

May, it is proposed to alter the other holiday, so that instead of having two holidays, one on the 1st May and one on the 21st October, there will be only one holiday, on the 1st May. The measure applies only to the banks and to the Public Service. I move—

That the Bill be now read a second time.

Question put and passed.

Bill read a second time.

In Committee.

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

Clause 1—agreed to.

Clause 2—Substitution of May Day for Proclamation Day as a holiday:

Hon. G. W. MILES: The Minister has not given any reason for the proposed substitution. The 21st October was set aside to celebrate the proclamation of Responsible Government in Western Australia. It was a red letter day in the history of the State. Personally I think it is a holiday that we should continue to observe.

Hon. T. Moore: What about Labour Day?

Hon. G. W. MILES: Let Labour Day be made to fit in. Is the idea to make a holiday for the Labour Party, or for the public of this country? However, I can quite understand the introduction of this Bill, seeing that it is brought forward by a Government carrying out the Labour policy.

Bill reported without amendment, and the report adopted.

House adjourned at 9.40 p.m.

Legislative Assembly,

Tuesday, 29th November, 1931.

Questions: Hospital Equipment, Merredin	1954
Railways, Suburban Fares	1954
Personal File, C. P. J. Leschen	1955
Assent to Bills	1955
Bills: Grain, 3a.	1955
Licensing Act Amendment, Message, 2a.	1955
Land and Income Tax Assessment Amendment, Com.	1961
Local Courts Act Amendment, returned	1958
Permanent Reserve (Point Walter), returned	1958

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

QUESTION—HOSPITAL EQUIPMENT, MERREDIN.

Mr. HARRISON asked the Colonial Secretary: 1, Will he cause inquiries to be made regarding the inability of the Merredin hospital authorities to treat Joseph Jackson on the 11th inst.? 2, Does he know that it is alleged Jackson had both legs badly broken, and had sustained other serious injuries, as the result of an accident in the Merredin railway yards? 3, That he was kept at the Merredin hospital for four hours and then carried back to the railway station and put on a train (in charge of a nurse) and started on an eight hours' journey to Perth hospital? 4, That on the way down he collapsed, and was removed from the train at Northam, where he was treated by a doctor, but died on the same day? 5, That at the inquest held on the 14th inst., the doctor admitted in answer to a question by a jurymen that Jackson would have had a chance of living had the Merredin hospital been equipped sufficiently to enable him to have been taken in and treated there? 6, If the circumstances are as stated, will the Minister have the hospital so equipped as to enable such cases to be treated?

The COLONIAL SECRETARY replied. 1, This has been done. 2, One leg only was broken, whilst there were other minor injuries. But the injury to the thigh was of such a severe nature as to require an operation of considerable magnitude. 3, Yes. 4, Yes. 5, Yes; the doctor referred to the absence of a sufficiently large staff and a thoroughly equipped up-to-date operating theatre. 6, The Merredin hospital is not a Government hospital, but a committee-controlled institution. It is only possible to maintain at the smaller institutions a staff adequate for average requirements, and as regards the provision of a fully equipped operating theatre, this is not usually provided until the surgical needs of a district demand it.

QUESTION—RAILWAYS, SUBURBAN FARES.

Mr. PIESSE (for Mr. Sampson) asked the Minister for Railways: 1, Has his attention been directed to the statement appearing in the "West Australian" of the 24th inst. that Perth railway fares are 9 per cent. higher than those in Sydney, 40 per cent. higher than in Melbourne, and 47 per cent. higher than in Adelaide? 2, Are these figures correct? 3, In view of the heavy burden which the projected addition of 10 per cent. on monthly and weekly fares will place on users of the railways, will he reconsider the decision to increase railway fares? 4, Will the already restricted time-table and the projected increase in fares have the effect of improving returns?

The PREMIER (for the Minister for Railways) replied: 1, Yes. 2, No. The fact is that, taking ordinary fares, and monthly

ticket rates (first and second class) for 3, 6, 9, 12, 25, 50, 75, 100, 150, and 200 miles respectively, operating in Western Australia, New South Wales, Victoria, and South Australia, it will be found that of the 40 rates quoted, Western Australia is the lowest in 31 cases; Victoria is the lowest in five cases; South Australia is the lowest in four cases. In the nine instances (four of which refer to ordinary ticket fares and five to monthly ticket rates) in which the Western Australian charge is not the lowest, it exceeds the lowest by amounts shown hereunder:—Ordinary fares: Two instances by $\frac{1}{2}$ d., one instance by 1d., one instance by 3d. Monthly rates: One instance by 10d., one instance by 1s., one instance by 1s. 1d., one instance by 1s. 2d., one instance by 2s. 9d. 3, No; see answer to No. 2. 4, Yes.

QUESTION—PERSONAL FILE, MR. C. P. J. LESCHEN.

Mr. SIMONS (without notice) asked the Premier: Will he cause to be laid on the Table of the House the personal file of Mr. C. P. J. Leschen, late manager of the State Savings Bank?

The PREMIER: Does Mr. Leschen know the hon. member is asking the question?

Mr. Simons: Yes. I am assured that he has no objection.

Mr. SPEAKER: Order! The hon. member cannot debate the matter.

The PREMIER: I am always loth to present a personal file unless an application is made for it by its subject. As I understand that Mr. Leschen desires the production of his personal file, I am perfectly willing that it should be laid on the Table of the House.

ASSENT TO BILLS.

Message from the Governor received and read, notifying assent to the following Bills:—

- 1, Evidence Act Amendment.
- 2, Reciprocal Enforcement of Judgments.
- 3, Stallions.
- 4, Wheat Marketing.

BILL—GRAIN.

Read a third time, and transmitted to the Legislative Council.

BILL—LICENSING ACT AMENDMENT.

Message.

Message from the Governor received and read, recommending appropriation for the purposes of the Bill.

Second Reading.

The PREMIER (Hon. Sir James Mitchell—Northam) [4.44] in moving the second reading said: I confess that the task now before me is not very congenial, but it is of the utmost importance that liquor legislation should be amended from time to time. Therefore, I to-day introduce this Bill, which aims at better control of the liquor traffic. There is, of course, always opposition to a measure of this sort. As the House knows very well, the question is a non-party one; so that hon. members can deal with the Bill on that basis. Unless we have reform of the liquor laws, the public will undoubtedly demand that the sale of liquor shall cease altogether. This has long been recognised by the extreme section of the anti-liquor party; and up to date a good many people have, I think, opposed liquor law reform because of that idea which possessed them. It will take a very long time to bring about the total abolition of the sale of liquor.

Mr. O'Loughlen: This Bill will go a long way towards it.

The PREMIER: If the sale of liquor continues without amendment of the law, then I think the result may be disastrous to the State. I do honestly believe that reform is wanted. I ask the House to-day to agree to reform. In this measure we have followed, I hope, the dictates of commonsense and moderation. It is impossible to make people virtuous by Act of Parliament. This Bill, however, will go some distance by providing an opportunity for the better control of liquor and by this we shall accomplish all that is necessary. So long as men are moderate drinkers, what harm is there in it? I am not one of those people who think that, when a man has done a hard day's work, he is not entitled to a pint of beer. I think it does him good. When the use of liquor is abused, however, I do think great harm results. A good deal of harm has been done by over-indulgence in the past. This notwithstanding, I think we can control the sale of liquor and make it possible for people who do want to drink in moderation to do so without causing any harm to themselves or to the State. The principal provisions of this measure will be found to apply to licenses existing at the 1st January, 1922. The Act provides that some persons may be members of two or more licensing courts. It is the intention of the Government that one licensing court shall preside over a considerable area in place of separate courts in districts, as under the present system. By these means we can group districts over considerable areas. It would be ridiculous to say that one court could control all licensing districts from Wyndham to Eucla. I do not ask the House to agree to any such provision as that. What I do propose is that the House shall give us power to appoint one court to control a considerable portion of the State. For instance, one court might control the area from Geraldton to Albany, and it might go as far east as Merre-

din, or even Kalgoorlie. There are two advantages likely to accrue from the appointment of one such board. It will secure uniformity and prevent anomalies. Of course, Western Australia is a very large country and it is a very difficult matter to apply to Western Australia legislation which is operating in Victoria. From that State largely this measure has been taken. I want members to realise just how much at present we get out of the liquor traffic, which is a State monopoly. It is controlled by the State; therefore, I say it is a State monopoly. As a State monopoly it must be run by the State. We do not own the hotels; we do not lease the hotels; we do not collect the rents from the hotels; but for all that it is a State monopoly, because we insist upon persons engaged in the trade taking out a license for which they pay the State. Now, let us see how much more the Federal authorities collect from liquor consumed in Western Australia than the State. In 1920 the excise collected in Western Australia by the Federal Government totalled £410,704 and the import duties paid by the people of Western Australia during the same period amounted to £146,720. Thus the people of this State paid to the Federal Treasury £557,424. In addition to this enormous sum, it must be remembered that a considerable quantity of spirits sold in Western Australia is bottled in Eastern Australia, so that we pay a great deal more than is shown by those figures, because imported spirits bottled in Australia pay duty in the State into which they were imported. The State received by way of license fees for the year 1920-21 £37,234, as against £557,424 collected by the Federal Customs and Excise Department. In other words the Federal Government collected 34s. per head of the population, and the State 2s. 3d. per head of the population.

Mr. Harrison: Or 9s. more than the Federal people returned to us.

The PREMIER: That is so. Of course it must be remembered that the Federal authorities collected many other duties as well.

Mr. Harrison: But this one item gave them more than they returned to us.

The PREMIER: That is so. They got 15 times as much revenue from the trade as we got. I think we are entitled to more, and that the Federal Government are entitled to much less.

Hon. P. Collier: But it is the same person who pays to both Governments.

The PREMIER: But it is not the same Treasury which receives the money.

Hon. P. Collier: It is the same person who pays.

The PREMIER: The Federal Government should receive less.

Mr. Pickering: Is there any chance of getting things altered in that way?

The PREMIER: I do not know. The only free services rendered to the people outside of the baby bonus and old age pensions, are rendered by the State. Every

penny of tax is returned to the people in free services. If our education system is to be continued; if the Charities Department is to be continued; if the Medical and Health Department is to be continued, some one of course must pay for them. Now I come to that portion of the Bill relating to license fees. Members will recollect that I foreshadowed in my budget speech an increase in this direction. The Bill provides for payment on issue or renewal of license each December as a minimum the present annual fee. That has not been altered. Licensees must, within three months of the date on which the license takes effect, furnish returns of gross purchases of liquor including duties for the previous calendar year, and the fee will then be assessed at 8 per cent. on these purchases by the retailer, less the minimum fee already paid.

Mr. Lambert: You are merely passing it on to the public again.

The PREMIER: The amount the hotel-keeper will pay on his purchases will be 8 per cent., less the minimum fee already paid as a license fee. Thus, if a man pays £50 for his license and 8 per cent. comes to £200, he will pay £150, having already paid £50 for his license. This system was adopted in Victoria in 1916. There the percentage is 6 per cent.

Mr. O'Loghlen: Why the departure here?

The PREMIER: There is a provision under which the percentage will be increased from 8 to 9 per cent., so that in this case it will be 3 per cent. higher in Western Australia than in Victoria.

Mr. O'Loghlen: Is there any special reason for that?

The PREMIER: The special reason is that I consider it a fair thing to obtain revenue in this way. The spirit merchant will pay 8 per cent. on gross sales, including duty, to unlicensed persons, in addition to the minimum fee. Where a spirit merchant sells to a private person, he will pay 8 per cent. on the sale. That is the Victorian provision. He will also pay a license fee, and this license fee will not be deducted from the amount collected from him. It is provided that these fees shall be payable in two equal instalments, in June and December. The holder of a temporary license will pay 8 per cent. on gross purchases including duty, less the fee paid immediately on assessment. Clubs will be increased from 2½ per cent. to 8 per cent. on gross purchases. They will thus be brought into line with hotels. As I pointed out, the present revenue in Western Australia is £37,234, and 8 per cent. of that is equal to one penny in every shilling. The man who buys a shilling drink will therefore pay one penny to the Treasury. The estimated revenue, if this Bill is passed, will be £140,000. I have already pointed out the amount which the Federal Government collect as compared with the amount collected by the State. The gross purchases by licensed people in this State, so far as we

can ascertain, represents £1,750,000. We have provided for a very considerable increase in the amount to be paid to the State, namely from £37,000 to £140,000, by those who hold licenses under the State monopoly. This is a very considerable increase, of course, but the revenue must be obtained, and I think that of all means of collecting revenue, this means to this extent, is the right one. Of course it will not be sufficient to balance the ledger or to make any great difference.

Mr. O'Loughlen: You have singled out one calling for it.

The PREMIER: No, I have not. I think the use of liquor is fairly general and that this extra impost will be spread over all the people.

Mr. Thomson: And it is a luxury.

The PREMIER: It is a luxury; yet I do not know that it is altogether a luxury. It is a thing which can be indulged in a little more lightly if we so wish. At any rate, we can pay taxation or not, under a measure of this kind, as we please, and I say this without any idea that people should be deprived of the right to have a glass of beer after a hard day's work.

Hon. W. C. Angwin: They would be better without it.

The PREMIER: That is a matter of opinion. If Mr. James Mather were here he would no doubt agree with the member for North-East Fremantle.

Hon. W. C. Angwin: I have proved it.

The PREMIER: Each one of us can say he has proved many things, but would not always be right in saying so. I have no desire to encourage people to drink. Far from it.

Mr. O'Loughlen: This Bill will not tend in that direction.

The PREMIER: I think it will discourage them. Hon. members know that the local option clauses of the Bill are to be altered. I have already indicated that. The existing resolutions are to be abolished, those resolutions which deal with continuance, increase, reduction, and no license. We propose to submit just one question, that of no license. If no license be carried in the district, the next poll will be restoration. That will be the single issue before the electors if the Bill passes.

Mr. O'Loughlen: Do you propose to give effect to the last poll?

The PREMIER: It has been given effect to.

Mr. O'Loughlen: No. Various electorates have carried in favour of State control, and private licenses have been granted.

The PREMIER: To carry no license we shall require a three-fifths majority, and 30 per cent. of the electors will be required to vote, for the resolution to be carried. The provision exists now, but it has been very much discussed and in some quarters objected to. The next vote will be taken in April, 1924, and every third year thereafter.

If no license be carried, it will take effect at the end of the year in which the vote is taken. No compensation will be paid for closure as the outcome of a vote. If restoration be carried, the number of licenses must not be more than at the carrying of no license. Clubs are included; that is to say, clubs will have to close up in the event of the vote being carried.

Mr. Johnston: What about wholesale licenses?

The PREMIER: Wholesale licenses will not be affected. It would be ridiculous, if Perth went dry, to close up a brewery which serves Guildford or Fremantle, or some other district which was not dry.

Mr. Lambert: You are going to allow breweries to operate?

The PREMIER: We do not propose to interfere with the sale of liquor by wholesale licensees, or by a brewery, except so far as it relates to districts that have gone dry. In New Zealand I knew a man who lived at a place called Gore, which was a dry town, and if beer was wanted from the brewery it had to be taken to another district outside that town and railed back again.

Mr. Lambert: That would inflate the railway revenue.

The PREMIER: Provision is made, in the case of no license, for the sale of medicines and the manufacture of spirits. The 1911 Act, which was introduced by the then Attorney General, Mr. Nanson, did a great deal of good. I should like hon. members to realise how much good it actually did do; I hope the Bill before hon. members will be equally successful. The 1911 Act stopped the indiscriminate issue of licenses, and provided for many other reforms.

Hon. W. C. Angwin: This Bill is a step backward.

The PREMIER: I do not agree with the hon. member. With regard to the licenses reduction board, such a board has been in existence in Victoria and has performed good work there. The proposed board in the Bill is to be constituted largely on the lines of the Victorian board, and to some extent on the lines of the New South Wales board appointed under the Act passed in that State in 1919. The board will operate from the 1st January, 1922, and will continue in existence for six years only. It will consist of three persons appointed by the Governor, and they will have jurisdiction throughout the State.

Hon. W. C. Angwin: You will give power to increase licenses.

The PREMIER: The first power which the reduction board will have will be, curiously enough, the power to increase. It will have power to grant a new license where it is shown that through an increase of population there is an insufficiency of licenses for public requirements, or that a club is desirable.

Hon. W. C. Angwin: You are taking power out of the hands of the people and giving it to a board.

The PREMIER: There should be reasonable provision of this sort in any Bill. Of course, if the whole State voted no license, it would be a different thing. Where it is the custom to have hotels, we should extend that custom to new centres.

Hon. W. C. Angwin: That is the present law, 15 miles away.

The PREMIER: That distance is removed by this Bill.

Hon. W. C. Angwin: Another backward step.

The PREMIER: The hon. member will agree that if a new goldfield were discovered between Coolgardie and Kalgoorlie, and that place became an important business centre, he would not say that the people would have to go to Kalgoorlie in order to secure accommodation.

Hon. W. C. Angwin: One of the best provisions of the existing Act is that which provides that the matter of the issue of licenses shall be in the hands of the people.

The PREMIER: I do not agree with that. The proposed board will see that no unnecessary licenses are granted. Power is given to reduce the number of licenses to the extent that the amount of money which is in the compensation fund will allow. We take the necessary power to secure the confidential production of taxation returns, and we also provide for the imposition of penalties. Compensation is to be assessed by the board and will be paid to an owner and lessor or lessee of premises for diminution in value through the loss of license, and also to licensees for the loss of the license and the business. In the case of an owner, compensation will be based on the difference between the probable rent of the premises, licensed and unlicensed, for three years after deprivation. In the case of the lessee it will be based on the difference between the probable net rent from the sub-lessee, licensed and unlicensed, for three years or for the unexpired term of the lease, if that be less. The net rent will mean the excess of rent received by the lessee over that paid by him. In the case of the licensee compensation will be based for each year, or part of the unexpired term of the tenancy, not exceeding two years on the average net profit during three years preceding the time he was deprived of his license. The Victorian provision is two years and that of New South Wales three years.

Mr. Willcock: Will it be shown by his income tax returns?

The PREMIER: They can be produced.

Hon. W. C. Angwin: Under this Bill?

The PREMIER: Yes.

Hon. W. C. Angwin: The income tax Commissioner cannot give them without special legislation.

The PREMIER: This question of compensation makes it necessary to provide for a compensation fund. This, of course, will

be a trust fund to be formed in the Treasury. Licensees will be asked to contribute 1 per cent. on gross purchases. It is estimated that this will yield £17,000 per annum. The licenses which will contribute will be the publicans' general, hotel, wayside house, Australian wine and beer, Australian wine (bottle), 2 gallon (except when held by a brewery), 2 gallon licenses, clubs will not be included. The board may allow a deduction from the rent up to two-thirds of the compensation fee having regard to the claim of the lessor of the fund. The Victorian Act provides for a licensing fund of six per cent. on the gross purchases. The six per cent. covers the fee to be paid, as well as the compensation fund which there I think was three per cent. The total receipts in Victoria for the year ended 30th June, 1919, were £164,134 from a sources, including fines. The population of Victoria to the 30th June, 1920, was 1,504,260 and the number of hotels 2,151; the number of people per hotel being 691. In Western Australia at that time the population was 330,819, and the number of hotels (publicans' general license) was 492, while the number of people per hotel was 672; almost the same as in Victoria. Victoria has had years of experience in connection with licensing matters and has found the system of a reduction board by far the most satisfactory in connection with the closing of hotels. Some members will recollect the report prepared by Mr. Carson and submitted to Parliament some 12 years ago. In that report Mr. Carson expresses certain views which stand good to-day as they did then in the following terms:—

Briefly I am of opinion that the Victorian system, taking it all round, has produced the most satisfactory results, and is likely to do so in the future. Its provisions for the payment of compensation from a fund raised by a special tax on the trade alone has made a reduction of licenses comparatively easy, and the administration and disposal of that fund by a judicial body has ensured the extinction of the worst houses without provoking political conflict or the obscuring of political issues.

There is a reference to the work of the board by the secretary of the Central Methodist Mission in Melbourne published in the "Age" and "Argus," on March 31st, 1912 in which that gentleman said:—

In 20 years under local option no hotel in the slums were closed, and I doubt, if we had local option without compensation whether we could close any in that quarter. The board, by closing so many hotels in this neighbourhood, has done a great deal of good, and helped our work considerably.

I should also like to read another reference from a meeting that was held in Sydney as follows:—

Twenty years' trial of the method known as local option has revealed an extraordinary

inary failure to effect the obvious intention of Parliament in passing the Statute: namely, the elimination of superfluous hotels in overstocked districts.

These extracts represent the opinions of experienced men who know what the effect of the local option vote has been, and who are able to see what advantages are to be gained by the reduction board system, as against the local option system. It may be said that we have just taken a vote in this State, and that the people have said that these licenses shall exist until 1924. We are setting up altogether new methods and in doing this we must provide for compensation. We could not allow a reduction board to close hotels without compensation, and we do not propose to ask the House to agree that the board shall close hotels without compensation. We ask that there shall be a reduction board which will close hotels in the way I have suggested, and also that once in three years a vote may be taken asking the people whether they wish to wipe out all licenses and, if they do vote and carry no license, that these hotels shall be closed without compensation. The work of the reduction board in Victoria spread over the years 1907 to 1919 show that 1282 hotels have been closed, that the compensation paid was £672,591 and that the average in each case was £524. The compensation was not a very big item therefore. I doubt if there are many hotels to close in Western Australia. In the sparsely populated centres on the goldfields there may be too many hotels, but they cannot be very valuable to the licensees in those instances. We have come to the position that Victoria is in after closing 1,282 hotels, and the number of people per hotel in Western Australia is practically the same as in Victoria. Although Victoria has closed in the last 12 years 1,282 hotels, we start in almost precisely the same position Victoria is in, and we have to face the other question which that State had to face, that by a local option vote, hotels are not closed where they ought to be closed, and under which they were closed in some cases where it was almost useless to close them because of the number of other hotels existing. If we have this system it must apply to all the people and must be sufficient to meet requirements. A hotel is something more than a place at which liquor is sold. It provides accommodation for people. Under our system we must have a sufficient number of hotels to meet the requirements of the people. There are 492 publicans' general licenses in Western Australia, 102 wayside houses, one hotel, 20, Australian wine and beer licenses, and 55 Australian wine licenses. The Temperance Alliance in Victoria agree that the license reduction board is more effective than the local option system. There is ample proof of that. In Victoria between 1885 to 1907, local option closed 217 hotels at an average cost of £980. The difference between £524, which has been the average compensation under the system of reduction boards, and

the £980, which was the compensation paid under the local option vote, shows the class of hotel that has been closed. Evidently they were the wrong hotels rightly closed. We have no slums in this State and I cannot say whether there are any in Victoria or not. The nine to nine provision is made permanent by this Bill.

Mr. Willcock: All over the State?

The PREMIER: Yes.

Mr. Underwood: It will never do at Marble Bar.

Hon. P. Collier: They have all hours at Marble Bar.

Mr. O'Loughlen: Do you hope to get this Bill through this session?

The PREMIER: It is a simple Bill, and I think it will go through without discussion. It is a non-party measure and a lengthy discussion upon it will not help very much. The nine to nine provision will apply to the goldfields and every other part of Western Australia. Hon. members will no doubt express their views in Committee where the whole thing can be discussed.

Hon. P. Collier: We can carry the second reading to-day.

The PREMIER: It would be a good idea. A provision exists under the Liquor Regulation Act by which hotels can be closed. This was inserted, I think, in 1914. We provide that by proclamation hotels may be closed. There always has been the provision giving the magistrate of a district power to close any hotel in case of a riot. That provision will be the only one that remains for the closing of hotels. The next is an important provision, and I think it will probably be fully discussed by hon. members. It is the only point upon which I have ever been approached by the hotel-keepers of the State. That is in regard to bona fide travellers. They have pointed out that the bona fide traveller system has been a nuisance and a danger to them.

Mr. Mann: Hear, hear!

The PREMIER: If the licensee does not serve a man who claims to be a bona fide traveller, and he happens to be one, he is fined. If he does serve a man and he happens not to be a bona fide traveller, he is also fined, and he is thus between the devil and the deep sea.

Mr. Mann: There are very few bona fide travellers.

The PREMIER: The licensees claim that they are entitled to one day's rest in the week like other people. To keep a hotel open all day, as licensees must do in case a bona fide traveller come along, is too much to ask them when they have already had to work six days in the week.

Mr. Davies: The licensee is not eager to keep open.

The PREMIER: He does not want to keep open seven days a week.

Mr. Underwood: What about the man who wants a drink?

The PREMIER: I remember the tale of a Minister of this State who was visiting an

agricultural centre. There were two things the people wanted, a State hotel and a water supply. He said, "I will give you a stand pipe," and he did so, but there has been no hotel there at which people could get a drink as a result of the visit of that Minister. I know there are bona fide travellers.

Mr. Underwood: I have been in places where there are no stand pipes.

The PREMIER: There are men who travel 40 or 50 miles in the back country.

Mr. Underwood: Will you put up a stand pipe at Port Hedland?

The PREMIER: It is chiefly the men in the back country to whom I refer. There are men who make themselves bona fide travellers by travelling six or seven miles from one hotel to another. If we restrict this legislation to the real bona fide traveller, we must restrict it to the person who is obliged to move from one centre to another on business, in the country districts.

Hon. P. Collier: Do away with the bona fide traveller and have limited hours for Sunday trading.

The PREMIER: I do not know about that. As was said in the British Parliament, there is a class of man who goes upon a mala fide walk to get a bona fide drink, but that is a different matter. That is a very apt description. This system has been very much abused. If a man really is a bona fide traveller, he will probably be a lodger, and a lodger is already catered for. A register of lodgers has to be kept. In addition, bar tenders will have to be registered and they will be responsible for the liquor sold. The registration of the barman's license may be cancelled for a year if he is guilty of an offence against the law. The bar tender will also be liable to a fine for serving drunken persons, in addition to the licensee, for the fining of whom provision already exists.

Mr. O'Loughlen: It is difficult to define when a man is drunk.

The PREMIER: I do not know so much about that. At present billiard rooms attached to hotels can be kept open until 11 o'clock. The Bill provides however, that they shall close at 9 o'clock, at which time the hotels themselves will close. This only applies to billiard rooms attached to hotels. The other billiard rooms, which can keep open under the special billiard room license, will still keep open until 11 p.m. There is another provision which is the law to-day under the provisions of a very old Statute. It is that unlawful games are forbidden. If the Bill is passed there will be no drink served in clubs on Sunday and outside the hours of 9 to 9, except to bona fide lodgers or at meals. I wish hon. members to understand that the local option vote will be on the one question of "no license." The other provisions are material. As to the percentage fee to be charged, the member for Forrest (Mr. O'Loughlen) asks why we should not take the Victorian standard of 6 per

cent. Our proposal, including the compensation fund, will be 9 per cent. It has to be remembered that we drink more liquor per head of the population than is the case in Victoria.

Mr. O'Loughlen: The cost is passed on, for the consumer has to pay for it.

The PREMIER: We pay more for each individual. I wish the House to remember the great amount collected by the Federal Government in connection with the liquor business. They collect 15 times as much as the State, and not one word is heard against it. If they put this £140,000 on to the liquor in this State, I do not suppose a single soul would raise a finger against it.

Mr. O'Loughlen: No one looks for dual taxation as is proposed.

The PREMIER: The right to sell liquor has always been claimed by the State. We have always given the right to sell liquor for a fee. It is true that the Federal Government have drawn this big revenue from the trade.

Hon. P. Collier: Do you know how much the Federal Government collected from Western Australia in Customs and excise?

The PREMIER: Yes, they collected £557,000 last year. The funny part about it all is that over £400,000 represents excise collections. Then, in addition to the enormous amount they collected, there is the payment made to the importing State, which must be a very considerable sum. A great deal of the whisky consumed in Western Australia comes from the Eastern States.

Mr. O'Loughlen: This is prohibition by degrees!

The PREMIER: I do not know about that.

Mr. O'Loughlen: Of course it is. Men cannot go on paying these prices.

The PREMIER: It will not be the tax placed upon the liquor by the State Parliament that will wipe out the sale of liquor.

Mr. Chesson: It is the last straw that breaks the camel's back.

The PREMIER: I recognise that this proposal will be resented and will be criticised and objected to, but the Federal Government imposes four times as much as the State proposes, and I have not noticed any objections in this State.

Mr. O'Loughlen: We have no power to refuse it, so what would be the use of raising objections?

The PREMIER: At any rate, I have not found any objections.

Mr. O'Loughlen: What is the use?

The PREMIER: The trouble is that we have five members out of 75 in the House of Representatives. We, as a State, are charged with the full responsibility of providing free services to the people and some part of the cost of those great services may well come from these sources.

Mr. Underwood: Why this source more than any other?

The PREMIER: Why should it not come from this source? I am not reflecting upon

anyone, but if this is a luxury—I do not altogether agree that it is a luxury—I think it should be taxed. I am always sorry to impose any additional taxation upon anyone as the House very well knows, especially at this time when the people are fairly well loaded.

Mr. O'Loughlen: Next year you will have taxation of smokers.

Hon. P. Collier: What about taxing silk stockings?

The PREMIER: It was suggested that I should bring down a Bill asking Parliament to approve the licensing not of hotels, but of customers. I do not know whether that proposal was made seriously, but it was made to me. I move—

That the Bill be now read a second time.

On motion by Hon. P. Collier, debate adjourned.

BILL—LAND AND INCOME TAX ASSESSMENT AMENDMENT.

In Committee.

Resumed from 22nd November; Mr. Stubbs in the Chair; the Premier in charge of the Bill.

Clause 5—Amendment of Section 16:

Mr. A. THOMSON: I ask members to reject the clause with a view to inserting a new clause to stand as Clause 5 as follows:—"Section 16 of the principal Act is amended by omitting Subsection 2." The clause provides that anyone desirous of going out of Western Australia for a period will be exempt from taxation for a period of two years. This refers to the absentee tax.

The Premier: That is a perfectly reasonable provision.

Mr. A. THOMSON: I interviewed the Taxation Department regarding the effect of this clause, and perhaps the Premier will be able to inform the Committee as to the amount of money involved.

The Premier: It is not a question of money, but a matter of principle.

Mr. A. THOMSON: Seeing that we will be the only State in the Commonwealth imposing a penalty of 50 per cent., I think we would be wise, in view of the fact that we are desirous of seeing fresh capital introduced, to agree to my proposal. To-day a taxpayer who has to pay £300 in taxation, plus 15 per cent. super tax, which amounts to £45, has to really pay £345. If an absentee within the meaning of this Bill has to pay £300, plus 50 per cent., plus £15 per cent. super tax, which will amount to £27, it will mean that he will have to pay £517, or, as compared with the resident of the State, £172 extra. While the principle is sound that those people who have made money in the State and subsequently leave the State to live elsewhere, should be penalised, I think we should take into consideration the fact that such a provision is likely to have a detrimental

effect upon a person proposing to invest his money in Australia. If I were looking for a State where I could invest money and had the choice of one showing equal returns, I would invest my money in that State which did not impose the 15 per cent. super tax. Such a provision is not likely to be conducive to the encouragement of new capital coming to Western Australia.

The PREMIER: I cannot agree with the member for Katanning. This is a matter of principle.

Mr. A. Thomson: Can you say how much is involved?

The PREMIER: No, I have not looked into that aspect. It is quite a matter of principle. It is a perfectly fair tax to impose upon these people. Under the present Act, a man may be absent from Western Australia for a period of a year. Under the Bill he may be away for two years. It also applies, of course, to a man who is going to England on an extended visit. I do not know why the member for Katanning wishes a man who makes money in Western Australia and having made it, goes to live in the Old Country, to be protected. If this State is good enough for such a man to make his money in, it should be good enough for him to live in. When the hon. member says that the effect will be to keep money out of Western Australia, I disagree with him entirely. If he can show me that such will be the case, it will be for us to consider his proposal.

Mr. A. Thomson: I think it will have that effect.

The PREMIER: I do not think so at all and, therefore, I oppose the amendment. The present clause is a little more liberal than the existing Act, but I contend that these people should pay the extra taxation involved. Other people who are living here, pay a fair sum compared with the ones referred to by the member for Katanning, even with the increased rate. A man living in the State has to pay taxation in many forms and is in every way far more useful to the State than is the man living away from the State. I do not think the absentee contributes one penny more to the revenue than does the man who remains here.

Mr. DURACK: The man who makes his money here should be prepared to pay the extra tax. But that is not the point. What we are concerned about is the getting of fresh capital into the country. If there be any State in the Commonwealth in need of capital, it is Western Australia. When this absentee provision was first introduced, the income taxation was only 4d. in the £. Now the maximum is 4s., a basis which brings the absentee's rate up to 7s. Moreover, this is the only State in the Commonwealth in which the super tax is imposed. In view of this, no capitalist is likely to come to Western Australia. That is the point we have to consider. It would be greatly to our advantage to abolish this special imposition on absentees.

Hon. P. COLLIER: I agree with the striking out of the clause, but I am emphatically opposed to the insertion of the proposed alternative. In my view one resident taxpayer is of more value to the State than ten thousand absentees. The State would be no State at all without its resident taxpayers, every one of whom is paying taxes in a thousand ways. I would rather give some concession to them than to the man wealthy enough to live in England. Many men who have made fortunes in this State are now living in mansions in Sydney suburbs.

Mr. Thomson: But we cannot get anything from them.

Hon. P. COLLIER: No, because the Commonwealth Constitution Act does not allow of it. I only wish it did. But if the member for Katanning had his way, those absentees who, living in England, have now to pay an extra 50 per cent., would be able to escape that additional tax by visiting the State once in two years. Take the case of Mr. Bush, the owner of 3,000,000 acres in this country, who has been living in England for many years: It would profit him well to take a run out to Western Australia once in two years in order to evade payment of the surtax.

Mr. A. Thomson: He comes out every year as it is, for that very purpose.

Hon. P. COLLIER: And the hon. member would make it still easier for him, allowing him to evade taxation by coming to the State once in every two years.

Mr. A. Thomson: I am not worrying about him. I only want to see further capital introduced.

Hon. P. COLLIER: There is not likely to be any considerable accretion of capital except that introduced by loan or by companies, who would, of course, pay under the Dividend Duties Act, and not under the Income Tax Act. Again, the clause gives discretion to the Commissioner of Taxation to say whether or not a man shall be exempt for two years; at all events it is open to that construction. In any case I think the Act should remain as it is, for under it we might induce some of our absentees to return.

Mr. SAMPSON: The Leader of the Opposition has missed the point. The object is to induce foreign capital to come in. Recently a good many secondary industries have been established in the Eastern States, whereas but comparatively few have been introduced here.

Hon. P. Collier: They go where the population is.

Mr. SAMPSON: The population would have but small effect on the production of, say, cocoa. In Tasmania a big company has been established to produce that commodity.

Mr. Lambert: It is simply a combine.

Mr. McCallum: That is a company, not an individual.

Mr. SAMPSON: But their dividends would be taxable to exactly the same extent.

Hon. P. Collier: No, they would pay, not under the Income Tax Act, but under the Dividend Duties Act.

Mr. SAMPSON: The imposition of this super tax must discourage the establishment of secondary industries, which we should seek to encourage.

The Premier: This is merely a tax on absentees.

Mr. SAMPSON: I have no liking for the absentee, but if we can make the conditions sufficiently attractive we shall improve the status of the State from the standpoint of money earning propositions. I hope the imposition of the 50 per cent. extra will be struck out.

Mr. WILLCOCK: I want to see the clause struck out and the Act allowed to remain as it stands. The State's finances require the most careful handling.

Mr. A. Thomson: How much do we get from this tax?

Mr. WILLCOCK: It must be something considerable. The ramifications of international finance are such that no individual is likely to come to Western Australia to invest, as an individual, £50,000. Modern finance is not in the hands of individuals, but almost invariably in the hands of companies, which pay under the Dividend Duties Act. Whatever we can do to induce people to become residents of the State, ought to be done. I only wish we could tax our absentees living in other parts of Australia, who after all, it must be remembered, are contributing their fair quota to the defence of Australia. Anybody who makes sufficient income in Western Australia to be able to live out of Western Australia, should be asked to pay a special rate as against those who live here and have to pay all sorts of taxes.

Mr. JOHNSTON: I intend to vote for the deletion of this clause with a view to retaining the present legislation as to absentees. To me it is amazing that at a time when savage taxation is being put on our own people, who live and work in Western Australia, a section of the Chamber should, concurrently, want to relieve absentees from the extra 50 per cent. Some of the biggest Western Australian incomes are drawn by absentees. Look at the buildings in St. George's terrace and Hay-street which are owned by persons resident in England and spending nothing here. I am astonished that a proposal to relieve absentees should be brought forward by the Government and advocated by the member for Katanning at a time when our people are being so grievously burdened from every quarter. Let the fortunate absentee recipients of large incomes, like the Afghan dwelling in Karachi who owns three coffee palaces in Perth, pay the additional 50 per cent.

Mr. ANGELO: I cannot agree with the contention that this clause will keep away capital from the State, since it does not refer to money supplied by companies, but only

money supplied by individuals. Hardly anyone is going to be such a fool as to invest his money in Western Australia and not come out at least once in two years to see how his investment is getting on. Under the present law a man really need come out only once in three years, if he takes care to come out at the end of a year and remain over the new year. Anyone who is not patriotic enough to come out once every two years and see us, among whom he makes his money, should be made to pay the extra 50 per cent. The absentee recipients of large incomes were not taxed heavily when they were making their money. The war has occurred since; and it is up to those absentees to pay their share, and a little more, towards the cost of the war.

The Minister for Works: Have they not to pay war taxation in the Old Country?

Mr. ANGELO: That is their affair if they like to live there.

The MINISTER FOR WORKS: The last speaker considers that if people make money in this country and are not patriotic enough to spend it here, they should bear extra taxation. Suppose a heavy tax is put on them.

Mr. Angelo: This is not a heavy tax.

The MINISTER FOR WORKS: I say, suppose a heavy tax is put on them. Then the absentee owner of a property would sell that property to someone in Western Australia, and the purchase price would go out of Western Australia. All the money we have once got into Western Australia I want to see kept here, every penny of it. Suppose I sold my property for £10,000, as I could have done any time during the past two years, and went away to Victoria.

Mr. Johnston: Then you would not be an absentee.

The MINISTER FOR WORKS: The State would be poorer by that £10,000, because somebody in Western Australia would have spent that money on the purchase of my property instead of in some other enterprise. It is to the interest of Western Australia that the absentee should keep his money and his property in Western Australia.

Hon. P. COLLIER: Let us examine this extraordinary argument.

The Minister for Works: I was replying to an extraordinary argument.

Hon. P. COLLIER: The Minister for Works says that if an absentee owns several buildings in the city and we tax that absentee extra, he will sell the buildings and take the money away to England, or wherever else he happens to live. Then, says the Minister, the State is so much the poorer. But the State is not poorer by a fraction of a penny. It still has the buildings, the property. What has the State lost?

Mr. MacCallum Smith: It has lost the money.

Hon. P. COLLIER: The State never had the money. The only thing of value to the State is the improved property. What was the other man, the purchaser of the property,

doing with his money? He would not buy unless it was a good investment. The only thing that counts to us here is improved property in the State—bricks and mortar, cultivated farms and orchards. The absentee ought to pay something extra. We tax ourselves to build roads around his property, to construct railways to it.

Mr. MacCallum Smith: He pays taxation in respect of those things.

Hon. P. COLLIER: But we tax ourselves in a hundred and one ways that do not touch the absentees. He pays no excise duty, no import duties. He pays only the equivalent of income tax. It seems to me that this proposal is brought forward specially to convenience a few wealthy men living in Great Britain who desire to pay a visit to Western Australia only once in two years, and not once in 12 months. The period of one year under the existing law was introduced in order to permit a man to go away from the State for a long holiday or on an extended business trip. If he was away longer than 12 months, he was to be considered permanently resident outside Western Australia. The present proposal, however, seems designed specially to convenience just a few individuals.

The Premier: I can assure the hon. member that no one asked me to introduce this provision.

Hon. P. COLLIER: But there is such a thing as mental telepathy, or a brain wave.

Mr. MacCallum Smith: The point is, do we want capital in this new country?

Hon. P. COLLIER: I do not believe there are individuals floating about the world with enormous amounts of capital asking, "Where can we invest our money?" There are many determining factors as regards investment of capital besides taxation. There are such considerations as climate, temperature, water supply, geographical situation. Even with this additional 50 per cent., it might be that taxation was lower here than in, say, Queensland or Victoria. Individuals are not looking to invest large sums of money, but companies are.

Sitting suspended from 6.15 to 7.30 p.m.

Mr. A. THOMSON: I am in accord with the sentiments expressed by the Leader of the Opposition. Quite a large number of people who have made their money in Western Australia and have gone to live in other parts of the Commonwealth, will not be affected at all. It has been argued that it is only right and proper that people who have made their money in this State and have gone elsewhere to live should pay more than those who reside in the State. On the large buildings in St. George's-terrace to which reference has been made, rates and taxes, maintenance costs and insurance have to be paid.

Mr. Heron: The tenants pay.

Mr. A. THOMSON: Admittedly.

Mr. MacCallum Smith: If the money had not been brought into the country those buildings might not be there.

Mr. A. THOMSON: If I had made sufficient money and desired to leave Western Australia, I would certainly sell my property and invest the money in South Australia, Victoria, or New South Wales.

Hon. P. Collier: Taxation is heavier there.

Mr. A. THOMSON: It is not heavier in Victoria.

Mr. Johnston: It might be altered there.

Mr. A. THOMSON: Yes, but not to the extent of 50 per cent.

Mr. Marshall: Would you take the source of the income?

Mr. A. THOMSON: I would take the cash. It has been contended that if a man sold his property and took the cash, we would be no worse off. I cannot follow that line of reasoning. When the Commonwealth Government issued a loan at 6 per cent., £150,000 was taken from the Government Savings Bank. Is the State no worse off for that? One of the arguments against raising loans locally is that it would have the effect of taking money which otherwise would be available for developmental purposes. My object is to retain the money in the State. The gentleman who has 3,000,000 acres of land has practically two years' exemption under the Act. By coming here once in two years he is able to save the additional impost.

Mr. Angelo: He is not affected, because he has turned the concern into a company.

Mr. A. THOMSON: The Premier said a considerable amount of money was involved.

The Premier: No; I said a principle was involved. I do not know how much money it means.

Mr. A. THOMSON: It does not reflect much credit on the Taxation Department if they cannot say what amount of money is involved.

The Premier: I have not asked them.

Mr. A. THOMSON: If we impose the extra impost, we shall be keeping capital out of the State. A man living in another State is just as much an absentee as one living in another portion of the Empire. If it is logical to allow the individual in the Eastern States to enjoy the same advantages as people residing in the State, we should extend the benefits to those living in other portions of the Empire.

Mr. DAVIES: I support the continuance of an additional impost on absentees. Long before coming to Australia, I was informed by a visitor from the antipodes that Australia was suffering as a result of the money subscribed in England and invested in wild-cat schemes, and as a result of a lot of civil servants earning salaries here and not paying taxation on them. This taxation is not imposed on judges who come to Australia and who leave after serving their term.

Mr. Simons: We should stop their pensions as soon as they leave.

Mr. DAVIES: There are people drawing pensions from Australia and living in other countries. I am amazed to learn that this provision would permit a person living in England to free himself from the additional impost by merely visiting Australia once in two years. I hope it is not the intention of the Government to grant such exemption. If such were the case, it would be equivalent to giving them a trip to Australia at the expense of the Australian people. I could not follow the argument of the Leader of the Opposition that the country was not the poorer when a man sold his property for £10,000 and left the State. We would be poorer to the amount of money taken out of the country. Western Australia is the only State which imposes a tax on absentees.

Mr. Johnston: We lead in other directions, too.

Mr. DAVIES: If investors become aware of this they might decide to place their capital elsewhere.

Mr. LAMBERT: The matter is not of sufficient importance to justify a long discussion upon it. I do not suppose the tax will affect many people living outside Western Australia. We in Western Australia have to pay, not only direct but indirect taxation, and contribute in other ways, and those who live outside Western Australia should pay something in addition. Those who come to this State to invest their capital have all the benefits that the ramifications of Government give them. Then they may go to the cheapest country in the world in which to live. That is incorrect and unsound in principle.

Mr. PICKERING: We make an invidious distinction between absentees who reside in the Commonwealth and those who reside in other parts of the world. Under the Commonwealth law we are unable to levy this increased taxation. In England and in other countries where the rates of interest have been low, it was a special inducement for investors there to send their money to Australia, because they could get a larger income by investing it in securities at home. I am afraid that the imposition of this absentee tax will in the future prevent the investment of that capital in Western Australia.

Mr. MacCallum SMITH: The proposed amendment will give exemption to the people about whom many of the speakers have complained. Most of the criticism has been levelled against the person who makes his money in Western Australia and immediately leaves the country to enjoy his wealth elsewhere. The Premier's proposal is to give two years' exemption. He proposes to exempt the man whom we should tax. Very few people go away for a holiday extending over two years. The man who does that is a wealthy man. Generally speaking we should tax the person who has made his money in the country, and who goes elsewhere to live. But there is a greater question overshadowing that principle, and it is that Western Australia is a young country which requires

capital. We are starved for capital. We should attract it and free it from taxation as much as possible. Capital is a shy bird, as most of us who want to borrow money know. Hon. members would like to see industries established here. This country could support a very large number of people if we had industries established.

Mr. Willcock: Where did the 300 millions sterling representing our war loans come from?

Mr. MacCallum SMITH: That was only paper, not wealth.

Mr. Willcock: We are paying big interest on it, anyhow. It is costing us 20 millions a year, even if it was only paper.

Mr. MacCallum SMITH: We require all the capital we can get and we should therefore make our country as attractive as possible. If we impose this taxation of 20 per cent. we shall go the right way to scarce capital. Someone quoted the case of an Afghan owning coffee palaces in Perth and living in India; but we cannot make laws for the individual. Suppose the owner of those buildings sold them to a local resident, so much money would be withdrawn from an industry, and that money would find its way to India. Western Australia would be the poorer by that amount. The introduction of capital will assist to provide employment by establishing the industries.

Mr. O'Loughlen: Will taxing it keep it out?

Mr. MacCallum SMITH: Of course.

Mr. O'Loughlen: Capital will find its way to the four corners of the globe, wherever it gets a return.

The Minister for Works: The more you tax them the more you have to pay for it.

Mr. O'Loughlen: Do not other countries tax them?

Mr. TROY: I propose to vote against the amendment as well as the clause. One would imagine that the member for North Perth represented someone abroad instead of the electors of his constituency. He says that paper money and bricks and mortar do not represent capital. Does not the Western Australian Bank advance against bricks and mortar, and is not such advance made by way of paper money? The people who live in this country pay not only income tax and land tax, but stamp duties, customs taxation, and all those taxes that are necessary to carry on and develop the country. The absentee pays no customs duty or stamp tax. The resident taxpayer provides everything that is necessary to carry on the country, and yet the hon. member argues that the absentee should have more consideration than the resident taxpayer. I should like to know who the individuals are who have given so much service to the country and who would be exploited by an absentee tax. How did the member for Katanning get the information that no other State in the Commonwealth charged a tax upon absentees?

Mr. A. Thomson: From the Taxation Department.

Mr. TROY: Apparently the hon. member can get information from that source which we cannot get. As a matter of fact South Australia has an absentee tax as well as New Zealand, and the Commonwealth also imposes an absentee tax. Why does he make such statements without justification? The British Government do not impose an absentee tax because Great Britain has been a credited nation, and has drawn millions of tribute from other parts of the world. As Great Britain is now in a different position the necessity will arise for charging an absentee tax in order to lighten the burden upon resident taxpayers. The only absentees who would be affected by this provision are those who own property in Western Australia, such as the wealthy station owners, who live abroad and draw their income from this State. The member for North Perth now seeks to still further assist such people.

Clause put and negatived.

Clause 6—Amendment of Section 16:

Mr. Willcock: I have an amendment to move here.

Mr. A. Thomson: I have an amendment to insert a new clause. My amendment is on the Notice Paper.

The CHAIRMAN: The hon. member cannot move a new clause at this stage; he may do so at the conclusion of the discussion upon all the existing clauses.

Mr. WILLCOCK: I move an amendment—

That the following words be added to the proposed new paragraph 4, "and so far as such profits are derived from the sale of the goodwill of the business and exceed an amount actually paid by the taxpayer for the goodwill on acquiring the business."

On the second reading debate I gave reasons why I intended to move this amendment, and I also understood from the Premier that goodwill was not to be taxed. Many people exist in this State by buying into a business and getting out of it again at a profit made on the goodwill. This is the case in connection with hotels, for instance. The licensee claims that he makes no profit whilst he is in an hotel and pays no income tax, but when he sells he makes a profit on the goodwill and this, I claim, should be taxable income. I do not know that it is for the Opposition to bring forward proposals to give the Government more revenue to assist a Government who are making a hopeless mess of the finances. The amendment, however, does provide for some more revenue, and I think at this stage we should say that those people who are making money in Western Australia, should pay a fair share towards the taxation.

The PREMIER: I do not think the member for Geraldton wishes to increase the amount paid to the Taxation Department.

Mr. Willcock: Yes; I do.

The PREMIER: If we are to collect the tax from a seller, the corresponding amount must be deducted from the buyer's income. The amendment will not have the effect of increasing the revenue in the slightest.

Mr. Willcock: They regard it not as income, but as transfer of capital.

The PREMIER: If we do as the hon. member suggests, it will simply be transferring the liability to pay tax from one individual to the other and so it will make no difference to the revenue whatever. "Goodwill" means the value added to a business by reason of the efforts of the man who owns it. If we impose a tax under that heading, it will not be taxing goodwill, but good management.

Mr. Willcock: In any case, it is income.

The PREMIER: It may be, but if the hon. member takes the increased tax from the man who sells, a corresponding amount will have to be deducted from the man who buys.

Mr. Willcock: That would not make any difference, because he would have to pay just the same.

The PREMIER: I do not think there is the slightest argument in favour of taxing the goodwill of a business. There may be cases regarding the buying and selling of hotels, to which the member for Geraldton has referred, but I do not know of such cases where men have engaged in this business.

Mr. LAMBERT: It seems to be an extraordinary thing that in a State like Western Australia, with its present financial condition, when a member indicates an avenue of taxation—

The Premier: It is not an avenue of taxation. It is simply transferring the taxation from one man to another.

Mr. LAMBERT: I say that it is an avenue of taxation. When a man engages in the business of buying and selling hotels, and sells out at a profit, after putting a new coat of paint on the hotel, and sacking "Flossie" and "Tottie," and putting in two more attractive barmaids, the difference he makes over and above the amount he pays for the ingoing to the hotel, should be taxable. It is moonshine to regard it as otherwise. If you were to tax farmers or primary producers, why should you not tax the man in the metropolitan area who buys a tenth-rate pub and sells out at a profit?

The Premier: You do not tax the farmers on the sale of their farms.

Mr. LAMBERT: We are imposing taxation with a view to increasing revenue.

Mr. MacCallum Smith: Why do you want taxation?

Mr. LAMBERT: We desire to see the finances of the country placed on a sound basis.

Mr. MacCallum Smith: Then you ought to agree to sell the State enterprises.

Hon. W. C. Angwin: If we did that the country would be worse off.

Mr. LAMBERT: The Chamber of Commerce will be able to show the member for

North Perth how they can make money out of the State enterprises, although the people will have to pay. I trust the Premier will give favourable consideration to the amendment proposed by the member for Geraldton.

Mr. MacCallum Smith: Your party stands for increasing taxation.

Mr. LAMBERT: The hon. member is seeking to protect the boodle man. We are concerned with every legitimate source of taxation. The amendment is a fair and reasonable proposal.

Mr. A. Thomson: On a point of order, I ask for a ruling as to whether the amendment is in order.

Mr. O'Loghlen: Is this a new role?

Mr. A. Thomson: I was blown out on the same question myself some time ago.

The CHAIRMAN: What is the point of order?

Mr. A. Thomson: Is it competent for the member for Geraldton to move an amendment which has the effect of imposing taxation?

The CHAIRMAN: The member for Katanning has asked whether it is competent for a private member to add words to a clause which will have the effect of taxing the taxpayer. By the amendment, the vendor of a business will be taxed on the price received for goodwill which, under the clause as it stands, is exempt. The effect of the amendment I think would be to increase taxation. I think the objection raised by the member for Katanning is good and I rule the amendment out of order.

Mr. WILLCOCK: The amendment is something in the nature of an interpretation. I think the interpretation clause should cover "goodwill." The Premier says it should not. The inclusion of the words in the amendment will simply amplify the interpretation clause. It does not directly add to taxation, but merely seeks to extend the interpretation clause. It will make the interpretation clause less ambiguous and the amendment will be an instruction to the Taxation Department. I think the amendment is in order.

Mr. TROY: I am sorry to say that I cannot agree with the Chairman's ruling. The Chairman is reading into the Standing Order an interpretation which does not apply in this case. Standing Order 387 sets out—

It shall be competent for a private member to move the House into a Committee of Supply or of Ways and Means or into a Committee of the whole House for imposing any tax, indent or impost—

He has not done either of these things.

—nor shall it be competent for a private member in any such Committee to propose increases on the amounts proposed therein.

The CHAIRMAN: Does not the amendment by the member for Geraldton do that?

The Premier: If it does not, it is not worth while putting it in.

Mr. TROY: The amendment proposed by the member for Geraldton does not increase

any existing impost. The Premier proposes under the Bill that assessments shall be made on a certain basis, that there shall be certain exemptions, that the tax shall be at a certain rate and assessed in a certain manner. The member for Geraldton does not anticipate increasing any such rate. It widens the operations; that is all. The amendment will include certain persons now excluded.

Mr. A. Thomson: Does that not increase the taxation?

Hon. W. C. Angwin: Read the interpretation clause in the existing Act.

Mr. TROY: The interpretation clause in the parent Act says "that income includes profits, means, rents, interest, salaries, wages, allowances, pensions, stipends, charges and annuities." The Premier holds that the amendment is already provided for.

The Premier: No, I do not.

Mr. TROY: Your statement was that it merely meant transferring the liability from one person to another.

The Premier: I say that if the seller is taxed on goodwill, then the buyer must be exempt to that extent.

Mr. TROY: Therefore the Commissioner of Taxation can get money now without the amendment. The amendment merely removes the impost from one man to another, and so it is clearly in order, for it does not propose to increase the taxation.

Mr. CHAIRMAN: If the hon. member's contention is right, and if the Premier agrees that the amendment does not impose extra taxation, my ruling was not accurate, and I now say the amendment can stand.

The PREMIER: Of course, if a man pays out the value of the goodwill, he must be allowed to deduct it from his income. The hon. member says the amendment means no increased impost, and that therefore it ought to be admitted. However that may be, I say the amendment is wrong.

Mr. TROY: If the Premier's contention is right, the amendment is perfectly in order, for it does not increase the revenue to be derived from taxation. If it be that the amendment serves no purpose, then it is not the province of the Chairman to rule it out of order, but the province of the Committee to defeat it, as being of no value. In my opinion the amendment does not provide increased revenue.

The CHAIRMAN: The Premier says the amendment is not going to impose an additional burden on the taxpayer. Therefore, I will admit the amendment.

The PREMIER: Let me not be misunderstood. The amendment will increase taxation on one set of taxpayers, but it will not increase the revenue, because it will relieve another set of taxpayers. It will increase the burden of taxation imposed on the seller of a business who is paid for the goodwill, but it will not increase the aggregate amount of taxation.

Mr. A. THOMSON: I was once ruled out of order on the same point. The intention of

the clause is to secure increased revenue, and no doubt it was the intention of the mover of the amendment—

Mr. WILLECOCK: On a point of order. You, Mr. Chairman, ruled that my amendment was out of order. Since then you have reversed your decision and ruled that it is in order. Now the hon. member is proceeding to argue the point all over again. Surely we can get on with the business.

The CHAIRMAN: The amendment is admitted.

Mr. SAMPSON: The man who makes a business of buying a business and developing it, is already taxed, because that is his business. If, however, a man sells a business once only, the transaction is not taxable. That is the admitted practice. I do not think there is any need for the amendment, because already that class of business man is taxed on his profits.

Hon. W. C. ANGWIN: The parent Act must be read in conjunction with the amendment. If I bought a business for £1,000 and sold it, making £200 out of the goodwill, I should be taxed on that £200 as profit.

Mr. Willecock: The Premier says no.

Hon. W. C. ANGWIN: But paragraph (c) of Section 16 of the principal Act provides for the taxation of income arising from any kind of property or any other source not included in the preceding paragraphs of that section.

Mr. Sampson: But in the instance cited, that is not the man's profession or trade.

Mr. Willecock: It is transference of capital.

Hon. W. C. ANGWIN: No, it is profit made on the goodwill. Hon. members can rest assured that the Taxation Department will tax it. The amendment makes it very clear. In any case, as the Premier would say, if the amendment does no good, at least it will do no harm.

Mr. WILLECOCK: The Premier was of a different opinion when moving the second reading, because in reply to an interjection he said goodwill was not taxable income. Therefore, I thought it should be made clear that the income from goodwill was taxable.

Mr. A. Thomson: And so your amendment proposes increased taxation!

Mr. WILLECOCK: The reason I moved the amendment was because the Premier said that goodwill would not pay tax, whereas I thought it ought to.

Amendment put and negatived.

Mr. TROY: I move an amendment—

That paragraph 4 be struck out.

The CHAIRMAN: The Committee have already agreed to everything in the paragraph down as far as the word "income," and therefore I cannot accept an amendment to strike out paragraph 4. We cannot go back.

Mr. TROY: I was of opinion that the paragraph was not finally disposed of until all the amendments to it on the Notice Paper were disposed of.

The CHAIRMAN: I have always ruled that we cannot go back behind the last preceding amendment.

Mr. TROY: Had I known of the custom, I would have asked the member for Geraldton to withhold moving his amendment, because many members of the Committee feel strongly on the matter. I propose to ask for a recommitment of the Bill.

Mr. UNDERWOOD: Do I understand that we cannot discuss proposed paragraph 4?

The CHAIRMAN: No. That paragraph is finished with.

Mr. UNDERWOOD: I still submit that I have the right to be consulted before that paragraph is passed.

Hon. P. COLLIER: We shall never get on unless there is some regard for your rulings, Mr. Chairman. If any ruling of the Chairman is to be questioned, it must be done in the proper way.

Mr. ANGELO: Would it be possible to strike out the whole of proposed paragraph 5, and move a new paragraph later?

The CHAIRMAN: The hon. member can vote against the whole clause.

Mr. LAMBERT: I desire to move the insertion of a few words after the word "prospector" in proposed paragraph 5.

The CHAIRMAN: I will take the amendment of the member for North Perth, which is on the Notice Paper, first.

Mr. Underwood: That is where we get into trouble.

Mr. LAMBERT: The amendment of the member for North Perth being a new paragraph, my amendment had better be taken first.

Mr. Willecock: On a point of order, Mr. Chairman, I think you called on me before the member for Coolgardie.

The CHAIRMAN: If the amendment of the member for Coolgardie will read better by being put in before your proposed proviso, Mr. Willecock, it is only fair to give him the opportunity of moving first.

Mr. LAMBERT: My amendment will not affect the proposed proviso.

Mr. Underwood: If it would, you would still have the right to move it.

Hon. P. COLLIER: If the member for Coolgardie proposes to move the insertion of certain words in the proposed paragraph, that amendment comes before the amendment on the Notice Paper.

The CHAIRMAN: That is what I thought, but I have not yet heard the amendment of the member for Coolgardie.

Mr. LAMBERT: I consulted Mr. Sayer on this proposed paragraph, and in order to make its meaning clear to the Taxation Department I move an amendment—

That in proposed paragraph 5, after the word "prospector," line 7, there be inserted "or person by whom or on whose behalf the ground was bona fide prospected."

As members know, when a prospector goes out now, he is financed or backed by some-

one. If he finds anything, and the find is sold, it is just possible that the backer, under the proposed paragraph as it stands, would not be exempt. The Crown Solicitor said that the paragraph was certainly not clear in that respect, and that therefore I had better move the insertion of these words.

Amendment put and passed.

The CHAIRMAN: I will now take the amendment which the member for Geraldton has on the Notice Paper.

Mr. WILLECOCK: I am not very keen on moving the insertion of a proviso which will perhaps burden a section of the community who are worthy of being relieved of taxation. I consider, however, that in the parlous condition of the State's finances no opportunity should be lost of getting tax from persons who make considerable incomes here. But the Government do not seem to consider that they need additional taxation from this source. The principle of the proposed paragraph is vicious. The paragraph is indeed class legislation. However, I do not wish to incur odium from a very reputable and very hard-working set of citizens. I have done my duty in drawing attention to the matter. The exemption is, of course, proposed because of certain evidence given before the Royal Commission that sat at Kalgoorlie, and because of leading articles published in various newspapers.

Mr. MUNSIE: Does the proposed paragraph grant exemption to a prospector who goes out and finds a new show? When hearing the second reading speech, and when reading the Bill, I gained the impression that the intention was to exempt the sale of mining leases.

The Premier: No.

Mr. MUNSIE: The proposed paragraph does not do that?

The Premier: In the case of a sale by the prospector, yes.

Mr. MUNSIE: Take the case of a piece of ground held at the outset by a bona fide prospector, who finds something, and sells to a company, the company thereupon working the ground but eventually abandoning it. Thus the lease again becomes Crown land. Another man goes into the old workings, and discovers something good there. Is that man classified as a prospector under this proposed paragraph?

Mr. Underwood: Yes.

Mr. MacCallum Smith: He ought to be.

Mr. MUNSIE: I am not too sure that he is. I want the paragraph to extend to a lease previously taken up.

The PREMIER: It seems to me that the man becomes the registered owner of the lease. He prospects it, and takes it from the Crown as a lease.

Mr. MacCallum SMITH: I move an amendment—

That the following paragraph be added to Clause 6:—"In the case of shares received by a taxpayer in payment for the sale of a mining tenement the value of such shares shall be calculated at such time

as the taxpayer is at liberty to place them on the market, and shall be the face value or the market value, whichever is then the lesser.'

We have made provision for the exemption of the prospector and the man who backs him, but there is another class of taxpayer who should be considered namely, the middle man who takes the lease from the prospector and places it on the market.

Hon. W. C. Angwin: What about the man who buys the shares? He has to pay taxation.

Mr. MacCallum SMITH: The middleman is generally partly paid in shares and as a rule it is stipulated that he is not to sell the shares for six or 12 months.

The Premier: He is purely a speculator.

Mr. MacCallum SMITH: Though the shares are held in escrow the Department require him to pay taxation on, say, 2,000 shares of a face value of £1 each. By the time the period of six or 12 months is up, the shares may not be worth anything at all. Yet the man has never had an opportunity to realise on his shares. I do not want to exempt the middle man; I merely ask that he be not taxed unjustly.

Mr. Underwood: Put in an amendment that he be allowed to pay in shares.

Mr. MacCallum SMITH: The hon. member should talk sense. The Commissioner would not accept them.

Mr. Underwood: The Commissioner will accept what this House directs him to accept.

Mr. MacCallum SMITH: If that were done, the Country Party would want the Commissioner to accept poultry, pigs, eggs and cheese by way of taxation.

Mr. O'Loughlin: Or a free copy of the "Sunday Times" for five years.

Mr. MacCallum SMITH: The middle man is very useful. The prospector cannot go to London and sell his lease. He has to employ a man who knows the ropes.

The PREMIER: The amendment only means that payment shall be deferred. Sometimes when shares are accepted as part payment, the vendor is not permitted to put them on the market for a certain time.

Mr. MacCallum Smith: He does not get the shares.

The PREMIER: All the amendment says is that the holder of the shares must pay taxation upon the face value when he is at liberty to market them. The amendment will not relieve him of taxation, but will merely postpone the time for paying. We have exempted those who go into the country and prospect for years to find shows which provide employment and bring revenue to the country, but I shall not agree to exempt a man who comes in to speculate between the prospector and the people who genuinely find the money. This man must pay as promptly as possible.

Hon. P. Collier: If he sold out well he might be in Europe.

The PREMIER: Possibly. I hope the Committee will not accept the amendment.

Mr. TROY: There is something reasonable in the amendment. It is not reasonable to ask a man to pay on the face value of shares which might not be worth 2d. each.

Mr. MacCallum Smith: He would pay you the cash portion of the consideration.

Mr. TROY: Of course, but he gambles on the rest.

The Minister for Agriculture: The shares cannot be regarded as income until he can sell them.

Mr. TROY: But the shares are regarded as income. The Premier should remember that mining is largely a gamble. If he persists in his attitude, he will strike a blow at the industry. The vendor has a place in the mining industry.

The Premier: Then he should pay his footing.

Mr. TROY: Vendors serve a purpose. They can get people to take a risk where other men cannot. It is quite right that they should be taxed, but they should not be taxed on shares which have no market value.

Mr. CHESSON: I support the amendment. I have known of several propositions in my district in which people had sufficient faith to accept fully paid up shares. Yet they have been taxed on the face value of the shares, which was £1, notwithstanding that the market value was not 2s.

Hon. P. COLLIER: I support the amendment. It is only fair and equitable that a man should be taxed on the actual value and not upon a fictitious value. Generally a condition of the sale of a lease is that the vendor receives a certain amount in cash and a certain number of shares. If he receives 10,000 shares of a face value of £1 each, the Taxation Department immediately say that the face value of the shares is income.

Mr. Troy: It is a very dangerous principle. It might be applied all round.

Hon. P. COLLIER: The result frequently is that, in six months' time when the vendor is in a position to dispose of his shares, their value has entirely disappeared. This was the case at Hampton Plains. It is only fair that the department should collect on the value of the shares when marketable. To tax a man on the face value of the shares is to tax him on an income which he does not possess.

The Premier: He is a speculator.

Hon. P. COLLIER: No. He may have been 20 years prospecting, and he makes a discovery and sells the lease. He takes a certain amount in cash and the remainder in shares.

The Premier: Then he is not taxed.

Hon. P. COLLIER: Why should any man be charged on an income which he does not possess? It must appear to the Premier's sense of equity that it is not fair to levy a tax on an income which is not there. I intend to support the amendment.

The PREMIER: If the shares have been held by the prospectors and have been given as part payment of a mining lease, those shares are not taxed. Neither is a tax levied on the man who works his mine. If the Great Boulder

or any other mine which has been worked were sold to-morrow, a tax would not be levied on the sale. It is the man who goes between the two that we want to tax. We exempt the two people who serve the country, the prospector and the man who bona-fide works his mine. The hon. member desires that the speculator shall be exempt. Does the House think that the speculator should not pay a tax?

Mr. MacCallum SMITH: The Premier has not grasped the object of the amendment. It does not aim at exempting any person from taxation. It aims at taxing the person in a just way. That is to say, the tax should be imposed on the real increment. The Premier apparently is not aware of the method adopted in connection with the flotation of companies. A prospector makes a valuable find after battling around for years; he comes into town. The property is of no use to him until he can raise capital to develop it. His only means of getting into touch with capital is by employing a middleman. You can call that middleman a parasite if you like. Nevertheless, he fulfils a certain duty.

The Premier: He is an agent.

Mr. MacCallum SMITH: This man takes an option over a mine and floats a company, perhaps in London. Generally this middleman receives so many shares for the services he has rendered, and he is not able to dispose of those shares until six or twelve months have elapsed.

Mr. Pickering: They have some value at that time.

Mr. MacCallum SMITH: They may then be worth £10,000 but he cannot realise on them. The Taxation Department declare those shares to be increment and they say, "they are worth £10,000 and you must pay £4,000 income tax."

Mr. O'Loghlen: The member for Claremont could give some valuable information on that point.

Mr. MacCallum SMITH: I am not asking for exemption for anyone. I want payment to be made on the face value of the shares on the day on which they are released. That is a reasonable proposition, but when the time comes for the shares to be put on the market, they may be worth only 6d.

Mr. UNDERWOOD: Notwithstanding that we have provided that prospectors and those who back prospectors shall not be taxed on the sale of a mine, there are other considerations in regard to the sale of a mine, wherein you take shares for the work you have done. For instance, a sharebroker may underwrite or float a company in consideration of the receipt of so many fully paid up shares, or he may put machinery on a mine in consideration for so many fully paid up shares. Ordinarily speaking, those shares are nominally worth £1. Generally speaking, contributing shares are at that stage worth 5s. If you take the fully paid up shares at their face value, they may be worth £1 each, but counting them with the contributing shares, and the sum paid on the contributing shares, they are not worth 10s. An honorable and logical way out of the difficulty would be this: A man has, say 10,000 shares nominally worth £1. The income tax is 5s. in the pound. Let him say to the tax collector, "I will pay you that 5s. in the pound on the £10,000, but I will pay it to you in shares, and I will give you a

fourth of the shares I hold." The Committee laughs at the proposition and will not accept it. The Commissioner of Taxation will take whatever this House directs him to take. It is time the Commissioner was made aware of the fact that there are members of Parliament who frame the laws of the land. My proposition would be a fair one and would get over the hon. member's question as to what was face value and what was market value. When we ask these people to pay so much in the pound, that payment should be based on a quarter of the market value of their shares.

Mr. LAMBERT: I do not think the Committee should find much difficulty in coming to a decision on this matter. The present method has acted detrimentally to the mining industry of this State.

The PREMIER: I suggest that we amend the amendment by striking out the words "calculated at such time as the taxpayer has had liberty to place them on the market and establish a face value," and to leave in "shall be calculated on the market value," and strike out "whichever is then the lesser." If the market value is less, the taxpayer will be taxed on the lesser value.

The CHAIRMAN: If the member for North Perth agrees to the Premier's suggestion, the amendment will read as follows:—"In the case of shares received by a taxpayer in payment for the sale of a mining tenement, the value of such shares shall be calculated on the market value."

Hon. P. Collier: At such time as he has had liberty, etc.

The Premier: No!

Mr. LAMBERT: When a man accepts fully paid shares in any concern they only have a nominal value.

Mr. MacCallum Smith: And he has no control over them.

Mr. LAMBERT: The rules of the Stock Exchange are that vendors' shares shall be held in escrow for six months, and in England this period has been extended to 12 months. We want to make the principle apply in a practical way so that when the shares are sold the tax-gatherer will get his due tax. Until that time the man who receives the shares should not be called upon to pay.

The Premier: If a man takes shares, that is his business, not ours.

Mr. LAMBERT: No, the Premier cannot understand the ramifications of the Stock Exchange.

The Premier: Thank God for small mercies!

Mr. LAMBERT: If a man accepts £1,000 worth of shares of a nominal value in a mining company, it is unfair to ask him to pay a tax upon them until he is able to realise on them. What the Premier desires is that when a shareholder receives the market value of his shares he shall pay upon them. I do not think the Committee will agree to any other provision. The big mining speculators would not bother about floating companies in Western Australia with the present proviso in. Unless there is some exemption given to them there would be great difficulty in getting the big mining company promoters to handle any mining leases in this State. The member for Claremont and

other members know well that this would prevent operations.

The Premier: Taxation apparently always does restrict operations.

Mr. LAMBERT: The Premier to-night has shown a regard for capital by exempting absentees.

Hon. P. Collier: Unless the amendment is passed, the law will prevent mining investment from overseas.

Mr. LAMBERT: Quite so. Mining operators will not float properties in Western Australia if they are taxed in this way, and it is hopeless to attempt to float a proposition unless these men are brought in to handle it.

Mr. MONEY: Surely the principle of taxation should be to assess on the cash actually received or the cash value of what is received. The amendment should not be passed as it stands. One defect is that we claim the lesser value in the event of shares being of less than face value, but if they are worth ten times the face value, we are to claim on the face value only.

Mr. Lambert: Cut that out and put in "market value."

Mr. MONEY: It would be wrong not to insist on a limit of time, say not exceeding 12 months. If the taxpayer was not able to market his shares then, he should pay on the face value.

Mr. J. THOMSON: If the Premier substituted "market value" for "face value," the difficulty would be overcome.

The Premier: I have suggested that I might accept that much, but it does not meet with approval.

Mr. J. THOMSON: It should meet with approval.

Mr. MacCallum Smith: When the vendor is at liberty to sell?

Mr. J. THOMSON: Yes.

Mr. MacCallum Smith: The Premier will not agree to that.

Mr. J. THOMSON: If the shares are worth 6d., the fair thing is to tax them on 6d. If they are worth £10, I favour taxing them on £10.

The PREMIER: I think I understand the wishes of the Committee, which are not just what I desire. If the amendment is withdrawn and the clause allowed to pass, I will undertake to recommit the clause and submit an amendment which will give effect to the wishes of the Committee.

Mr. MacCallum SMITH: I ask leave to withdraw the amendment.

Amendment by leave withdrawn.

Clause, as previously amended, agreed to.

Clause 7—agreed to.

Clause 8—Amendment of Section 30:

Mr. MacCallum SMITH: I move an amendment—

That a paragraph to stand as paragraph (a) be added as follows:—"By omitting in Subsection (1) the words: That is income which is not exempt from income tax under Section 19 of this Act."

Section 30 provides that from the taxable amount every taxpayer shall be entitled to deductions in "respect of the annual amount of (1) losses, outgoings and expenses actually incurred in Western Australia by the taxpayer

in the production of his income: that is, income which is not exempt from income tax under Section 19 of this Act." The object of the amendment is to afford investors who invest money in starting new businesses some relief by exempting from taxation interest on such money as is borrowed by the investor. I want to allow him to set off interest paid on account of money so borrowed against any dividends he may draw as the result of the investment of such capital.

[Mr. Munsie took the chair.]

Mr. Willcock: That is already provided for. They allow me to deduct interest on overdraft.

Mr. MacCallum SMITH: At any rate, if the words I desire to see struck out, are deleted, the position will be all right.

The Premier: We will not strike out the words. We will have no tax at all soon.

Mr. MacCallum SMITH: It is a reasonable proposition and the Premier should agree to it. A person investing his money in establishing a new industry should be allowed the exemption.

Mr. Pickering: Does not the existing provision allow for the exemption of interest on mortgage and so on?

Mr. A. THOMSON: I want to know whether I will be able to move my amendment which appears on the Notice Paper in the event of the present amendment being carried.

The CHAIRMAN: The present amendment, even if carried, will not debar the hon. member from moving that amendment. The present amendment, if carried, will mean that his amendment will stand as paragraph (a) and the member for Katanning's amendment will be on paragraph (b) which now stands as paragraph (a).

The PREMIER: I would like to know what the member for North Perth wishes to arrive at. Section 19 provides for exemptions regarding certain incomes. Does he want to alter any of them? What I understand the hon. member wishes to achieve is to provide that interest on money borrowed for the purpose of buying shares shall be exempt under the Dividend Duties Act.

Mr. MacCallum SMITH: No, but that interest on money invested in any new industry shall be affected. It is not a question of shares at all.

The PREMIER: It is utterly absurd to ask the Committee to believe that.

Mr. MacCallum Smith: The exemption I desire to provide for is not included in Section 19.

The PREMIER: At any rate, I hope the Committee will not agree to the amendment.

Mr. MacCallum Smith: If the amendment is not agreed to, the Committee will restrict investments in new industries.

The PREMIER: Here we have a long list of moneys exempted from taxation and, in order to make it clear, other moneys are referred to in Section 30, which the hon. member wishes to amend. I should like to know his reasons for the amendment. A great many people are endeavouring to evade taxation altogether, whereas I want everybody to pay a fair share. Already, where money is borrowed to earn dividends, that money is exempted from taxation.

Mr. MacCallum Smith: I am not worrying about shares.

The PREMIER: Has it anything to do with life insurance companies? Certainly the hon. member is not referring to churches or to road boards. What is he referring to?

Hon. P. Collier: The Caledonian Society—

The PREMIER: If the hon. member wants the amendment carried, I hope he will be frank enough to give reasons for it.

Mr. TROY: I am with the Premier in this, because the member for North Perth has not explained what he wants. Either the hon. member cannot impart what he knows, or the rest of the Committee are very stupid.

Mr. MacCallum Smith: Or you have no capacity for understanding what is told you.

Mr. TROY: The hon. member wants the interest on borrowed money exempted. That is already provided in Section 30 of the Act. If the hon. member invests in Swan Brewery shares and receives a dividend—

Mr. MacCallum Smith: It is not a question of shares.

Mr. TROY: Well, if he borrows money and invests it in property, a deduction is allowed for the interest paid. What more does the hon. member want?

Mr. MONEY: The words at the end of the provision might be interpreted in another way, meaning that it shall have no application to the exemption set out in Section 19. That would confine it to incomes not exempted. Under the Dividend Duties Act one does not declare his dividend until he has deducted his expenses in earning that dividend. However, I must confess that on the explanation given by the member for North Perth I see no reason for deleting the words.

Amendment put and negatived.

Mr. A. THOMSON: I move an amendment—

That after "vocation" in line 5 of Subsection 3 of the Act "medical expenses of himself and family and travelling expenses incurred by the taxpayer to and from and in connection with his business" be inserted.

The question was fully discussed on the second reading, when the member for North-East Fremantle (Hon. W. C. Angwin) strongly urged that the travelling expenses of a working man going to work constituted a legitimate deduction. I agree with that. There is another legitimate deduction: The farmers have to send their stock and produce to Perth markets or to markets in country towns, and they are put to the expense of attending those markets. It is legitimate expenditure incurred in connection with the business, despite which the Taxation Department refuses to allow it as a deduction.

The PREMIER: You have forgotten house rent, and the grocery bills!

Mr. A. THOMSON: Travelling expenses are allowed to a man in business, and should be allowed the farmer.

Mr. WILLCOCK: The hon. member would be wise if he moved his amendment in two sections, so that the Committee could have the opportunity of dealing separately with the question of medical expenses and travelling expenses.

The CHAIRMAN: If that is the desire of the hon. member, he must ask for leave to withdraw his amendment and move it again in sections.

Mr. A. THOMSON: With that object in view I will ask for leave to withdraw the amendment.

Amendment by leave withdrawn.

Mr. A. THOMSON: I move an amendment—

That the following words be added to paragraph (a)—"and after the word 'vocation,' in the fifth line, the words 'medical expenses of himself and family.'"

The PREMIER: The Committee should think well before accepting the amendment. It will complicate matters very much. We have already made fairly liberal reductions under this measure. Except in the case of small incomes, medical expenses are not a serious item to the taxpayer. The hon. member is constantly talking about squaring the ledger, and now he wants to give this relief to people who are quite well able to pay.

Mr. WILLCOCK: I am inclined to support the amendment. People do not go to doctors for fun. Those who are in comparatively poor circumstances have been extremely hard hit through medical expenses. It is time hon. members took a humanitarian view of such questions. People who suffer through misfortunes are entitled to relief.

The Premier: Look at their income.

Mr. WILLCOCK: I would be prepared to limit this relief to persons in receipt of less than £250 a year.

Mr. TROY: I have considerable sympathy with the purpose of the amendment, and I have sympathy also, with the Premier's desire to secure revenue. It is far more equitable to exempt amounts expended in medical fees than to exempt the investment of money in life assurance policies. There the Premier might make some adjustment without losing revenue. Life assurance premiums should not be exempt, since they are in the nature of capital investment.

The Premier: Limit the income; say, to £250.

Mr. TROY: No. The Premier should revise the whole business, by amending the Bill so as to provide that life assurance premiums shall not be a deduction, but that medical expenses shall.

The CHAIRMAN: The member for Mount Magnet has on the Notice Paper an amendment which proposes to add a paragraph standing as (f) to proposed Subsection 1 contained in Clause 8. I naturally thought, as did other members, that the paragraph was to stand as paragraph (f) in this Bill. The amendment of the member for Mount Magnet deals with Subsection 1 of Section 30 of the Act, which of course precedes Subsection 3 of that section, to which the amendment of the member for Katanning refers. Therefore, in order to allow of the member for Mount Magnet moving his amendment where it is intended to apply, it is necessary that the member for

Katanning should temporarily withdraw his amendment, which is now before the Chair.

Mr. A. THOMSON: I ask leave to withdraw my amendment.

Amendment by leave withdrawn.

Mr. TROY: I move an amendment—

That the following paragraph be added:“(f) By adding a paragraph to Subsection (1), as follows:—‘Provided that if a taxpayer deriving income from the business of an agriculturist, horticulturist, pastoralist, mine-owner, prospector, or a holder of a mining tenement, has made a loss in any year within the three years next preceding the year of assessment in connection with such business, that loss may be carried forward into his subsequent yearly returns until such loss has been made good; but from such loss shall be deducted any expenditure which was not an allowable deduction under this Act for the year in which such loss was made.’”

I had given notice of intention to move for the insertion of a new section to stand as Clause 29 as follows:—

29. A section is inserted in the principal Act, as follows:—16. (a) The income arising or accruing to any person from the business of an agriculturist, horticulturist, pastoralist, mine-owner, prospector, or miner shall be assessed on the average net income arising or accruing to such person during the three years next preceding the year of assessment.

I prefer the amendment as being the more suitable in the circumstances, and, if it is passed, I do not intend to move for the insertion of the proposed new section. A pastoralist may have two bad seasons and suffer heavy losses, and in the next year he may have a good season and show a profit. Though his profit may not cover the losses on the two previous years, he is compelled to pay heavy taxation, because of the profit made in that year. An agriculturist may receive no income for two years and in the third year may show a profit, but insufficient to cover the losses. He, too, is taxed at a higher rate on his income for that year. The Premier has provided consideration for the mining industry, but has not gone far enough. There are prospectors and mine-owners who have worked for years and received very little. Some time ago I instanced an old prospector at Lake Austin who had worked for 20 years and finally discovered gold valued at £8,000, but the two taxation Commissioners took £4,000 of it by way of income tax, leaving him £4,000 for his 20 years' labour. A pastoralist incurs heavy expenses during years of drought, expenses which would be allowed as deductions but he gets no income. When he does get an income I want him to get the benefit of deductions covering the period of his losses. A prospector, after two bad years, may receive £2,000. If, in the two previous years,

he expended £600, this amount should be allowed as a deduction in the third year. The same applies to the agriculturist. I do not intend to ask that the income be averaged over the three years, but no one can reasonably object to a taxpayer being allowed a deduction for his losses in the year when he shows a profit.

Hon. W. C. Angwin: Why not all taxpayers? Why only a few?

Mr. TROY: Because the circumstances are not similar all round.

Hon. W. C. Angwin: Income is income.

Mr. TROY: I am asking for equal consideration for the men out back.

Mr. McCallum: What about the lumpers?

Mr. TROY: Has the lumper no right to deduct certain things? The same applies to the pastoralist. If a lumper gets no income he pays no tax. The member for South Fremantle, if he knew the position confronting the pastoralists, would realise that the men engaged in that industry may be confronted from time to time with years of drought during which their expenses are all the heavier, seeing that they have to pay money to provide water for the stock and to shift the stock from place to place. The pastoralists have to pay out money to carry on their properties at times when they secure no return. When the good year comes and they are able to secure returns, they are not allowed to make deductions on account of that extra expenditure which is necessary to enable them to produce their income. The farmer has to pay for super, buy machinery, and pay for labour, and yet a dry season may come and he will get absolutely nothing for all that expenditure. He should be allowed to deduct from his income when he does secure a good return, a proportion to cover that expenditure from which he received no return. The profits made in one year may be more than swallowed by the losses incurred during the previous two years. The prospector should also receive consideration because he has to spend money over a period of years during which he may not secure any returns. He too should be allowed to set off his losses against money he makes as a result of a find.

The Premier: In the case of the prospector, he would not take stone to be crushed unless there was gold in it.

Mr. TROY: Thousands of men in the mining industry take gold to the crushing plant and get 5 dwts. or so where they expected to get ounces.

The Premier: At any rate, they get a return in gold.

Mr. TROY: The Premier is very hard up for an argument. He cannot be reasonable. Either he is stupid or he is unreasonable.

The Premier: If I were as stupid as you are—

The CHAIRMAN: Order! Members must cease interjecting.

Mr. TROY: The wage-earners are not in the same position as the producers I have referred to, seeing that they do not have to

incur such liabilities in order to secure their livelihood.

Mr. McCallum: The wage-earner has to pay for his food and provide for his family while he is out of work.

Mr. TROY: The prospector has to do the same thing, but I do not ask for any allowances under that heading. The proviso I suggest is one that was adopted by the Queensland Government. The Federal Royal Commission on Taxation recommended in their report that the income of primary producers should be averaged over a term of five years. The Queensland Labour Government included the proviso I suggest in the Taxation Bill which was introduced this session.

Hon. W. C. Angwin: Labour Governments do not do everything that is right.

Mr. TROY: It is only at election time that Labour Governments do not do everything right. In any case, the Queensland Premier, Mr. Theodore, secured the recommendation of the Bill to include a proviso to cover the circumstances I have mentioned in relation to the amendment I have moved. The Labour Government realised the risk incurred in the industries dealt with, and I hope members here will not be prejudiced by the fact that the proviso does not apply to some other section of the community.

The PREMIER: If the amendment be agreed to I shall have to move to add a new clause to another Bill which will have the effect of increasing taxation. What the hon. member proposes is that we shall gather up the losses for the last three years and deduct them from this year's return. Certain individuals have had losses here, there and everywhere throughout the State in one or other of those years. Every deduction is allowed now. If the Committee say that all the losses made by a person during the last few years are to be gathered together and deducted from this year's return, I do not know what will happen. This is not the Queensland Act at all. It is not in operation in any part of the Commonwealth. The Queensland Act says that the losses of the last three years shall be charged against the profits of the succeeding three years.

Mr. Troy: Mr. Sayer got this from the Queensland Act.

The PREMIER: Is it a fair thing to make this retrospective legislation, going back three years, collecting the losses and deducting them from the profits of this year? I am not opposed to averaging the income for three years, but even that will take a lot of working out. The Federal Commissioner proposes to average the income over three years or five years for the purpose of ascertaining what the tax shall be under the graduated scale.

Mr. A. Thomson: Presumably, if there be any deduction, they will make a rebate.

The PREMIER: There is not much chance of that, but as I say, it will take a lot of working out.

Mr. Mann: What about a contractor, is he entitled to the same?

The PREMIER: The man fighting the elements and taking undue risks is the man who stands for consideration. I hope that consideration will be equitably shown. In Queensland, I know, they take the losses for three years or five years and spread it over the same number of years, but they do not attempt to offset it against one year. If the Committee are determined that there shall be no taxation at all, they are going the right way about it.

Mr. McCallum: You have made more liberal concessions to-night than ever I expected.

The PREMIER: I do not think I have made any.

Mr. McCallum: You have given away so much, that I am coming to think you do not want revenue.

The PREMIER: I ask the Committee not to agree to the amendment. If the amendment be agreed to, and if it makes a material difference to the amount to be collected, I will have to make that amount good by increased taxation.

Mr. ANGELO: The Premier said that the suggestion offered by the member for Mt. Magnet had not been adopted by any other State. I would point out that a precedent has already been established by the Federal Taxation Department along these lines. Some years ago there was a drought for two or three years in the North-West. In one case a station made a loss of £5,000, and lost more than half the sheep upon it. When the drought was over the owner made a profit in the first year of about £3,000, and was taxed £800 on that profit. An appeal was made to the Federal Taxation Department, who referred the matter to Melbourne, with the result that a special regulation was issued under which the losses made by the station were deducted from the profits until such time as the losses were made up out of subsequent profits.

Hon. W. C. Angwin: Was that in accordance with the Act?

Mr. ANGELO: I do not know. The £800 was wiped out, and there was still a balance of losses to be applied to the following year.

Hon. P. Collier: That was the war time profits tax.

Mr. ANGELO: The precedent was thus established of deducting losses from profits until such time as the losses were made up by the profits. I support the amendment.

Mr. McCALLUM: The argument for the averaging of incomes may be sound, but it should be applied to other sections of the community instead of only a favoured section. Any man engaged in casual work may earn a good living in one year, but may make very little in the following year. He may be called upon to pay income tax on the compensation he receives as a result of an injury, although he is unable to earn to his full capacity. Through sickness a worker may have to spend twice as much on medical at-

tention as he earns, and yet be called upon to pay taxation on every penny he has received during the year. I had an unfortunate run of illness for six solid months, under the doctor, in hospital, undergoing operations. During that twelvemonth I expended easily three times as much as I drew in salary. I had the humiliation of having it thrown at me by the Minister for Mines that someone else did my work while I was away. That hurt me more than anything else that has happened to me in my public life. Now, for that twelvemonth I had to pay income tax on every penny of salary I drew: the organisation being good enough to pay my salary during the time I was away. No allowance whatever was made for my medical expenses. And the same sort of thing is constantly happening to the casual worker of every description. Are we to give exemption to everyone except the wage earner? The proposal represents class legislation of the worst order. Possibly Queensland may have adopted this particular method of taxation by way of subsidising her primary industries. When Mr. Theodore was here I had a conversation with him about concessions to the primary industries here in railway freights, water rates, and so many other respects; and Mr. Theodore told me there was nothing like that ever suggested in Queensland. Such concessions have never been attempted in any other Australian State. Is the farmer to be subsidised in every direction, including income tax exemption, while no consideration whatever is extended to the wage earner? I move an amendment on the amendment—

That the following words be struck out of the amendment:—"deriving income from the business of an agriculturist, horticulturist, pastoralist, mine-owner, prospector, or a holder of a mining tenement," and "in connection with such business" and "but from such loss shall be deducted any expenditure which was not an allowable deduction under this Act for the year in which such loss was made."

The amendment will then read: "Provided that if a taxpayer has made a loss in any year within the three years next preceding the year of assessment, that loss may be carried forward into his subsequent yearly returns until such loss has been made good." I protest against the selection of the few for favoured treatment. To-night the Premier has made concessions equivalent to thousands of pounds of revenue.

The Premier: I have not made one concession.

Mr. McALLUM: My amendment means that there will be no differentiation.

The Premier: That there will be no tax.

Mr. McALLUM: On the second reading the Premier seemed to favour the averaging principle. I want that principle to apply all round. A lumper, for example, may make good money one year, and the next year make very little indeed.

Mr. A. THOMSON: The member for South Fremantle characterised this as class legislation. I am afraid the Premier will not accept his amendment, because the provision is so drastic. The member for Mount Magnet is to be congratulated on having moved his amendment, because he is seeking to relieve those who have to combat the elements. A man might sow a crop under the most promising conditions, but the elements prove to be against him and the whole of his work is lost. The Premier has recognised the disabilities suffered by the pastoralist and agriculturist; he has said he would like the averaging system brought into operation, though he has expressed anxiety concerning its effect on the revenue.

The Minister for Agriculture: You would not get much relief this year.

Mr. A. THOMSON: Then that would be to the advantage of the Taxation Department. Let us consider two instances: a city man receives an income of £985 per year for four years and £986 in the fifth year, making a total income for the five years of £4,926. A pastoralist in the first year might have an income of £5,876; in the second year a loss of £3,980; in the third year an income of £1,108; in the fourth year an income of £6,594; and in the fifth year a loss of £4,672; or a total income of £4,926 spread over the five years. The Federal department would take by way of taxation from the pastoralist £2,402, and the State department £1,834, a total of £4,236. The city man would pay by way of Federal taxation £234 8s. 11d. and in State taxation £172 11s. 4d., a total of £407, on the same aggregate amount of income for the five years. Thus, under the present rotten, unjust and iniquitous system, the pastoralist would have to pay £3,830 more than a man in another calling, although both received exactly the same aggregate income. Is this a reasonable proposition?

Hon. W. C. Angwin: How can you make that out? He had the same income and had to pay the same tax.

Mr. A. THOMSON: The trouble is that the pastoralist had to pay at a higher rate on the income he received. If the averaging system were in existence, both would pay the same amount.

Mr. McCallum: What is the objection to applying that to everyone?

Mr. A. THOMSON: The business man is in the happy position of being able to pass it on.

Mr. Willcock: To whom does the worker pass it on?

Mr. A. THOMSON: He cannot pass it on. The pastoralist and the farmer are battling against the elements.

Mr. McCallum: The same applies to the labouring man.

Mr. A. THOMSON: Quite so.

Mr. McCallum: If you believe in the principle, why not apply it to everyone?

Mr. A. THOMSON: I have always contended that the present system is not just. It would be better if the Government intro-

duced a system which would deal justly with all sections of the community, even if it meant increasing taxation. The case I have put shows how unfairly the present system operates.

Hon. P. COLLIER: The attitude of the Committee towards the Bill has developed in a manner which was not anticipated. The Bill as introduced by the Government was a simple machinery measure, to rectify certain defects in the existing Act. If members were expected to set out to reconstruct the whole measure, we should have been given an opportunity to deal with it earlier in the session. At the present stage, it is impossible for the Committee to satisfactorily amend the existing Act in such a manner. Private members have brought forward amendments of far reaching importance.

Mr. Troy: It is their right to do so.

Hon. P. COLLIER: I am not questioning the right of private members to move the amendments, but I question the wisdom of their actions, because I wonder whether anything like an effective measure will be the result of all these amendments. I agree that we should have a comprehensive amending Bill to overhaul our taxation generally. Only the Government can bring forward such amendments because private members are not in possession of information or the machinery to enable them to effectively deal with the matter. The ultimate result of consideration such as we are giving to the Bill, will be the production of a patch-work measure. I have agreed that the system of averaging income over a period of two or three years is a good one, but to propose that that principle should be extended in the direction suggested by the member for Mount Magnet is an entirely different proposition. That principle should be extended to all sections of the community and not confined to one as suggested by that hon. member. The pastoralist and prospectors are not the only ones whose earnings are affected by circumstances over which they have no control. The wage earner is affected by trade and commerce and economic considerations over which he has not control whatever, so that the argument used in favour of the pastoralist and other producers, applies equally to the wage earner. The system should apply all round or should not be applied at all. We should not single out one section of the community and let the rest of the taxpayers take their chances regarding their losses. The member for Katanning, too, is prepared to sacrifice the rest of the community to the wolves, so long as he can save the unfortunate pastoralist who gets an income of only about £6,000 in one year! I am not prepared to agree to such a course. We should have equality in this matter.

Mr. Troy: The wage earner is not on the same basis of equality.

Hon. P. COLLIER: There is no equality in taxation, of course. Does the hon. member suggest it is right to collect a tax from a man who is practically living below the

bread line and yet extend the consideration he suggests to those receiving bigger incomes?

Mr. Troy: You tax the prospector and he is practically on the bread line for years.

Hon. P. COLLIER: I am as much concerned about the wage earner as I am about the prospector and the pastoralist.

Mr. Troy: You are confusing the issue. What about the prospector?

Hon. P. COLLIER: The prospector follows his occupation because he chooses to do so. If he does not earn anything, he does not pay taxation. He knows that he may at any time strike something rich.

Mr. Troy: There would be no wages men in Kalgoorlie but for the prospector.

Hon. P. COLLIER: We cannot distinguish between taxpayers because one section chooses to follow a certain occupation. The member for Mt. Magnet is in the fortunate position of representing pastoralists, prospectors and agriculturists.

Mr. Troy: And also wage earners.

Hon. P. COLLIER: The hon. member, while endeavouring to safeguard the interests of the majority in his electorate, who comprise the pastoralists, prospectors, and so on, should show the same concern regarding the minority who are the wage earners.

12 o'clock midnight.

The PREMIER: I ask the Committee to reject both the amendment and the clause. The question requires to be very carefully looked at.

Mr. TROY: What has struck me about the discussion is the confusion created by members stating that it was not equitable and would not be fair all round, and asking why not consider the wage earner. As a matter of fact, I propose that there shall be deducted only the deductible losses, which is a very different thing from the actual losses. The lumber earns his wages and has not to buy coal to work the engine, nor to pay wages for the unloading of the ship. If he had to do those things, and still did not get any income, the wages he had paid and the money paid for the coal would be deducted. The prospector does not earn anything. Still he asks no consideration for that. What he does say is that the money he expends on explosives should be deducted from his taxable income.

[Mr. Stubbs resumed the Chair.]

Hon. W. C. Angwin: Why have you put the miner in the amendment?

Mr. TROY: Because I want to make it clear. If the miner has no allowable deduction, it will not apply. The business people of Perth take no risk, nor do they make any losses. Any business man can make ordinary provision against risk, which a prospector cannot do. In all commercial agreements are to be found provisions covering all possible contingencies. How can

a prospector or a man taking risks with seasons make these provisos? These men ask that reasonable deduction be made from their income. The Queensland Act contains the same language as the amendment. The Queensland provision is for five years and I am providing for only three, which is very moderate. The Leader of the Opposition asked what would be the feelings of the Premier if this were agreed to. Why should we consider his feelings? Members have just as much right to be interested in the matter as the Premier. I am keeping my promise to my electors in taking this step. There are distinctive operations in which men take great risks, and the deductions to which they are entitled should be allowed them. If the member for South Fremantle will not move to strike out the latter portion of my amendment, I have no objection to his amendment. If the latter words are struck out the amendment will be of no value.

Hon. W. C. ANGWIN: I agree that if an allowance is to be made it should apply to all sections of the community. If the member for South Fremantle does what he is asked by the member for Mt. Magnet, the worker will get comparatively no relief. If all sections of the community are not placed on an equality things should be left as they are.

Mr. CHESSEON: I hope the member for South Fremantle will drop the last part of his amendment, on the amendment; otherwise I must support the original amendment moved by the member for Mount Magnet. Although I have always believed that assessment should be spread over a number of years, yet I do not consider there is any chance of that privilege being extended to the whole body of taxpayers. There is, however, a chance of the amendment moved by the member for Mount Magnet being carried. In the pastoral districts there have been heavy losses owing to drought.

Mr. Clydesdale: There have been some pretty good times, too.

Mr. CHESSEON: As regards the prospector, we are all crying out for assistance to him. The proceeds of the sale of a mine have been declared to represent capital. But a man who goes out and finds perhaps a thousand ounces of gold, after years and years of ill-luck, has the greater part of it taken from him by the State and Federal income taxation. The case quoted by the member for Mount Magnet, of a prospector after twenty years failure to make good finding about £7,500 worth of gold, occurred in my electorate. That prospector had nearly £4,000 of his earnings taken from him by the State and the Commonwealth, being permitted to retain only about £3,500. He also got a sum through the Gold Buyers' Association, out of which the two income taxes claimed from him £1,200. The tendency of such taxation can only be to cause prospectors to hold back their returns. A prospector must have capital for a treatment plant if he finds, say, a two-

ounce show. Without a treatment plant, such a show is of no use to him. If he makes one bit of a rise in his lifetime, a prospector is lucky. Hundreds of prospectors never make a rise at all. I repeat, the effect of such enormously heavy taxation can only be to cause prospectors to hold back some of the gold they win, and spread the total quantity over several years.

Mr. McCALLUM: I do not now wish to move the last part of my amendment on the amendment.

The CHAIRMAN: I will put the amendment on the amendment in three sections. The first part is—

That the following words be struck out of the amendment: "deriving income from the business of an agriculturist, horticulturist, pastoralist, mine-owner, prospector, or a holder of a mining tenement."

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

Ayes	21
Noes	17
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Majority for	4
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AYES.

Mr. Angelo	Mr. Lutey
Mr. Angwin	Mr. Marshall
Mr. Chesson	Mr. McCallum
Mr. Clydesdale	Mr. Munro
Mr. Collier	Mr. Sampson
Mr. Corboy	Mr. Simons
Mr. Durack	Mr. A. Thomson
Mr. Heron	Mr. Troy
Mr. Hickmott	Mr. Willcock
Mr. Johnston	Mr. O'Loughlin
Mr. Lambert	(Teller.)

NOES.

Mr. Brown	Mr. Money
Mr. Carter	Mr. Plesse
Mrs. Cowan	Mr. Richardson
Mr. George	Mr. J. M. Smith
Mr. Gibson	Mr. Teesdale
Mr. Harrison	Mr. J. Thomson
Mr. H. K. Maley	Mr. Underwood
Mr. Mann	Mr. Mullany
Sir James Mitchell	(Teller.)

Amendment on amendment thus passed.

Mr. McCALLUM: I move—

That the amendment be amended by striking out the words "in connection with such business."

Amendment on amendment put and passed.

Hon. W. C. ANGWIN: I move—

That the amendment be amended by striking out all the words after "good."

My proposal would put everyone on an equality. If it is fair to allow a deduction to one section of the community, it is fair to allow it to all. Without my amendment the benefit would be extended to every section of the community except the wage earner. If

a worker earned nothing in one year and made a fair living in the following year, he would be unable to get a set off. The worker has no deductible allowances under the Act except amounts in respect of children under the age of 16, insurance premiums and rates and taxes. Income is the capital of the worker, and he has no opportunity to make up in one year what he loses in another year. People engaged in business have an opportunity to make up their losses. Agriculturists in 1914-15 had a failure, but in 1916 they reaped the biggest harvest on record.

Mr. TROY: I desire to correct the member for North-East Fremantle. I hope he will not continue in his endeavour to draw distinctions between sections of the community. The amendment gives the wage-earner the protection he is entitled to under the measure. It provides the protection that other sections of the community are entitled to, no more and no less. The wage-earner is allowed to make certain deductions and the same thing applies to the other sections of the community to whom I have referred. They are all on the same plane, and there is no distinction as suggested by the member for North-East Fremantle. That hon. member should be fair.

Hon. W. C. Angwin: I am fair, and what I say is true.

Mr. McCALLUM: I had intended striking out the words covered by the amendment when I moved in connection with this clause earlier in the evening. I suggest the Premier should report progress so that we may consider where we are.

The Minister for Agriculture: The simplest way out is to strike out the lot.

Mr. McCALLUM: I confess I am a bit confused, in view of the involved discussion which has taken place. I am against any tendency to select a privileged few for special assistance.

Mr. Teesdale: Are you in favour of striking out the whole lot?

Hon. W. C. Angwin: If these words are not struck out, I will vote for striking out the whole amendment.

Mr. McCALLUM: I do not know where the amendment will lead us.

Mr. WILLCOCK: As the amendment now stands, I do not think it will be very much benefit to the worker. Once his receipts exceed the taxable income, he will have to pay income tax just the same. We are asked to give one section of the community favourable consideration. The whole position is so mixed up that I do not know exactly where the discussion has led us.

Amendment as amended put and passed.

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

Ayes	..	..	..	17
Noes	..	..	..	20

Majority against .. 3

—

AYES.

Mr. Angelo	Mr. Marshall
Mr. Chesson	Mr. McCallum
Mr. Clydesdale	Mr. Plesse
Mr. Durack	Mr. Sampson
Mr. Harrison	Mr. A. Thomson
Mr. Heron	Mr. Troy
Mr. Hickmott	Mr. Willcock
Mr. Johnston	Mr. Corboy
Mr. Lutey	(Teller.)

NOES.

Mr. Angwin	Sir James Mitchell
Mr. Broun	Mr. Money
Mr. Carter	Mr. Munsie
Mr. Collier	Mr. Richardson
Mrs. Cowan	Mr. Simons
Mr. George	Mr. J. M. Smith
Mr. Gibson	Mr. Teesdale
Mr. Lambert	Mr. J. Thomson
Mr. H. K. Maley	Mr. Underwood
Mr. Mann	Mr. Mullany
	(Teller.)

Amendment thus negatived.

Mr. A. THOMSON: I move an amendment—

That the following words be added to paragraph (a): "and after the word 'vocation' in the fifth line the words 'medical expenses of himself and family.'"

A man is justly entitled to have the medical expenses of himself and family deducted.

The PREMIER: Clearly, under this proposal, if the family were a grown-up one the parents would have the deduction for the medical expenses of all. Obviously there should be some age limit for the members of the family. I will oppose the clause except so far as it applies to persons drawing moderate assessable incomes up to say £250 per annum. I am prepared to consider £250 per annum, but the children must be dependent on the taxpayer.

Hon. W. C. ANGWIN: I should like to hear from the member for Katanning how this would apply to a person paying into a friendly society. Over 28,000 people in Western Australia pay into friendly societies.

Mr. A. Thomson: Ought not that to be allowed?

Hon. W. C. ANGWIN: That is what I am asking. Very large numbers contribute to those societies, but under the clause they would not get a deduction for medical expenses.

Mr. A. THOMSON: I am surprised at the attitude of the Premier, who says that the medical expenses of grown-up sons are paid by the father of those sons.

Mr. MacCallum Smith: Are they not members of the family?

Mr. A. THOMSON: Even if a son were 60 years of age, he would still be in the damn family.

The CHAIRMAN: Order! The hon. member must not use that language.

Mr. A. THOMSON: If a man has to provide for his family he should be entitled to deduct medical expenses. I should like to spend an hour drawing attention to the hardships endured by country people. It is all very fine for those in the city who have but to ring up on a telephone and get a doctor along in a few minutes. In country districts sometimes it means a £50 fee for a visit by a doctor who has to specially undertake a long journey for the purpose. Surely that should be a deductible item. Also contributions to friendly societies must be deductible, constituting as they do an insurance against sickness.

Hon. W. C. Angwin: Does that come under the clause? That is what I am asking.

Mr. A. THOMSON: I believe it will.

The Premier: Certainly not.

Mr. A. THOMSON: It represents medical expenses.

Mr. Angelo: What about dentists?

Mr. A. THOMSON: Yes, dentists' charges should come under medical expenses. Surely we can trust those in authority to defuse what medical charges represent.

1 o'clock a.m.

Mr. WILLCOCK: The Premier has shown a disposition to consider the amendment.

The Premier: Now, but not to-morrow.

Mr. WILLCOCK: In order to cover the Premier's objection I am prepared to put in the words "the man's own family that is dependent upon him."

The Premier: I want to limit it to £250 a year also.

Mr. WILLCOCK: I move—

That the amendment be amended by striking out the word "family" and inserting "dependants" in lieu.

Mr. A. THOMSON: I agree to the word "dependants" being substituted.

Amendment on amendment, put and passed.

Mr. WILLCOCK: I move—

That the amendment be amended by adding the following words: "Provided that this exemption shall only apply to persons whose taxable income is not more than £250."

Mr. A. THOMSON: I must oppose the amendment. People in the country districts should be permitted to come under this provision and be entitled to deduct from their income their medical expenses, which are often very large. I hope the hon. member will not press his amendment.

Mr. Willcock: We will get nothing if we try for too much.

Mr. A. THOMSON: If the principle is good in the case of people in receipt of £250 a year, it is also good in the case of those receiving a greater sum, many of whom are hard hit through illness and the cost of getting medical attention.

Hon. P. COLLIER: I should like to see the limitation raised to a higher amount. There may be cases where the income is only slightly more than £250, and where the bill for medical expenses may be very large because of the isolated position of the invalids. I should like to see the limit of taxable income for the purpose of the amendment raised to £500. But the amendment should not apply to all taxpayers irrespective of income. A rich man incurring an expense of hundreds of pounds in a private hospital, whereas a person not so well circumstanced financially would expend perhaps £10, should not be allowed to deduct those hundreds of pounds. I know of a wealthy resident of this State who went to Melbourne to be operated on by a famous specialist. The specialist, knowing his patient to be very rich, charged him the startling fee of one thousand guineas. That amount would not be a reasonable deduction to allow, because a poor man would not have spent more than five or ten guineas over such a matter.

The PREMIER: I wish the Committee to understand that the proposal is not that medical fees shall be deducted from the amount of tax, but from the taxable income. Thus a medical fee of ten guineas would represent a deduction of 16s. 8d. from the amount of actual tax.

Mr. GIBSON: I am prepared to vote for the amendment of the member for Kataning. It has been suggested that the amendment might be taken advantage of by persons well able to pay for medical attention. The better way, therefore, would be to limit the amount of deduction for medical fees, in the same way as deductions for life assurance premiums are now restricted. Distinctions should not be made in a matter of this kind.

Mr. MONEY: Statutory deductions are fixed as regards children, rates, and other matters. I know of no deduction which is regulated by the ultimate amount the Commissioner of Taxation says the taxpayer shall pay.

Hon. P. Collier: Yes. Super tax.

Mr. MONEY: Here we are dealing with State income tax, not super tax.

Hon. P. Collier: Super tax is income tax.

Mr. MONEY: In view of the difference in the amount which medical fees mean to various persons, I would have no distinction under this measure. The proposed deduction might well be limited to £50 per annum.

Amendment on amendment put and passed.

Mr. A. THOMSON: I move a further amendment—

That the following be inserted to stand as paragraph (b):—"After the word 'vocation,' in the fifth line, insert the words 'and travelling expenses incurred by the taxpayer to and from and in connection with his business.'"

I maintain a man should be entitled to deduct railway or tram fares to and from his work. The farmer who sends stock to market fol-

lows it along to see how it gets on. For that he should be allowed to deduct travelling expenses. Similarly, when he has to come in over a distance to purchase stock or supplies. At present a farmer is allowed no travelling expenses whatever. He should be given a deduction in respect of them just like the man in business who travels to extend his business, or sends out a traveller for that purpose.

The PREMIER: It is a monstrous proposal that a man having a business in Kataning, and living 20 miles out, should be able to charge up against his business the cost of running a motor car to and from his business. Such a man lives at a distance for his own comfort and should not be allowed these travelling costs as a deduction. If he were travelling to get orders and extend his business, it would be a legitimate charge. What is the meaning of the words "to and from"?

Hon. P. COLLIER: I move—

That the amendment be amended by striking out all the words after "incurred" and inserting "in gaining or producing the assessable income."

That would dispense with the objectionable words "to and from," and it would avoid confusion as to what constituted the business. Why should not a man be permitted to deduct legitimate expenses incurred in earning income?

The Premier: They are deducted now.

Hon. P. COLLIER: Then it will do no harm to accept my amendment and make the position clear.

Mr. Mann: Would you allow a deduction for joy riding?

Hon. P. COLLIER: That would be losing income and earning trouble. My amendment will bring the provision into line with the Commonwealth Act.

Mr. Money: Expenses actually incurred in the production of income are provided for under Section 30.

Hon. P. COLLIER: Does the Commissioner interpret that to cover travelling expenses?

Mr. McCallum: No.

Hon. P. COLLIER: See how frequently the Commissioner gets behind the intention of Parliament!

Mr. Mann: But your amendment will limit the deductions.

Hon. P. COLLIER: No. The deductions already made will stand but this will be an instruction to the Commissioner that travelling expenses should come within the category of things allowed. The Commissioner's object is to collect every shilling of revenue possible and even to stretch the provisions of the Act: where there is loose wording to include those who were never intended to be included and to exclude those who were never intended to be excluded. If a man spent £20 in travelling expenses solely in connection with the earning of income, it should be an item for deduction the same as the other items enumerated.

Mr. SIMONS: I oppose the amendment. I do not believe in this whittling down process. Everyone appears to want to get something more from the Government and to pay a little less. I do not know how the State can be expected to continue if we persist in this cutting down process. Where will the amendment lead us? A man may choose to do business in Carnarvon and may use an aeroplane to travel between Perth and Carnarvon. Under the proposed amendment, he would be able to deduct the cost of running his aeroplane from his income.

Mr. Willecock: If a man was silly enough to do that, what about it?

Mr. SIMONS: Legislation is to protect silly men.

Hon. P. Collier: You suggest such a man would pay hundreds of pounds in aeroplane hire to save paying a little taxation!

Mr. SIMONS: The era of the aeroplane is coming now and all sorts of things will follow in its trail. The same argument will apply to motor cars, and we will have all sorts of deductions claimed on account of commercial activities in the country districts, where commercial travellers use motor cars in furtherance of their trade operations. Reference has been made to the Commissioner of Taxation setting out to get the last shilling from the taxpayers. The Commissioner should be commended for that aspect of his work. It is his duty to make the highest possible assessment that he thinks the taxpayer should pay.

Mr. Willecock: The Commissioner is supposed to be just and fair.

Mr. SIMONS: It is neither just nor fair that taxpayers should endeavour to see that their income is reduced to the greatest possible extent for income tax purposes. It seems to be the ambition of some people to give the State Treasurer a little less and ask for a little more advantage from him.

Mr. Teesdale: They want to cut down taxation to-night and to-morrow morning we will have deputations to the Premier asking for something or other.

Mr. SIMONS: If this whittling down process is continued, we cannot expect the Government to carry on the affairs of the State properly.

Mr. A. THOMSON: This is the only opportunity we have of dealing with anomalies in the existing legislation. If we go to the Commissioner of Taxation and object to interpretations he places upon existing legislation, the Commissioner simply says that he has to administer the Act as he finds it. I accept the amendment proposed by the Leader of the Opposition.

Hon. P. Collier: The Government are gone! We have a coalition now!

Mr. A. THOMSON: The expenses incurred by a worker in travelling to and from his work are a reasonable deduction.

Mr. TEESDALE: The question of the Commissioner of Taxation exacting the last shilling from the taxpayers has been referred to. There are plenty of men who spend

a lot of time trying to avoid paying their just dues to the Taxation Department. We have a scandalous position in Broome, where men in good positions are paying accountants to rob the Government of their just dues. It is a scandalous state of affairs. They ought to be thoroughly well ashamed of themselves for deliberately employing certificated accountants to juggle books with a view to robbing the Taxation Department. Let us hear no more about the hardships of those people. After hearing the member for Katanning, one would think he had a monopoly of these pathetic instances of hardship. We have the same sort of thing in my district, yet we do not come here and whine and grizzle and ask that sixpences and shillings be whittled away as if we were down to our last bob. I ask members to recognise that the Government cannot carry on without the necessary cash. It is a rotten, inconsistent position that a member should be asking to have taxation whittled down, when to-morrow morning he will be in the Government offices with about 16 hayseeds asking for something else from the Government.

Mr. SAMPSON: I oppose both the motion and the amendment, for it seems to me that both are frivolous; so small is the amount which would be saved.

Mr. A. Thomson: Then why is the Premier fighting them?

Mr. SAMPSON: The respective movers of the motion and the amendment could as reasonably advocate that special clothing be set off against income tax. The motion is impracticable.

Hon. P. Collier: It is word for word with the Commonwealth Act, and so is not either too frivolous nor too impracticable for the Commonwealth department.

Mr. SAMPSON: It has been pointed out that the taxation officials collect all they can. Indeed the department, if given a chance, will collect more than it is legally entitled to. "Travelling expenses incurred in earning income" is sufficiently ambiguous to permit of many taxpayers being misled as to its meaning. It might be said that in order to earn income a man has to eat and even to drink. Then why not suggest that those expenses be deductible? I will vote against both the motion and the amendment?

[Mr. Angelo took the Chair.]

Mr. LAMBERT: We have the spectacle of the member for East Perth (Mr. Simons) followed closely and almost as wildly and loudly by the member for Roebourne (Mr. Teesdale) in a special plea to safeguard the revenue and incidentally the Government. The Federal Taxation Department a few days ago on a mere quibble disallowed travelling expenses.

Mr. Teesdale: There is a limit to their patience: they want something reasonable.

Mr. LAMBERT: I agree that we should give clear expression to the meaning of the legislature. If it is intended that a man who is engaged in any business should be allowed travelling expenses, well and good. If there is to be a deduction made by a man for expenses incurred in producing his assessable income it should be made clear to the Taxation Department that all reasonable deductions must be allowed. At present the department quibble over this matter at every opportunity. It would be far better to submit a Bill that will bring these matters into conformity with the Federal Land and Income Tax Act.

Mr. MONEY: In view of the position of our finances one would expect to hear some alternative scheme brought forward for the raising of the necessary money. The amendment of the Leader of the Opposition may be taken as an instruction to the Taxation Department to interpret the law as was originally intended. If a taxpayer incurs travelling expenses in the production of his income, the Taxation Department should allow them. I shall support the amendment of the Leader of the Opposition.

Mr. A. Thomson: I am willing to withdraw my amendment.

Amendment (Hon. P. Collier's) on amendment, put and passed.

Amendment, as amended, agreed to.

Mr. A. THOMSON: I move an amendment—

That the following words be added to the paragraph:—"And by the deletion of the proviso to the subsection."

I do not think the amount should be reduced to £50.

The PREMIER: I hope the proviso will not be struck out.

Mr. TROY: You would agree to nothing.

The PREMIER: Especially the deductions from tax as proposed by the hon. member.

5 o'clock p.m.

Mr. TROY: I do not feel very strongly regarding either the deletion or the retention of the proviso, because the Commissioner of Taxation will interpret the matter in his own way, making demands and bluffing payment out of poor people, with 10 per cent. added. Poor people in the country cannot come to Perth for the purpose of disputing an assessment; and, if they did come, they would not see the Commissioner, though they might see one of his clerks, who might or might not say "Good day" to them. As long as the Premier gets taxation, he does not care; and it is the same with the Commissioner. The Commissioner takes good care to be popular with the Treasurer. The Commissioner's business is to get money, and he gets it as he can.

Mr. MONEY: The limit of £50 for life assurance premiums would on the average pay for a policy of £2,000. Life assurance is one of the best investments one can make. I hope the proviso will not be deleted.

Hon. P. COLLIER: Once more I find myself supporting the member for Katanning. Either the proviso should be out altogether, or there should be no limit. The Act will now include exemptions for medical fees and travelling expenses, but these two amendments will be of practically no use to the taxpayer, because he mostly has already reached the limit of £50. We are bound to get rid of the limit in order to make the two amendments effective.

Mr. SAMPSON: I support the retention of the proviso because people generally should be encouraged to partake of the benefits of life assurance.

Hon. P. Collier: You will encourage them by striking out the proviso.

Mr. SAMPSON: An allowance of £50 for this purpose is reasonable. A greater deduction would cover something for which there should be no exemption from income tax.

Hon. P. Collier: But there will not be the £50 for insurance, because that limit includes also medical attention and travelling expenses.

Mr. SAMPSON: Insurance should be encouraged, because in its absence the charity vote would have to be increased largely. In many cases no provision would be made for the widow and family.

Hon. P. Collier: Your argument is in favour of the amendment.

Mr. SAMPSON: I support the provision which includes life assurance.

Mr. MONEY: It would be unsafe not to impose a limit, as rich people could insure for perhaps £10,000 and pay perhaps £500 a year in premiums. Life assurance is purely an investment; the largest taxpayers are the largest insurers, and they will be still larger insurers if they can get an unlimited deduction and avoid taxation. Insurance premiums should be limited to £50, but medical expenses should be unlimited.

The PREMIER: The £50 is ample and should not be increased.

Hon. P. Collier: For insurance it was ample, but now that we have brought in medical and travelling expenses, it is not.

The PREMIER: I must resist any attempt to increase the amount in respect of insurance beyond £50. I will agree to recommend this clause with the idea of allowing the £50 covering insurance to remain.

Mr. Troy: Cut out the insurance; it is a capital investment.

Mr. A. THOMSON: In view of the Premier's statement, I ask leave to withdraw the amendment.

Amendment by leave withdrawn.

Mr. SAMPSON: The Bill proposes to delete Subsection 7 of the Act, which deals with business premises. The subsection is a direct encouragement to business people to erect their own premises and as such I hope it will appeal to the Committee. We should show some consideration to the man who has sufficient belief in the country to erect premises of his own. I move an amendment—

That paragraph (c) be struck out.

The PREMIER: I hope the Committee will not agree to the amendment. I do not know why this provision was ever placed in the Act. If a man is well enough off to erect his own buildings, and thus save the payment of rent, why should he be allowed 4 per cent. on the cost of his building as a deduction from his income. The Bill is not for the purpose of encouraging taxpayers to erect buildings, but to collect taxation. The amendment is absolutely illogical. The Federal Government levy a charge of 5 per cent. on the value of a man's house. I do not say that that is a fair charge, because a man does not use his home for the purpose of making money.

Mr. TROY: I support the attitude of the Premier. There is no reason why a man should be allowed any deduction on the value of his property.

Hon. P. Collier: It is merely another proposal for privileged capital.

Mr. SAMPSON: There is no provision for depreciation being allowed as a deduction, so the amendment provides a reasonable set off.

Mr. A. THOMSON: The man who invests his capital in the erection of a building shows his faith in the State, and is in a different position to the money-lender or the man who invests his money in stock. The first mentioned individual shows his faith in the country. People spent a lot of money in the erection of buildings in goldfields towns. Those towns are now dead. The money spent on those buildings is absolutely lost, yet no consideration is extended to people who are in that position.

Hon. W. C. ANGWIN: I cannot follow the reasoning of the member for Katanning. He said that he wanted to encourage capital coming into the State but now he does not seem to want that class of individual. How then can he clear out at short notice? I hope the clause will be agreed to.

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

Ayes	..	..	..	..	6
Noes	..	..	..	..	28

Majority against .. 22

AYES.

Mr. Clydesdale
Mr. Johnston
Mr. Sampson

Mr. J. M. Smith
Mr. A. Thomson
Mr. O'Loughlin

(Teller.)

NOES.

Mr. Angwin	Mr. Marshall
Mr. Broun	Mr. McCallum
Mr. Chesson	Sir James Mitchell
Mr. Collier	Mr. Money
Mr. Corboy	Mr. Munzie
Mrs. Cowan	Mr. Plesse
Mr. Durack	Mr. Richardson
Mr. George	Mr. Simons
Mr. Heron	Mr. Teesdale
Mr. Hickmott	Mr. J. Thomson
Mr. Lambert	Mr. Troy
Mr. Lutey	Mr. Underwood
Mr. H. K. Maley	Mr. Willcock
Mr. Mann	Mr. Mullany

(Teller.)

Amendment thus negatived.

Mr. MacCallum SMITH: I move an amendment—

That the following new paragraph be added, "(f) by adding at the end of the section, 'and the word "taxpayers" shall be taken to include limited liability company.'"

The object is to remove an anomaly. At present taxpayers other than limited liability companies can deduct from the taxable income Federal tax paid. In the Federal Act, limited liability companies are permitted to deduct State tax paid. As things are at present, limited companies have to pay on the Federal Income tax, which is unfair.

Hon. W. C. Angwin: Do not many people form themselves into limited liability companies in order to evade the income tax?

Mr. MacCallum SMITH: They are not allowed to deduct the Federal income tax in computing the taxable amount for State taxation, although the Federal Act allows a deduction of the State tax. There should be no differentiation between the individual and the company.

The CHAIRMAN: The addition of the words the hon. member wants put in will not make the sense he thinks they will. I would suggest that he moves this as a new clause, to the effect that Section 31 of the principal Act is amended by adding those words.

Mr. MacCallum SMITH: I propose to amend Subsection 12 of Section 30. I think my amendment rightly comes in there.

The CHAIRMAN: Does the hon. member consider this is a deduction from a taxable amount, or a deduction which should not be allowed?

Mr. MacCallum SMITH: My proposal is that the paragraph should be added to allow a limited company to deduct the Federal income tax. If you, Mr. Chairman, think this is the wrong place for the amendment, I ask leave to withdraw it, with a view to moving it, later, as a new clause.

Amendment by leave withdrawn.

Clause, as previously amended, agreed to.

Clause 9—agreed to.

Clause 10—Amendment of Section 34, refund of excess tax:

Mr. DURACK: The period for making application for refund should be three years, as in the Federal Act, instead of two years, as at present under our State law. I move an amendment—

That in Subclause 2, line 4, the word "two" be struck out, and "three" inserted in lieu.

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

Ayes	..	..	..	7
Noes	..	..	..	24

Majority against .. 17

AYES.

Mr. Durack	Mr. A. Thomson
Mr. Johnston	Mr. Troy
Mr. Money	Mr. Lambert
Mr. Sampson	(Teller.)

NOES.

Mr. Angwin	Mr. McCallum
Mr. Broun	Sir James Mitchell
Mr. Carter	Mr. Munzie
Mr. Collier	Mr. Plesse
Mr. Corboy	Mr. Richardson
Mrs. Cowan	Mr. J. M. Smith
Mr. George	Mr. Stubbs
Mr. Gibson	Mr. Teesdale
Mr. Heron	Mr. J. Thomson
Mr. Lutey	Mr. Willcock
Mr. H. K. Maley	Mr. Mullany
Mr. Mann	(Teller.)
Mr. Marshall	

Amendment thus negatived.

Clause put and passed.

Clauses 11 to 23—agreed to.

Clause 24—Amendment of Section 62:

Mr. DURACK: The Commissioner of Taxation has the right to go back for three years, and the taxpayer should be allowed the same period. I move an amendment—

That the word "two," line 2, be struck out, and "three" inserted in lieu.

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

3 o'clock a.m.

Clauses 25 to 28—agreed to.

Clause 29—Tax when not paid during lifetime:

Mr. A. THOMSON: I oppose the clause. We should let the dead past bury its dead, and should not chase a widow and children to pay the tax.

Mr. WILLCOCK: I understood the Premier intended to withdraw this clause. The principle is altogether wrong and the clause will create much contention. I have an amendment on the Notice Paper but, if the clause is withdrawn, that will suit me better.

The PREMIER: The clause is quite legitimate and the principle is right, though some limitation might be placed upon it. An es-

tate is carried on by executors after a man's death and the executors pay the taxation. This has always been the law. The member for Katanning when speaking on the second reading, made some offensive references to this clause. When an amending Bill is introduced next session—this will be necessary—I propose to apply this principle to other than small estates. For the present I propose to withdraw the clause.

Hon. W. C. ANGWIN: The clause cannot be withdrawn; it is in the Bill. I cannot understand the attitude adopted by the Premier. The amendment on the Notice Paper in the name of the member for Geraldton is in accordance with the desires of the Premier, though the amount may be rather high. This is only a just payment; it is a payment owing to the State. The Premier should amend the clause in the direction desired. Let him state what he considers a fair amount.

The Premier: The limit is too high.

Mr. Willcock: Then alter it to suit yourself.

Hon. W. C. ANGWIN: Members on the Premier's side have evidently brought influence to bear to have the clause withdrawn.

The Premier: They have not.

Hon. W. C. ANGWIN: Then the Premier should stick to the clause. It will affect the State so far as moneyed people are concerned. If a person died and he owed a shilling or so to the Taxation Department, that income tax would not be asked for. It is only large amounts which will be affected and in the circumstances the taxation should be paid.

Mr. MacCallum SMITH: How do you know the department would not claim that tax?

Hon. W. C. ANGWIN: The department use their judgment in such cases. It is no more wrong to ask that taxation should be paid in the circumstances, than it is to expect probate duty to be paid by an estate. I am sorry that the Premier has been prevailed upon, because of influence being brought to bear upon his judgment, to sacrifice the clauses.

Mr. MONEY: If an assessment is served before the death of the taxpayer, the amount of the tax is a debt and is payable by the executor. If death takes place before the assessment is made, then the amount is not treated as a debt and the Government in the past have been satisfied with probate duty. If it is difficult for the person to fill up a return, it is ten times more trouble for the executor to compile those returns after the death of the taxpayer.

The PREMIER: If there is to be discussion on this matter, the clause can be considered. I agreed to the clauses being struck out on the understanding that that course was agreeable to members. I think the clauses under discussion should apply to larger estates. If the clauses are struck out, the matter can be dealt with next year, when it can be treated in a more adequate fashion. The clauses can be much improved.

Clause put and negatived.

Clause 30—Persons dying before furnishing a return:

The PREMIER: This clause is on the same basis as clause 29.

Hon. P. COLLIER: It is quite different.

The PREMIER: They both refer to the same tax, and affect persons who are dead.

Hon. P. COLLIER: It is nonsense to say that the two clauses deal with the same thing. If the Premier reads the two clauses he will see that they deal with totally different aspects.

Mr. A. Thomson: Would not probate duty be paid in the same way?

Hon. P. COLLIER: Probate duty is a levy upon capital; this deals with income tax, which is a totally different matter. If the estate which a man leaves behind him has had the benefit of the State's services for the past year, why should it not pay?

Mr. Money: Because he has to pay probate duty.

Hon. P. COLLIER: That has nothing to do with it. This taxation is just as much a liability as are his debts to his butcher and baker and doctor, and undertaker. Why should not those creditors pursue him to the grave and why should not the State as well as any private individual collect what is due to it.

The PREMIER: This clause and the next must stand, but Clause 32 I think must go. I do not propose to ask the Committee to let a man off his full year's taxation.

Mr. WILLCOCK: Certain people, especially those in poor circumstances, have to put up with many hardships. If I were to die in July the tax gatherer would come along and collect a sum from the executor of my estate, in other words, my widow, notwithstanding all the expense and worry to which she would be put through my death.

Mr. MacCallum SMITH: I think this relief should be given as applying to Sections 30 and 31.

Mr. Money: You are dealing with a subsequent clause.

Mr. Willcock: You can add it to each clause.

Clause put and passed.

Clause 31—Persons dying after furnishing a return.

Mr. WILLCOCK: I move an amendment—

That the following proviso be added: "Provided in any case where it is proved to the satisfaction of a board, consisting of the State Commissioner of Taxation and the State Under Treasurer, that owing to the death of a person who, if he had lived, would have paid tax, the dependants of that person are in such circumstances that the exaction of the tax under the provisions of Section 31 will entail serious hardship, the board may release the executor or administrator of the deceased person wholly or in part from his liability.

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

Clause 32 put and negatived.

Clause 33—agreed to.

New clause :

Mr. MacCallum SMITH : I move—

That a new clause be added as follows :
Section 30 of the principal Act is amended by adding at the end of Subsection 12 the words "and the word taxpayer shall be taken to include limited liability companies."

The PREMIER : So far as dividends are concerned, they are brought into line with the income tax and the same rate is imposed.

New clause put and passed.

New clause :

Mr. TROY : I move—

That a new clause be inserted to stand as clause 28 as follows:—"A section is inserted in the Principal Act as follows:—"(a) The income arising or accruing to any person shall be assessed on the average net income arising or accruing to such person during the three years next preceding the year of assessment."

I understand the Premier is in favour of averaging incomes over a period of three years. The object of the new clause is that the good and bad years may be taken together and averaged.

Hon. W. C. Angwin : This will do.

The Minister for Works : Why not include all businesses ?

Mr. TROY : I think this new clause removes the Minister's objection. It applies to every business in the community.

The PREMIER : Something more than this new clause will be required to bring into operation the principle desired by the hon. member. Take the case of a man whose income for three years has aggregated £3,000. He may have an income of £1,200 in one year and £600 in another year. How is the average to be obtained ? He may have to pay on the £1,000 rate for each year. The clause will need a tremendous amount of drafting, and as it stands now would not work fairly.

Mr. Troy : I am satisfied with that.

The Premier : I am not, and I hope the Committee will not pass it.

The MINISTER FOR WORKS : Unless the hon. member inserts the word "yearly," making the clause read "the average net yearly income," it will not meet the full object desired by the hon. member.

Mr. TROY : If in the first year a person had an income of £300, in the second year £200, and in the third year £4,000, the average for the three years would be £1,500. Under the present income tax he would pay by way of taxation £4 for the first year, £2 1s. 8d. for the second year, and £423 6s. 8d. for the third year. If his income were averaged for the three years, he would pay £65 a year. In other words he would pay £195 on the average income for the three years, as against £429 under the present system.

Hon. P. Collier : That is going to hit the Treasury.

Mr. TROY : Yes. A fairly reasonable taxable income for a pastoralist for each of nine years would be £4,000, £1,000, £1,000, £4,000, £4,000, £1,000, £4,000, £1,000 and £1,000. Averaging that over periods of three years, the taxable income for the first year would be

£2,000, for the second year £2,000, for the third year £2,000, for the fourth year £2,000, for the fifth year £3,000, for the sixth year £3,000, for the seventh year £3,000, for the eighth year £2,000, and for the ninth year £2,000. Under the present system that pastoralist would pay in nine years £1,847 in income taxation. Averaging the income over a period of three years, he would pay £1,400, or £447 less than at present. That shows how the Treasury would be affected. These two instances might be applied to any taxpayer.

Hon. P. Collier : The averaging system must afford relief, or there would be no point in asking for it.

Mr. TROY : A taxpayer may make a loss on two years' operations and then make a profit of £1,000. On that profit of £1,000 he has to pay at the higher rate. By averaging his income over the three years he would get relief in that he would pay at the lower rate. The difference to the department would not be very great. This would apply to every taxpayer in the community.

The Premier : I hope it will not be carried.

The MINISTER FOR WORKS : I submit that the amendment as it stands does not read intelligibly. We cannot get away from the actual words which read "assessed on the average net income." How is that to be arrived at ? One must have a device to bring it to the yearly income. Unless such words are inserted, the amendment will be nonsense.

The MINISTER FOR AGRICULTURE : I agree with the principle. If there is any doubt as to how it will work in practice, I contend that it will have to be made to work. I understand that this was one of the recommendations of the Taxation Commission appointed by the Federal Government. I agree that this is a fair basis. If we are agreed on that point, we will have to see that it is made to work.

New clause put and passed.

New Clause :

Mr. A. THOMSON : I move an amendment—

That new clause be inserted to stand as Clause 5, as follows:—Section 16 of the principal Act is amended by omitting Subsection 2. This refers to the absentee tax. I was assured by the Taxation Department that Western Australia was the only State imposing that form of taxation, but I understand that South Australia has the absentee tax as well. I am in favour of capital being brought into the State and I wish to strike out the provision for the additional 50 per cent. representing the absentee tax.

The PREMIER : We have already discussed this matter during this evening and I do not know yet why the hon. member wishes to get this consideration for absentee taxpayers. Because a few pastoralists happen to be in London, why should they escape from paying such a tax ? These people get off very lightly.

New clause put and negatived.

New clause :

Mr. WILLCOCK : I move an amendment—

That the following new clause be added :
"Section 11 of the principal Act is amended

by inserting in Subsection 1 thereof a paragraph as follows: 'Land held by any pensioner under the Invalid and Old Age Pensions Act, 1908.''

The PREMIER: I agree to the amendment. New clause put and passed.

New clause:

The PREMIER: I move an amendment—

That the following new clause be added: "The amendments of the principal Act made by this Act shall apply to assessments for the financial year beginning the first day of July, 1921, and to all subsequent years, and to the income of taxpayers for the year next preceding each year of assessment."

New clause put and passed.

Title—agreed to.

Bill reported with amendments.

BILLS (2)—RETURNED.

- (1) Local Courts Act Amendment.
- (2) Permanent Reserve (Pt. Walter).

House adjourned at 4.2 a.m. (Wednesday.)

Legislative Council,

Wednesday, 30th November, 1921.

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

QUESTION—INDUSTRIES ASSISTANCE BOARD.

*Westralian Farmers, Granaries Co.,
George Wills & Co.*

Hon. A. LOVEKIN asked the Minister for Education: 1, Are the Government under any promise to merchants and creditors having claims against farmers under the Industries Assistance Board that the full proceeds from crops shall be paid to the board to meet creditors' claims and provide the cost of sow-

ing, etc., of following crops? 2, Have the acquiring agents for the wheat pool issued certificates to farmers under the board partly for cash and partly for shares in the Granaries Company? 3, Are the Government holding shares in the Granaries Company on behalf of, and as security for advances to, farmers under the board? 4, With the locking up of the funds of the Board's clients in shares of the Granaries Company, how is it proposed to meet the claims of creditors? 5, Are the acquiring agents (the Westralian Farmers, Limited) the promoters of the Granaries Company? 6, Will the Minister, as promised, endeavour to lay on the Table the last balance-sheet and profit and loss account of the Westralian Farmers, Limited; also of the Granaries Company, Limited, together with the memorandum and articles of association of the last-mentioned company? 7, Is it a fact that Messrs. George Wills & Co. offered to supply super. at a discount of 9s. per ton as against the Westralian Farmers' quotation of 7s. per ton? 8, Is it a fact that the Government in endeavouring to bring about a uniform price suggested that Messrs. George Wills & Co. should reduce their discount to 7s. per ton off? 9, Have Messrs. George Wills & Co. acceded to the wishes of the Government?

The MINISTER FOR EDUCATION replied: 1, The obligation of the Board to collect the proceeds of crops grown by assisted settlers is a statutory one. The distribution of such proceeds is governed by Section 14 of "The Industries Assistance Act Amendment Act, 1917." 2, No. 3, No. 4, Answered by the foregoing. 5, No. 6, (a) The particulars asked for re the Westralian Farmers, Ltd., will be laid on the Table of the House as soon as received. (b) Those relating to the Granaries Company are now available. 7, Yes; but withdrew the offer when informed that the obligation of the Board to its customers necessitated the acceptance of a del credere commission of 7s. per ton on the bulk of the super. supplied under its guarantee, and that the Board, on grounds of public policy, were prepared to place all distributors on the same footing by the acceptance of a uniform rate of commission. 8 and 9, Answered by No. 7.

QUESTION—EDUCATION, SECONDARY, GOLDFIELDS AND COUNTRY.

Hon. J. W. HICKEY asked the Minister for Education: 1, Has his attention been drawn to a paragraph in the issue of the "Murchison Times" of the 18th November, headed "Education Facilities in the Country"? 2, Is it a fact that the Education regulations provide that a minimum of 60 scholars must be guaranteed before continuation classes are established in any centre? 3, Having regard to the conditions existing on the goldfields and in out-back districts, does he consider that these regulations are reasonable so far as these districts are concerned?