—

Ayes	..	..	..	..	9
Noes	..	..	..	..	12

Majority against .. 3

AYES.

Hon. A. Burvill	Hon. T. Moore
Hon. H. P. Colebatch	Hon. H. Seddon
Hon. J. Cornell	Hon. H. Stewart
Hon. E. H. Harris	Hon. R. G. Ardagh
Hon. J. W. Hickey	(Teller.)

NOES.

Hon. C. F. Baxter	Hon. J. Nicholson
Hon. H. Boag	Hon. G. Potter
Hon. V. Hamersley	Hon. E. Rose
Hon. A. Lovekin	Hon. A. J. H. Saw
Hon. R. J. Lynn	Hon. F. E. S. Willmott
Hon. G. W. Miles	Hon. J. J. Holmes
	(Teller.)

Clause thus negatived.

Clause 5—Amendment of Section 30:

Hon. H. SEDDON: I move an amendment—

That the following be added to the clause:—"Add the following to stand as Subsection 5a of Section 30:—"So much of the assessable income as is paid on calls or shares in a mining company or syndicate carrying on mining operations in Western Australia for gold, silver, base metals, or other minerals."

People are now paying calls and thus helping to develop the country, but they get no allowance in that respect under the State law, whereas they do under the Federal Act. The provision will only affect persons now paying calls, as it is not retrospective.

The MINISTER FOR EDUCATION: I know very well that these calls are exempted under the Federal law, but the Federal method as to taxation of companies is entirely different from the State method. I do not see how we can have uniformity in some respects only.

Mr. A. LOVEKIN: I support the amendment. Mining is a great industry in this country, and we want to encourage people to embark in it. The Federal Government recog-

nise the principle of this amendment, and I think we should do so.

Hon. J. NICHOLSON: I also support the amendment. If a man assists the mining industry, he is doing a very worthy thing to begin with; and if he makes money out of his mining investment, then that money pays its quota of taxation to the Government.

Hon. R. J. LYNN: This amendment may have a very far-reaching effect. A mine was floated recently with a subscribed capital of about £10,000. It has turned out a very good proposition. The money was put into it only after experts had inspected and had reported that the property was an excellent one. The two or three men interested in the venture could, instead of putting up the £10,000 capital, have put in about £1,000 and then paid the rest of the capital by way of calls at a time when the mine was returning handsome profits. Thus they would have relieved themselves of taxation.

Hon. A. Lovekin: That would be a very rare case.

Hon. J. Nicholson: They would pay taxation on the dividends received.

Hon. R. J. LYNN: Take a hypothetical case. Suppose I put £5,000 in the form of calls into a mine returning profits from the very inception. Then, assuming that my income was £5,000 for the year, I would be relieved of State taxation while at the same time building up a big asset.

Hon. A. Lovekin: The time comes when you have to pay income tax, unless you lose your money.

Hon. R. J. LYNN: No. I have a family, and I distribute the shares amongst the members of it, thus distributing the income.

Hon. A. Lovekin: You cannot give shares away in that fashion. The Taxation Department would catch you on that.

Hon. R. J. LYNN: I could sell the shares for 1s. each.

Hon. A. Lovekin: If you sold at 1s. shares worth £1, for the purpose of evading taxation, you would be a criminal, and not a philanthropist.

Hon. R. J. LYNN: I would do it to make provision for my family.

Hon. A. Lovekin: That would not be swallowed.

Hon. A. J. H. SAW: I regard this as a pernicious amendment. Is there anything about mining that should put it on a different level from any other enterprise?

Hon. G. W. Miles: Yes.

Hon. A. J. H. SAW: The man who pays calls in a mining company does so for the purpose of developing a mine. Suppose he put that money into a farm, would he be allowed to deduct the expenditure?

Hon. G. W. Miles: When investing his money in a farm, he is increasing his capital.

Hon. A. J. H. SAW: He puts the money into a mine because he is looking for a higher profit. Certainly, he takes a risk; but should he on that account be exempted from taxation? It would be very much better for the State if a great deal of the money

put into mining here had been put into pastoral, agricultural, or orchard properties.

Hon. A. LOVEKIN: I cannot follow Dr. Saw. A man puts money into a mine in order to get rich quick, and if he succeeds, the State will benefit quickly. The State is gambling as well as the individual. If the individual loses the State gets nothing.

THE MINISTER FOR EDUCATION: It is not so much a matter of mining; it is a matter of trading capital in a different way. If a man buys fully paid up shares, he is not entitled to make a deduction, but if he buys shares that are not fully paid up, and pays calls, he will be entitled to deduct the payments he made for calls. The amendment referred to in the Federal Act has only just been made and we do not know how it will operate. If the hon. member's amendment is agreed to all new mining companies will be formed on that basis in order that, no matter what dividends are declared, shareholders shall escape taxation.

Hon. H. STEWART: In many fields of investigation years of patient work is carried out. That work is not lost. Sooner or later someone else may try that country. The money is lost in so far as the investor is not getting any immediate financial return. Mining is different from agriculture. Not only is it speculative, but it is always a wasting asset, and for that reason it deserves special consideration in connection with taxation.

Hon. J. CORNELL: If a company with a capital of £50,000 be formed, is it not better that that capital should be raised straight away without calls having to be made? After the microscopic amendments which have been made, surely this degree of relief can be granted.

Hon. E. H. HARRIS: The object of the amendment is to assist a call paying community. Many men of slender incomes back other men who go out prospecting. It is claimed that the men finding the money should be able to deduct the amount of calls which they thus pay. The amendment provides, not only for gold mining, but for other companies. The thing is to develop the State's resources. The amendment will be an inducement to men to do that.

Hon. G. W. MILES: I will support the amendment. Anything we can do to assist the mining industry should be readily done, for the industry is of the utmost importance to Western Australia. If we can relieve the industry of taxation it will quickly lead to a revival of mining.

Hon. H. STEWART: The Minister's main objection is that this relieves capital of taxation. Much of the money subscribed in mining calls is not expended as capital. Less than 2 per cent. of the gold mining propositions floated turn out successfully. In most instances not even the capital is returned to those backing the show. Thus it cannot be said that the amendment would relieve capital from taxation. In point of fact, usually a man's income is reduced by exactly the amount he puts into these prospecting shows. Although the money is raised as

capital, in many instances it is spent on shaft sinking, the erection of plant, and in the ordinary running expenses.

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

Ayes	..	..	..	14
Noes	..	..	..	7
Majority for	..	..	..	7

AYES.

Hon. R. G. Ardagh	Hon. T. Moore
Hon. A. Burvill	Hon. J. Nicholson
Hon. E. H. Harris	Hon. G. Potter
Hon. J. W. Hickey	Hon. H. Seddon
Hon. J. J. Holmes	Hon. H. Stewart
Hon. A. Lovekin	Hon. F. E. S. Willmott
Hon. G. W. Miles	Hon. J. Cornell

(Teller.)

NOES.

Hon. H. P. Colebatch	Hon. E. Rose
Hon. J. Duffell	Hon. A. J. H. Saw
Hon. R. J. Lynn	Hon. H. Boan

(Teller.)

Amendment thus passed.

Hon. A. LOVEKIN: I move an amendment—

That the following be added to the Clause:—"Section 30 of the principal Act is further amended by adding new subsections, to stand as 11b and 11c, as follows:—11b. In the case of a person who is not married and has no dependant, a sum of £104 less £1 for every £3 by which the income exceeds £104. Minimum tax 2s. 6d. 11c. In the case of a person who is married or who has a dependant, a sum of £156 less £1 for every £3 by which the income exceeds £156. Minimum tax 2s. 6d."

This cannot be construed into an increase of the burden on the people; indeed it is a decrease of such burden. At present we have no deductions on income. We have exemptions of £100 and £156. Whilst £100 is not taxable at all, £101 is. In the same way £156 pays no tax but £157 pays tax on the lot. That is not equitable, and not a scientific method. The Act of last year had the same provision in it. When we had our select committee we discussed this matter and came to the conclusion that we could not make the suggestion under this head then because half the assessments had already gone out. An exemption of £156 for a married man is little enough to start with. He should not be taxed at all. If a man earns a little more than £156, for every £3 he earns in excess, he loses £1 of his deductions. It gradually works out on a sliding scale and at £624 he receives no deduction whatever. That spreads the benefit over a large area and diminishes the burden upon the people. This year the Federal authorities have increased the amount of £156 to £200. That does not run out until £800. The tax which the Government

propose to put on will produce at least £64,000.

The Minister for Education: You say so.

Hon. A. LOVEKIN: I say so.

The Minister for Education: Will you make up the difference if it does not come to that?

Hon. A. LOVEKIN: I do not mind doing that. I would make £15,000 or £20,000 easier than I have ever made it in my life. The department has never taken into account the £244,000 that has been paid in dividends, a large proportion of which will now merge into the incomes and be taxable, not at the 1s. 3d. rate but at the rate of tax applicable to the particular taxpayer. It may be 4s. in the pound plus the super tax. If we carry this amendment we will be coming into line with the Federal Act.

The MINISTER FOR EDUCATION: If we go on in this way we shall reach the stage when everyone will be happy, as Mr. Boan suggests, and there will be no revenue at all derived from taxation.

Hon. A. Lovekin: There will be plenty of money under this.

The MINISTER FOR EDUCATION: Mr. Lovekin admits that we shall lose £30,000.

Hon. A. Lovekin: But see what you will make.

The MINISTER FOR EDUCATION: When we are only taxing at the rate of 2d. why should we give the same exemption as in cases where the tax starts at 4d. or 5d.?

Hon. A. J. H. SAW: Some time ago we dealt with a Bill for the prevention of cruelty to animals. It provided that when an animal was submitted to experiment in vivisection it had to be kept under some narcotic drug. In the event of the animal being likely to suffer pain at the end of the experiment it had to be painlessly despatched. We had an opportunity of despatching this Bill on the second reading. I appeal to Mr. Lovekin not to kill it by inches.

Hon. H. Stewart: He supported the second reading.

Hon. A. J. H. SAW: He missed his opportunity of killing it then. Let him give it a happy despatch by a motion to move you, Sir, out of the Chair.

Hon. A. Lovekin: I am quite consistent.

Hon. J. CORNELL: Mr. Lovekin has not been consistent. I cannot follow him. His amendment deals with Section 16 of the principal Act, but he proposes to amend Section 30. I do not know how he intends to deal with the subject matter of Section 30. We decided this principle on the second reading and should stick to it. He should withdraw the amendment.

Amendment put and negatived.

Hon. A. LOVEKIN: I move an amendment—

That the following words be added:—"Section 30 of the principal Act is further amended by adding to Subsection (7) the following:—"If ascertaining the sum to be allowed under this paragraph, the Com-

missioner shall determine the estimated life of the machine, implement, utensil, rolling stock, or article, and shall allow as a deduction in each year of the estimated life of the machine, implement, utensil, rolling stock, or article (whether in the use of the taxpayer or not) the sum obtained by dividing the cost of the machine, implement, utensil, rolling stock, or article, by the number of years of its estimated life; but the taxpayer shall bring into account in the year of sale any sum received by him on the sale of the machine, implement, utensil, rolling stock, or article. For the purposes of this subsection the estimated life of the machine, implement, utensil, rolling stock, or article shall be its reasonably effective life, assuming it is maintained in good order and condition."

This is a Federal provision and is a fair one. If a person has machinery he is allowed to make a deduction for wear and tear and depreciation of between $7\frac{1}{2}$ to 15 per cent. The $7\frac{1}{2}$ per cent. is not enough to enable him to replace his machinery. It is not fair that it should be worn out in earning his income and that no full allowance should be made for replacing the machinery. The amendment seeks to carry out in our Act what is in the Federal legislation. It is a reasonable proposition that the provision regarding machinery and so forth should be made and spread over a number of years. At the end of the term a man may sell his machinery and the money which he receives is taken into account in his income, so that the State loses nothing.

Amendment put and passed.

Hon. H. SEDDON: I move an amendment—

That in line 3 of Subsection 12 of Section 30 of the principal Act after "work" the words "and necessary plant" be inserted.

The amendment will bring our Act into line with the Federal provision, which enables a mining company carrying out developmental work to be exempt from taxation in respect of money spent on plant bought and installed to improve the output of the mine. If this consideration is shown to mining companies, it will prove beneficial to the country.

The Minister for Education: Does the amendment mean that if an individual makes a profit out of his mine he can spend that in machinery and escape taxation altogether.

Hon. H. SEDDON: I would not say that. The words included in the section are "as prescribed by the department." If it were found that a person was trying to avoid taxation, the department could deal with it.

The Minister for Education: What else could it mean?

Hon. H. SEDDON: If a company spent profit in providing improved plant it would mean increased production and the country would benefit.

The Minister for Education: Will the individual not benefit as well?

Hon. H. SEDDON: Of course he will.

Amendment put and negatived.

Clause, as previously amended, agreed to.

Clauses 6 to 9—agreed to.

New clause:

Hon. H. STEWART: I move—

That the following new clause be added: "Section 3 of the Land and Income Tax Assessment Amendment Act, 1921, is repealed."

This is the clause which this House did not carry last session. Clause 3 of last year's Assessment Act provided for the striking out of the proviso to Subsection 2 of Section 10 of the principal Act. That referred to property owners being permitted to concentrate improvements on one block and to spread those improvements over several blocks provided they were within 10 miles. By 13 votes to six the Council opposed the inclusion of Clause 3 in that Bill. The Bill on that occasion went to another place and, according to the Votes and Proceedings and from what appeared in the Press, we learned that they did not agree to our amendment. That information was never placed before this Chamber. The Government gave instructions after the Bill was assented to, that this particular provision should not be put into operation by the Taxation Department, and I ask the House now to agree to the excision of this section and thus allow the present position to continue.

The MINISTER FOR EDUCATION: I hope the Committee will not agree to the amendment. The improvements which a person must carry out on his property in order to secure his rebate are very slight indeed. The improvements are only equal to £1 per acre, or a third of the unimproved value of the land, whichever may be the lesser, and so forth. During the debate on the Closer Settlement Bill it was made obvious that the improvements required under the Act were small indeed. If what Mr. Stewart desires were agreed to, it would mean that a man could carry out on one holding of 1,000 acres all the necessary improvements, and leave a second holding, provided it was within a distance of eight or nine miles, without any improvements whatever. I think that is altogether unreasonable.

Hon. H. STEWART: The position has not altered during the last 12 months. The Minister has referred to what could be done on a block of 1,000 acres.

The Minister for Education: I do not care what area you take.

Hon. H. STEWART: That is quite right. The Minister does not care. I know the actual position and apparently the Minister does not. The provision I seek to amend was first instituted years ago, when the land in various parts of the State was first thrown open. Blocks were cut up into areas of from

80 to 150 acres and these were taken up. Later on people wished to take up other blocks, but found that they could not get adjoining areas so as to make one holding. They were thus permitted under the proviso to carry out improvements on one block and the value of the improvements would be spread over their other block or blocks, which were in the vicinity. It was recognised that as the person could not get blocks so as to make one fair-sized holding, it was only fair to allow them to do this.

Hon. T. Moore: That enables some land to be held without any improvements being done.

Hon. H. STEWART: It has not done that.

The Minister for Education: The improvements required are absolutely trivial.

Hon. H. STEWART: I know they are. At the same time it is difficult to make a person who does not know the actual position, understand what this means.

The MINISTER FOR EDUCATION: The hon. member has said this would apply to the blocks of 80 or 90 acres of third-class land. The amount a man would have to expend to bring him legitimately under the exemption would be about £4, because one-third of the unimproved value would be only about 1s. The hon. member wants such a man to be excused from expending that £4. The amendment would apply also to cases such as I previously suggested. If a man had 2,000 acres of land, provided one block was within 10 miles of the other, he could improve one to a small extent and count the improvements over the two, though holding the second block in idleness.

Hon. H. STEWART: A man has to spend so much in improvements per acre of land held. If the amendment is not agreed to, instead of his being able to distribute his expenditure over two blocks he could spend it on one block, and thus would probably obtain better results. The amount of expenditure is already provided for in the Land Act and no difference will be made to that.

New clause put and a division taken with the following result:—

Ayes	..	..	..	12
Noes	..	..	..	6

Majority for .. 6

AYES.

Hon. C. F. Baxter	Hon. J. Nicholson
Hon. A. Burvill	Hon. H. Seddon
Hon. V. Hamersley	Hon. H. Stewart
Hon. E. H. Harris	Hon. F. E. S. Willmott
Hon. J. J. Holmes	Hon. G. W. Miles
Hon. A. Lovekin	(Teller.)
Hon. R. J. Lynn	

NOES.

Hon. H. Boan	Hon. G. Potter
Hon. H. P. Colebatch	Hon. A. J. H. Saw
Hon. J. W. Hickey	(Teller.)
Hon. T. Moore	

New clause thus passed.

Hon. A. LOVEKIN: I move—

That the following be inserted to stand as Clause 6:—"Section 6 of the Land Tax and Income Tax Act, 1920, is amended by inserting the word 'net' before the word 'income' in the seventh line of the section."

Mr. Miles gave some instances as to how this operated when the super tax was imposed on the gross instead of the net income. It was evidently intended that the tax should be on the net and not on the gross.

The MINISTER FOR EDUCATION: This, without exception, is the most ridiculous amendment I have seen tabled in this Chamber, and that is saying a good deal. The hon. member proposes to amend the Land Tax and Income Tax Act of 1920 which is as dead as Julius Caesar.

Hon. A. Lovekin: Not at all.

The MINISTER FOR EDUCATION: There is no reference in the Land and Income Tax Assessment Bill to this surcharge of 15 per cent. If it is again re-enacted, it will be re-enacted in the Land Tax and Income Tax Bill of 1922 and when that measure is under consideration can be put into whatever form members desire. We are asked to make an amendment to the Land and Income Tax Act of 1920, which is dead and gone.

Hon. A. Lovekin: Read Section 5 of the Act of 1920.

The MINISTER FOR EDUCATION: But that Act is gone. It is done with. The Act of 1920 applied only to taxation for that year. Each of these Acts applies to only one year. We have had the Act of 1921 since that of 1920. Even that of 1921 is now finished. Yet the hon. member suggests we go back and amend the Act of 1920! What the hon. member wants is that when the assessment is made this year this super tax shall be imposed in an equitable manner. He will have an opportunity to deal with that in the Land and Income Tax Bill when it comes before us.

Hon. A. LOVEKIN: Since the Act of 1920 was passed we have made an amendment to it. Only one part of that Act is dead; the remainder of it is very much alive.

The Minister for Education: The 1920 Act has been superseded by the 1921 Act.

Hon. A. LOVEKIN: If we do not make this amendment here we shall not be able to make it at all. Part of the 1920 Act is permanent, although repeated in the Act of 1921. The Minister is quite wrong about this.

The MINISTER FOR EDUCATION: The hon. member is entirely wrong. The proper place for the hon. member's amendment is in the taxing Bill. To suggest that we should put into the Assessment Bill of this year a clause amending the taxing Bill of last year or the year before, is to my mind a most extraordinary proposal.

Hon. A. Lovekin: I will withdraw the amendment.

Amendment by leave withdrawn.

New clause.

Hon. A. LOVEKIN: I move—

That a new clause be inserted as follows:—“The Land and Income Tax Assessment Amendment Act, 1921, is hereby ratified and confirmed.”

I do not mind whether this new clause is accepted or not. Last session the two Houses were not at one on the Assessment Bill. In every case that I have looked up, where there have been these mistakes between the two Houses, the Acts have been ratified in the following session. We should do that in this case, for at present the Act is open to challenge.

The MINISTER FOR EDUCATION: I see no necessity for the new clause.

Hon. A. Lovekin: Very well.

The MINISTER FOR EDUCATION: The two Houses did pass the Bill. The point as to whether members passed a certain resolution under the impression that it was something else, cannot affect the validity of the Act.

Hon. J. CORNELL: If Mr. Lovekin thinks this is necessary I am willing to support him, but I cannot see the necessity for the new clause.

Hon. A. LOVEKIN: I have drawn attention to this matter, because I feel it my duty to do so. “May” quotes a number of cases analogous to this one. If the Minister does not like to ratify the Act it is not my responsibility, although according to “May” such Acts have been ratified in the Old Country.

New clause put and negatived.

Title—agreed to.

Bill reported with amendments.

The MINISTER FOR EDUCATION: I move—

That the report be adopted.

Recommittal.

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

That the Bill be recommitted for the purpose of further considering Clause 6. This got through by accident.

Amendment put and passed; Bill recommitted.

In Committee.

Hon. J. Ewing in the Chair; the Minister for Education in charge of the Bill.

Clause 6—Amendment of Section 16:

Hon. J. J. HOLMES: I move—

That Clause 6 be deleted.

The CHAIRMAN: I cannot accept the motion. The hon. member can vote against the clause.

Hon. J. J. HOLMES: If we vote against this clause the effect will be to go back to where we are to-day.

The Minister for Education: It would be exactly the same as if you threw the Bill out

altogether. This House cannot strike out the clause.

Hon. J. J. HOLMES: We struck out another clause.

The Minister for Education: I know you did.

Hon. J. J. HOLMES: If members are agreeable to striking out this clause, why should they not do so.

Hon. A. Lovekin: What is the use of putting the clause if it cannot be struck out?

Hon. J. J. HOLMES: I want this clause struck out of the Bill.

The MINISTER FOR EDUCATION: Members know that this House has no right to amend the Bill in such a way as to increase the burdens on the people. It has a right to reject any Bill it desires, and could have rejected this Bill. This House has made certain amendments to the Bill, apparently in preference to rejecting it. What will be the position of the House when the Bill goes back to another place? In what position shall we appear in the eyes of the public.

Hon. A. Lovekin: Why put the clause at all then?

The MINISTER FOR EDUCATION: Some members were not prepared to accept the responsibility of voting the Bill out altogether, as was their right to do if they desired. Instead of that they have taken action which they know the House has no power to take, and have exposed us to the comment which will be made upon our action in another place.

Hon. A. LOVEKIN: Apparently we are here for no purpose at all. What is the use of putting a question from the Chair, that the clause stand part of the Bill, when we have no power to deal with it. We should not stultify ourselves by suggesting that we have no power to touch a Bill of this character.

The Minister for Education: You had the right to reject it if you did not like it.

Hon. A. LOVEKIN: Why should we reject the whole of the Bill?

Hon. G. W. Miles: Because you have no right to amend it.

Hon. A. LOVEKIN: We have already made important amendments to it. It cannot be said we are increasing the burden upon the people if we strike out this clause. If we strike it out we get back to the previous Assessment Act which exempts people on £156 and very materially relieves the people. I shall vote against the clause.

Hon. J. J. HOLMES: I cannot follow the Minister. When he introduced the Bill he told us the effect would be to reduce taxation by £30,000, but he now says that this House cannot increase taxation. We do not propose to do so.

The MINISTER FOR EDUCATION: I rise to a point of order. The hon. member is now questioning your ruling, Sir. If he wishes to do that there is a proper way of acting. You have ruled that we cannot amend the Bill in the direction of increasing

the charges upon the people. The striking out of the clause will have that effect. If Mr. Holmes questions your ruling he can do so in the proper way.

Hon. J. J. HOLMES: I am not questioning your ruling Sir, but I may point out to the Committee that the Minister, when introducing the Bill, told the House that the effect of this clause would be to reduce taxation by £30,000.

The Minister for Education: Quite so.

Hon. J. J. HOLMES: Now in order to get the Bill through, he tells us that there is an increase of taxation and that we cannot deal with it. I cannot get the two statements to coincide.

The Minister for Education: You want to put the £30,000 on again.

Hon. A. LOVEKIN: I take your ruling, Mr. Chairman, for the time being, that we cannot amend the Bill. Therefore we are forced back into having to delete the whole clause, which is the only possible escape we have. It cannot be denied that if the clause is put from the Chair, members have the right to vote "Yea" or "Nay" to the question from the Chair. If we cannot throw the clause out, what is the use of putting it from the Chair? If we throw the clause out, we leave another place to submit something in its stead.

Hon. J. CORNELL: The Minister has rightly pointed out that if the House did not like the provisions of the Bill and was desirous of adhering to the existing Act, our proper course would have been to reject the measure on the second reading. Then another place would have had practically no option but to reintroduce the existing legislation. The second reading of this measure was carried by a reasonable majority. Microscopic amendments have been made granting relief to certain sections of taxpayers. The House is now asked to stultify itself by striking out a provision which, in principle, was agreed to some hours ago. A question has been raised whether the Bill can be amended by the deletion of this clause. I recognise that you, Mr. Chairman, are in a rather invidious position. My view is that under the Constitution Act and our Standing Orders you must put the Bill clause by clause, and that you cannot accept an amendment which in your opinion would increase the burden of taxation as imposed by another place. That would be the effect of striking out this clause. I would have made these remarks on Clause 4, but that clause is not analogous to Clause 6.

The CHAIRMAN: Clause 4 does not exist at the present time.

Hon. J. CORNELL: Another place, being charged with the imposition of taxation and the collection and appropriation of revenue, cannot accept such an amendment. Therefore the rejection of the clause means losing the Bill and throwing us back to where the question should have been decided on principle, namely, the second reading. I appeal to reason, and I trust that Mr. Lovekin and those associated with him will not press the amendment.

Hon. G. W. MILES: I voted against the second reading of the Bill, and am still wholly opposed to the measure. I realise that the carrying of the motion before the Chair would mean an increase of taxation, which I agree is beyond our powers. The same remarks apply to Clause 4. Personally, I would like to see this Bill in the waste paper basket. Would I be in order now in moving you out of the Chair, Sir?

The CHAIRMAN: The hon. member may do that at any stage.

Hon. G. W. MILES: Then I move—

That the Chairman do now leave the Chair.

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

Ayes	..	..	..	8
Noes	..	..	..	10
Majority against				2

AYES.

Hon. C. F. Baxter	Hon. J. Nicholson
Hon. J. J. Holmes	Hon. H. Stewart
Hon. R. J. Lynn	Hon. F. E. S. Willmott
Hon. G. W. Miles	Hon. A. Lovekin

(Teller.)

NOES.

Hon. H. Bean	Hon. G. Potter
Hon. A. Burvill	Hon. E. Rose
Hon. H. P. Colebatch	Hon. A. J. H. Saw
Hon. J. Cornell	Hon. H. Seddon
Hon. T. Moore	Hon. J. W. Hickey

(Teller.)

Motion thus negatived.

Clause put and a division called for.

The CHAIRMAN: I draw the attention of hon. members to the decision I have already given. I am satisfied that I am right in my conclusions. If the Committee desire to take any action members must be prepared to take the responsibility on their own shoulders. I have given my decision.

Division taken with the following result:—

Ayes	..	..	..	14
Noes	..	..	..	4
Majority for				10

NOES.

Hon. C. F. Baxter	Hon. E. Rose
Hon. H. Bean	Hon. A. J. H. Saw
Hon. A. Burvill	Hon. H. Seddon
Hon. H. P. Colebatch	Hon. H. Stewart
Hon. J. Cornell	Hon. F. E. S. Willmott
Hon. J. W. Hickey	Hon. T. Moore
Hon. J. Nicholson	
Hon. G. Potter	

(Teller.)

AYES.

Hon. A. Lovekin	Hon. G. W. Miles
Hon. R. J. Lynn	Hon. J. J. Holmes

(Teller.)

Clause thus passed.

Bill again reported without further amendment and the report adopted.

The MINISTER FOR EDUCATION: In order to avoid the necessity for meeting at 2.30 p.m. to-morrow, I suggest that you, Mr. President, leave the Chair now, for 20 minutes or so, to enable the third reading to be carried to-night.

Sitting suspended from 11.48 p.m. to 12.9 a.m.

Bill read a third time and returned to the Assembly with amendments.

ADJOURNMENT—SPECIAL.

The MINISTER FOR EDUCATION (Hon. H. P. Colebatch—East) [12.10]: I move—

That the House at its rising adjourn till 3.30 p.m. to-day.

This will give another place an opportunity to consider our amendments and then we may be able to proceed.

Hon. J. J. HOLMES: I have no objection to the earlier hour, but we might then have an important Bill before us, and I would like an assurance that those members who are not present now shall receive some notification of the earlier sitting.

The PRESIDENT: I suppose it will be mentioned in the Press.

Hon. A. LOVEKIN: It might be well to meet earlier, because I think we shall have some communication with reference to the Licensing Act Amendment Bill.

Hon. H. Stewart: I suggest 2.30 p.m. because I understand the tax Bill is to be brought forward.

The MINISTER FOR EDUCATION: I am prepared to make it 2.30 p.m. and no doubt everything possible will be done to advise members of the earlier hour of meeting, though at this stage of the session members should be prepared for an emergency of this kind.

Hon. J. J. Holmes: Provided they know of it.

The PRESIDENT: The hour of 2.30 is very inconvenient.

Hon. A. Lovekin: Make it 3 p.m.

The PRESIDENT: The question is that the House at its rising adjourn till 3 p.m.

Question put and passed.

House adjourned at 12.12 a.m. (Thursday).

Legislative Assembly.

Wednesday, 20th December, 1922.

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

QUESTION—JUSTICES OF THE PEACE.

Mr. O'LOGHLEN asked the Premier: 1, Is he aware that recommendations have been made for the appointment of four justices for centres in the Forrest electorate? 2, Is he also aware that these are isolated centres, that reports are favourable, and that the applications were made up to two years ago? 3, Will he favourably consider the claims of this electorate when appointing further Justices?

The PREMIER replied: 1, Yes, seven. 2, No. 3, Certainly.

LEAVE OF ABSENCE.

On motion by Mr. Mullany, leave of absence granted to the member for Mount Margaret (Hon. G. Taylor) on the ground of ill-health.

SELECT COMMITTEE—SOLDIER SETTLEMENT.

Extension of Time.

On motion by Mr. Wilson, the time for bringing up the report was extended until the 10th January.

BILL—BUSSELTON-MARGARET RIVER RAILWAY DEVIATION.

Read a third time and transmitted to the Council.

BILL—INDUSTRIES ASSISTANCE ACT CONTINUANCE.

Second Reading.

Debate resumed from the previous day.

Mr. PICKERING (Sussex) [2.36]: I favour the continuance of the Industries Assistance Board. For some time past the minds of clients of the board have been con-