

the Municipal Corporations Act and give us a proper system of rating. If the Government want to improve the roads, especially those roads which carry a great deal of country as well as of city traffic, they should consider the advisableness of giving the municipalities power to rate on a sane and sound system. I trust that in his reply the Minister for Works will give an assurance that the Government will bring down a Bill to amend the Municipal Corporations Act in that respect. I fail to see why the Government should hesitate to do so, seeing that everybody concerned is in favour of this amendment as representing the only means by which improvement of our roads can be secured. I do not suggest that the Government should endeavour to pass all the amendments in the Municipal Corporations Act which have been asked for, but this particular amendment they could put through in half-an-hour, and thus confer a great benefit on the metropolitan area.

Progress reported.

RESOLUTION—CANCER, TREATMENT AT PERTH HOSPITAL.

Message received from the Council requesting concurrence of the Assembly in the following resolution: "That in the opinion of this House it is desirable that the Perth Hospital should be equipped with the modern X-ray apparatus necessary for the treatment of cancer by the method known as 'deep therapy.'"

On motion by Mr. Richardson, consideration of the Message made an Order of the Day for the next sitting.

House adjourned at 10.54 p.m.

Legislative Council,

Tuesday, 2nd October, 1923.

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

BILL—SUPPLY (No. 2). £1,050,000.

Second Reading.

The MINISTER FOR EDUCATION (Hon. J. Ewing—South-West) [4.37] in moving the second reading said: It is necessary to have a Supply Bill covering the two months of September and October. The Estimates of Revenue and Expenditure are making good progress elsewhere, and it is hoped that by the end of October not only will the Estimates have been passed by another place, but that this House will be in possession of the Appropriation Bill for a debate on the general financial position of the State. The amounts included in this Bill are as follow:—From revenue £680,000, from General Loan Fund £350,000, from Sale of Government Property Fund £18,000, and from Land Improvement Loan Fund £2,000, making a total of £1,050,000. The amount covered by the previous Bill, for the months of July and August, was £1,490,600. If this Bill is agreed to by the House, Parliament will then have appropriated to the end of October of the current financial year a sum of £2,540,600. The supply asked for is based upon the current year's Estimates, and so far as can be judged it is a fact that up to date the expenditure is under the estimate, which represents a satisfactory position. The revenue collected so far during this financial year has been practically on all fours with the revenue collected for the corresponding three months of the last financial year. I do not think it necessary to speak at length on this Bill, because hon. members very often take a measure like this as a matter of form. Moreover, as I have said, the Annual Estimates are well advanced. I may, however, refer again to the fact, which I stressed somewhat when speaking previously in this House, that the Government are making good as regards the financial position. The Premier has expressed the opinion—an opinion shared by most people who give the question unbiased consideration—that we have practically turned the corner, and that for the rest all that is needed is careful administration.

Hon. J. Cornell: Are we into the straight yet?

The MINISTER FOR EDUCATION: We are getting around the corner and into the straight.

Hon. C. F. Baxter: How many corners are there to turn?

The MINISTER FOR EDUCATION: So far as I can see, the position is very much better than it has been for many years past.

Hon. J. W. Kirwan: Has not the expenditure of loan moneys largely helped the financial position?

The MINISTER FOR EDUCATION: Of course it has. When loan money is wisely expended, the expenditure is advantageous to the State, by inducing greater activity in the State.

Hon. A. Lovekin: But it adds to the taxation.

THE MINISTER FOR EDUCATION : There is no fear whatever of any ill consequences from the present loan expenditure. The activities of the State are very considerable at present, as hon. members will recognise when I give them one or two figures. The expenditure for the first quarter of the last financial year totalled £1,750,250, and for the first quarter of the current financial year £1,750,256, representing an increase of only £6. The revenue for the first quarter of the last financial year totalled £1,423,371, as against £1,491,687 for the first quarter of this year, showing an increase of £68,316.

Hon. A. Lovekin: You have got more than that difference from the increased taxes.

THE MINISTER FOR EDUCATION : The hon. member must recognise that the first quarter of this financial year shows an improvement in the finances of £68,316.

Hon. J. Duffell: Those figures have already been published in the Press, and members have seen them there.

THE MINISTER FOR EDUCATION : No doubt. Perhaps I might just as well not move the second reading of this Bill. If hon. members do not want any discussion, I am quite willing to meet them in that respect. But hon. members who perhaps do not read the newspapers so diligently as the hon. member who interjected, may be glad to hear these figures. It may be news to them to learn that the financial position has improved so materially.

Hon. A. Lovekin: We cannot have too much good wine.

THE MINISTER FOR EDUCATION : This is good wine. I am satisfied that the people of this State are coming to the conclusion that the affairs of Western Australia are being well and properly handled; otherwise such a result could not be the outcome of the financial position of the last three months. The deficiency for the first quarter of the financial year 1922-23 amounted to £326,880, while the deficiency for the first three months of 1923-24 amounts to only £258,568, showing an improvement of £68,311. The bulk of the revenue, of course, is received towards the end of the financial year. The increase in revenue during the past quarter includes £30,000 additional in the way of income tax as compared with the previous year. That money should have been received during the last financial year. Later on, however, we shall receive more revenue all round, and the position of the State will then be even better than it is now. I refer to the period when the railways will be working to their full capacity, when the wheat will be coming in. Such things tend to improve the financial position very materially. In my opinion, the Government may well be satisfied with the results so far, and I think hon. members may well be satisfied that the finances of the State are in an advantageous position, and that if equal care is exercised during the rest of the financial year to see that capital expenditure is on the right lines, we have nothing to fear in Western Australia.

lia. From all appearances we are going to have a bountiful harvest, and things will be much brighter in this respect than they have been for years. I hope and believe that the price will be good. The quantity of the harvest is going to be large, and I believe the quality will be good.

Hon. J. Cornell: What about the price?

THE MINISTER FOR EDUCATION : The price of wheat is all right at the present time. I heard a gentleman from the Eastern States who had been through the country as far as Lake Grace, declare that the policy of the Government in the matter of wheat production is going to save the State. If one travels through the South-West, one sees the advancement of prosperity on all sides.

Hon. E. H. Harris: Was the man who expressed the opinion a competent authority?

THE MINISTER FOR EDUCATION : Yes, and he expressed his opinion on what he had seen. We have reason to be glad that so many Eastern States residents have come over here recently to see what our wheat production is. Loan moneys devoted to the South-West are being well expended, and will be fully returned to the State, and in a very few years will bring prosperity. I move—

That the Bill be now read a second time.

Hon. A. LOVEKIN (Metropolitan) [4.44]: If no other member wishes to say a few words now, I have something to say on the Bill. I do not wish to detract in any way from the efforts of the Government to balance the ledger; but on going into details I am bound to say that very little of the improvement in the condition of our financial affairs seems to me to be due to the Government. Any firm can make good profits when it is spending borrowed money, and any Government when spending loan moneys, can of course show an improvement in the finances, unless things are very badly managed. The loan money is spread through the country, and under our methods of taxation and working the Government must get a splinter from every pound spent. The splinter, of course, comes from loan money, which in the course of time will have to be repaid.

The Minister for Education: And is repaid.

Hon. A. LOVEKIN: A good deal has yet to be repaid. I do not know whether the time will ever come when we shall be able to repay it all. In many instances works undertaken by the Government are not only non-reproductive, but are involving large losses. Furthermore, the difference in the deficit last year as against the year before was due to increased taxation, nothing else. The Bill proposes to authorise the Government to spend a considerable sum of money. A month ago we had another Bill of similar character. Up to the present no provision has been made for obtaining this money. We are authorising the expenditure of money before we know where we are to get it. I presume that in the course of time we shall

have a Taxation Bill, which will help provide some of the money, and perhaps some of us may have something to say upon that Bill. I want the Government to consider before bringing down another taxation measure, whether it is advisable to perpetuate the existing system of taxation. The taxation of incomes is right in theory—those who have incomes ought to pay—but the working of the system in practice is anything but good. It is found to be demoralising, pernicious and inequitable. In every community there is what General Bernhardt called the scum, the rogues, the bad eggs. The bad eggs are those who cannot be touched by income taxation. They are the people who defraud the tax gatherer. And the tax gatherer, from his experience of these rogues, becomes suspicious of everyone, including the honest men of the community; and in consequence he becomes a relentless, soulless and boweless Shylock,—as it was put in a recent article in the "Times"—who preys on the honest and dishonest alike. Unfortunately it is the honest man who can be got at, while the dishonest man seldom can be brought to book. I am speaking with some knowledge of the views of the commercial community when I say the business people of this State are almost in revolt against the actions of the Taxation Department. I would have the Government consider whether it be advisable to perpetuate this system, or whether it would not be better to inaugurate another system that would bring in the same, if not more revenue, and get rid of all the irritation that obtains.

Hon. E. H. Harris: What would you do; alter the incidence of the taxation?

Hon. A. LOVEKIN: No, I have suggested before that a graduated stamp tax would be better than an income tax. In the 13th annual report of the Commissioner of Taxation, Mr. Black deplores the fact that in respect of the Wyndham Meat Works he lost £1,000 in taxation. The men earned their money and were taxable to the extent of £1,000, but they could not afterwards be taxed. Under another system this State would not have lost that taxation. The fact that the taxation was lost, puts an extra burden on those who can be traced. Then I have been advised of quite a number of instances in which the Taxation Department has gone out of its way to annoy and irritate reputable people in the community. I will give the House an example: A well-known doctor sent in his return in the ordinary way. He was hauled before the Commissioner of Taxation and accused of having received from patients fees that he did not put down in his books. The doctor denied it. The Taxation Department called upon him to produce his books, which he did. The department were satisfied with those books. The doctor thought the whole business was finished. But, later, the department demanded to see his bank pass book, which he produced. The department then pointed out to him that the pass book did not agree with his other

books. He declared that he had several little side incomes, and the department said they were satisfied. However, a week or two afterwards they wanted to see the books again. The doctor took them along, and once more the department were satisfied. So the case remains. Another gentleman in business put in a return. The department called for his books. There was a difference between the bank pass book and the return. The department asked him to account for the extra money shown in the pass book. He said he could not do this, that he had various little things, that now and then he had a bet, and so on. There was shown in the pass book £20 or £30 more than was shown in the return. He was told he had committed a very serious offence and would be taken to court. This was last year. He said he did not want to go to court, that he would leave himself in their hands. The department then said, "Very well, we will fine you £100, plus the extra tax." The man paid it. This year the same gentleman, wishing to avoid any further confusion, went to Mr. Horne, the secretary of the Taxpayers' Association, to have his return made out. Mr. Horne then discovered that the taxpayer had been fined £100, and thereupon told him that the Commissioner had no right whatever to fine him that amount, that all the Commissioner could do was to fine him 10 per cent. of the tax involved, that none but the court could fine him up to £100. Some correspondence ensued, with the result that the department refunded that money. I quote these instances to show the irritation that has been set up amongst the people.

Hon. J. W. Kirwan: On the other hand, it is very hard for the Commissioner to detect evasions of income tax payments.

Hon. A. LOVEKIN: Of course it is. All the detectives in the State could not cope with the Wyndham case. Many thousands of pounds are lost. Because the department cannot catch the defaulters, they worry the honest man. The system is inherently wrong. At present the methods of the Taxation Department are only making business men say, "The department try by every means to get at us; how can we get at the department?" That is brought about by the existing system, which makes the department so many Shylocks and harpies. On the other hand, it turns the honest man into a rogue. That is the system we have in force to-day and that we are employing to get some of the money we are voting by the Bill. The existing system could be avoided and more revenue obtained with less expense by a graduated stamp tax. Those now evading the income tax would be forced to pay when they got the money. Those who evaded the payment of £1,000 at Wyndham would have been forced to pay by means of stamps. It is a system that would cause little or no irritation to the taxpayers. They would have no returns to make out, and no worrying interviews with the Commissioner of Taxation. There would be no escape for the dishonest person, no cost of collection—about £26,000

to-day—and the payments would be made at a convenient time. For instance, primary producers would not have to pay until they had realised on their stock. Yesterday I saw a letter from the Federal Taxation Department in which the department insisted upon a distribution of two-thirds of the taxpayer's profits. The objection was taken that a distribution of two-thirds of the profits would leave insufficient money to carry on the business during the next year, which was a fact in that case. The department said in the letter I saw "There are other means of distributing dividends than by payments in cash." I do not know of any other means of doing this. Certainly the shareholders who get dividends in other than cash would be in an awkward fix. The tax-gatherer would say, "You have had so much income. True, it is not in cash, but if it is in cash you will have to pay me." The unfortunate shareholder would then have to borrow in order to pay the tax. That would be wrong. Under a system of graduated stamp tax, if a man received a dividend in cash he would stamp the receipt, and that would be the end of it. Under the present system, either a company, in many cases, or the individual shareholder, has to borrow money in order to pay the tax. I do not know that it is a good thing for the community that this should be allowed to occur. We are voting this money without knowing where it is to come from. In the ordinary course a tax Bill will be brought down. I am going to make an effort, if I can get support in this House, to get rid of the super tax, and I think I shall be able to show good grounds for my desire. One of the methods by which we could raise the money we are now asked to vote is by a tax Bill. I suggest to the Government that before they produce a tax Bill they should consider whether they cannot improve the position by abolishing the income tax and substituting a graduated stamp tax.

The Minister for Education: Is that in force in other countries?

Hon. A. LOVEKIN: I know it is in force in certain South American countries.

Hon. J. CORNELL (South) [5.3]: This Bill may be placed in the same category as the prodigal son. When he returns, we take him in; when we get this Bill we have to pass it. The authorisation covered by this Bill doubtless represents money, a proportion of which has already been spent.

The Minister for Education: Only for the last two months.

Hon. J. CORNELL: If this is a Supply Bill to cover money that has not yet been spent, it is contrary to the usual procedure. The Minister showed one of those characteristics with which nature has so kindly endowed him, that of optimism. He painted a glorious picture of a beneficent Government, and took unction unto himself therefor. He expressed the opinion of a certain gentleman, I presume a bird of passage he had met—

The Minister of Education: A resident of this State.

Hon. J. CORNELL: —regarding the policy past and present of the Government. The Minister said that for the first three months of the current year we were £68,000 ahead of the revenue for the same period of last year, and that £33,000 of that represented income tax.

The Minister for Education: In excess of last year.

Hon. J. CORNELL: That reasonably should have been paid into last year's revenue. I have unbounded confidence and faith in this country, no matter who occupies the Treasury bench. A good country is like a generous father. It takes a lot to ruin it. Governments have come and gone, but despite them the country has continued on. That is one of the characteristics of life; it will continue irrespective of government. I am with Mr. Lovekin, when he says by way of interjection, that a good deal of the prosperity that has come the way of this Government can be attributed to nothing else but the expenditure of loan moneys. Our production has materially increased. I pay a tribute to the primary producers of this State, who are its backbone. I venture to say they produce at least 50 per cent. more than the primary producers of any other part of the globe. In spite of the introduction and influx of immigrants to Western Australia, and despite the recuperative powers of the State, the population has remained almost stationary. Until quite recently we were going to the bad in the matter of population. If the cry that is uttered from the four cardinal points, that we want more population to relieve taxation, be any guide to the present position, we must conclude that our added prosperity must be due to some other cause. Undoubtedly that cause is the expenditure of loan money. I read a newspaper article the other day, which set out at length the amount of transport necessary to feed and equip our group settlers. Where does this money come from? It certainly brings added revenue to our railways and our other activities, but it can only come from Loan Funds. Our group settlers are not producing wealth in the same degree that the settlers in the eastern wheat belts are doing.

The Minister for Education: They have not had the time.

Hon. J. CORNELL: No. Our added prosperity and the decrease in our expenditure must be largely attributable to the expenditure of loan moneys. Take Southern Cross, for instance. Certain land settlement is going on there, although it is yet in its early stages. So many blocks have been taken up, and so much clearing has been done. This has necessitated the transport of commodities over the railways, but all that has been done by means of loan money. We must not shut our eyes to the fact that this is the cause of our improved position. A certain gentleman who holds a responsible position in the Federal Parliament is reported to have said in Perth quite recently that what is wrong with the

world is the welter of debt submerging it. He cites as the only bright spot in the firmament of this welter of debt, Russia.

Hon. V. Hamersley: She has repudiated her debts.

Hon. E. H. Harris: You are not suggesting that for us, are you?

Hon. J. CORNELL: I am not going to turn Bolshevik. If Russia has turned the financial corner, it is because her Government has repudiated the national debt, the debt that was contracted by its predecessors.

Hon. C. F. Baxter: Do you suggest the Mitchell Government should do that here?

Hon. J. CORNELL: No. Suppose members of this Chamber were living in one boarding house. The lady in charge could stand one member welching and repudiating his debt, and could carry on, but if every member did so she would have to shut up shop. If we as a British race adopted repudiation as a panacea and all other nations did likewise, we would begin a new era. We have, however, undertaken to pay, and we hope to be able to do so.

Hon. E. H. Harris: With interest.

Hon. J. CORNELL: How far, and to what extent, Western Australia and the Commonwealth may carry out that undertaking depends largely upon how the borrowing policy of the future is framed.

Hon. J. Nicholson: How are you to borrow if you do not repay? Who is going to lend money to you?

Hon. J. CORNELL: All the Shylocks cited by Mr. Lovekin would rush in to-morrow to take up a Russian loan.

Hon. J. Nicholson: Do you think they would?

Hon. J. CORNELL: I do.

Hon. F. E. S. Willmott: And then they would pass it on to the other fellow.

Hon. J. CORNELL: We have decided we will not repudiate our debts, but that we shall pay them. How far we may meet our obligations in the future is largely governed by how we borrow in the future. Just as the individual can over-borrow and fail to meet his obligations, so it is with Governments. Anyone who thinks as he runs must learn a salutary lesson from the recent conversion of the Commonwealth loan. Without going into a long digression on the benefits or evils of borrowing—

Hon. A. J. H. Saw: Borrowing is all right; it is the repaying that causes the trouble.

Hon. J. CORNELL:—it must be regarded as certain by anyone who takes an interest in Australia and her affairs, that sooner or later this borrowing orgy, which Australia has intensified tenfold within the last decade, must come to an end. The sooner that time comes, the better. If care is not taken, we will be up against a set of circumstances such as confronts other countries of the world. The British Empire may go on for some time, but the fact remains that if those nations who owe her money, repudiate their debt as Russia has done and as Germany may do to-morrow, followed possibly by other nations

as well, then our chickens will come home to roost.

Hon. A. Lovekin: The Britisher is the only payer.

Hon. J. CORNELL: That is so, but the British nation can only pay if others fulfil their obligations to her or, on the other hand, if she increases the taxation upon her own people. To that taxation there is a limit. The Minister for Education has referred in glowing terms to the coming harvest. I believe we shall have a good harvest, but I am not one of those so optimistic as to think that the prices offering to-day will be offering in two months' time.

Hon. C. F. Baxter: What prices are offering for new season's wheat to-day?

Hon. J. CORNELL: I can hardly tell the hon. member, but I can say that I have it on the authority of a gentleman who has been operating in wheat for the last 30 years—he is a fairly good judge—that the farmers of Australia will be very lucky if they average 10s. a bag for their wheat.

Hon. A. Lovekin: Canada is establishing a pool to deal with her wheat.

Hon. C. F. Baxter: Four shillings per bushel is being offered for new season's wheat now.

Hon. J. CORNELL: If buyers are offering that price, my advice to the farmer is to view in retrospect past years and consider whether it is not better to accept the first price offered.

Hon. V. Hamersley: They cannot sell at that price, for it is only for deliveries up to the end of December.

Hon. J. CORNELL: In any case, my advice to the farmers is to sell.

The PRESIDENT: This discussion is hardly in order.

Hon. J. CORNELL: According to the Minister we are slowly but surely rounding the financial corner and, in racing parlance, entering the straight. There are saddle cloths left behind; I do not think we will "pull the weight," even if we win through. We must remember that there still remains the deficit of £6,000,000. Even if that deficit is to be funded, it can be done from only one source, namely, loan money. As to Mr. Lovekin's remarks, in the course of which he favoured the abolition of the present system of levying taxation upon income in favour of a stamp tax, I am not a unificationist, but I have held for a long time that there is only one logical course for the States to pursue in the field of income taxation. If they fell in line with my views, the substituted system would tend towards uniformity and a saving in collection. If a satisfactory arrangement could be made with the Commonwealth under which a certain amount of money would be returned to the States, we could evacuate the field of income taxation and allow the Commonwealth to levy that tax. To-day we have two taxing authorities—the Commonwealth and the State. According to the last Premiers' Conference, the Commonwealth proposed to practically evacuate the field of income taxation, apart from the companies'

tax, leaving the States to levy income tax. According to my views, that is the wrong course to pursue. The States should abandon the income tax and allow the Commonwealth to impose that tax, on the understanding that so much would be returned to the States. Certain contingencies would also have to be taken into consideration such as the position of a younger, undeveloped State like Western Australia compared with the older States in the East. What happens to-day under the existing system of taxation? We are told that it pays a man to take his capital from Western Australia and invest it in Victoria.

Hon. A. Lovekin: So it does.

Hon. J. CORNELL: Why should it pay a man to do that?

Hon. A. Lovekin: Because of the taxation in Victoria compared with the taxes levied here.

Hon. J. CORNELL: Because Victoria caters for that class of individual our interests are jeopardised! We are all Australians. By what process of reasoning or logic should a business man in Perth pay a different rate of income tax, compared with a business man in Victoria?

Hon. E. H. Harris: Because there are separate Governments.

Hon. J. CORNELL: Exactly. The Commonwealth Constitution provides that there shall be no discrimination as between States, but we discriminate between—

Hon. E. H. Harris: Individuals.

Hon. J. CORNELL: And also between the individuals in two States. The result is that various corporations and individuals have removed capital to the State where the taxation is lightest. That system is fundamentally wrong. The tax imposed upon a business man in Perth should be no greater than that imposed on a business man in Victoria. There is only one way out of the difficulty. The State should evacuate the field of income tax and permit the Commonwealth to levy the tax. If that were done, there would be no discrimination between the States; the same class of taxation would apply in Queensland and Victoria as in Western Australia. In such circumstances, we would not find capital leaving Western Australia for investment in another State. I mention these points in the hope that the income-tax question may be taken up by some more able individual than myself. I have discussed this phase with many prominent people in Western Australia who are more or less anti-Federal in their views. They have recognised the logic of my argument in favour of one taxing authority so far as incomes are concerned, compared with the six who discriminate between themselves in order to induce capital to become located in the State where the taxation is lightest. This system may succeed very well in favour of one State, but if carried a little further than it is to-day, it must of necessity have a grave influence upon undeveloped States

such as Western Australia and Queensland compared with the more fully developed States like Victoria and New South Wales.

Hon. J. E. DODD (South) [5.28]: I have only a few words to say regarding the Supply Bill. I take it that the Bill provides us with an opportunity for a general discussion.

The PRESIDENT: It has, this afternoon.

Hon. J. E. DODD: I presume the Bill covers provision for workers' homes. There is a strong agitation to-day in favour of standardised homes for workers. There is no one who will not agree that it is a good idea to have cheap standardised homes for the workers at a cost of between £300 and £400. Whether timber houses are suitable or not, or whether they are more economical, I leave experts to decide. The point I wish to draw attention to is: Are the standardised houses to be of a standardised design? In 1912 when the Scaddan Government introduced the original Workers' Homes Bill in this Chamber, there was considerable criticism on the ground that there might be a sameness and monotony in the design of the houses. We pointed out that although there was a sort of standardised price for the houses, there was no standardised design. We had between 10 and 20 different designs for houses and, consequently, whenever communities were formed by the erection of workers' homes, the worker had the right to choose whatever design he liked. From what I can read in the Press regarding the agitation for standardised houses at the present time, it would appear that there is not only to be a standardised housing system, but also a standardised design. If that is so, we will be exchanging only one kind of slumdom for another. If we are to build community homes, there is no doubt that the same thing will apply to the present proposal as applied to the workers' homes. If we are going to build numerous homes of precisely similar type, the effect will be depressing, not only on the town in which they are built, but also on the people occupying them. The worker desires to have a little variation in his home, the same as anyone else. On the goldfields, where people were largely their own architects, builders and painters, nearly every house built to stand was of different design, and the difference relieved the monotony. I have nothing to say against the agitation for a cheaper house, but I hope the Minister will get those responsible to inquire whether a number of different designs cannot be obtained, as was done under the workers' homes scheme when the Labour Party were in power. Mr. Lovekin referred to the income tax and the irritation caused by its operation. There is only one class from whom income tax can be obtained without any question of dishonesty or evasion, and that is the working class receiving salaries or wages. These workers cannot evade payment of the tax.

Hon. A. Lovekin: That is right.

Hon. J. E. DODD: The Commissioner of Taxation knows exactly what they receive. Many of the big employers have to furnish returns showing the wages paid to their employers. Any evasion will occur amongst taxpayers engaged in business. Despite Mr. Lovekin's proposed scheme, any form of income tax will cause irritation on the one hand and evasion on the other hand. Until we settle down to some more uniform and equitable system of taxation than the present system that is hitting up the man of thrift, brains or skill, we shall always have this irritation.

Hon. J. W. KIRWAN (South) [5.33]: Members were doubtless glad to hear the figures quoted by the Minister regarding the financial position of the State, but before those figures are accepted, I ask members to consider certain qualifications to which he did not refer. Similar figures are frequently presented to the country. They were presented in the leading article in this morning's paper, but several very important facts were omitted that must be considered to enable us to properly appreciate the financial position. There are two facts that have a most important bearing, first the amount of loan expenditure, and second, the amount contributed to sinking fund. We have been spending loan money at an enormous rate. The net indebtedness of Western Australia ten years ago was but £85 per head of population, whereas on the 30th June last it was no less than £142. When we consider that the increase in ten years has been £57 per head, we can realise the extent to which borrowed money has been expended. In 1922-23 loan money expended amounted to £3,389,000, whereas in 1916-17 it was only £855,000. It is clear that the indebtedness per head has increased in vastly greater proportion than has the population. When the Minister tells us the country is prosperous and the revenue is improving, we should not forget that last year we spent in loan money over £9 for every man, woman and child in the State. When such an amount of borrowed money is being expended, how could things be other than prosperous? How could revenue be other than expanding? I mention this that members may be cautious ere indulging in laudations regarding the financial position, or in feelings of satisfaction that all is well. There was a period in our history when we spent borrowed money at a greater rate. In 1912-13 we spent £3,409,000, but in 1916-17, as I have already pointed out, the loan expenditure was under £1,000,000. In 1920-21 the expenditure was £2,586,000; in 1921-22, £2,455,000, and last year it was £3,339,000. How could a handful of people such as our 350,000 be other than prosperous and have other than an expanding revenue under that state of affairs? I am not questioning whether the money has been wisely spent. We shall learn that later, but until we do learn it, it is premature to indulge in laudations over a prosperity that must inevitably arise immedi-

ately we expend nearly £10 of loan money per head of the population. Members, too, were doubtless pleased to hear of the decrease in the deficit. Last year the deficit was less by £327,000 than that of the year before. In 1921-22 was recorded the highest deficit in the history of the State, namely, £732,000, an almost staggering shortage for so small a population. The decrease in last year's sinking fund contribution to pay off our loan indebtedness almost corresponds with the amount of the decrease in the deficit. The amount paid into sinking fund in 1921-22 was £728,000, and the amount in 1922-23 was £410,000. The difference in the two years was £318,000, whereas the decrease in the deficit was £327,000. Thus we are able to realise how the wonderful decrease in the deficit has been brought about. That reduction looks very nice on paper, but when we examine the details, it does not seem so rosy.

The Minister for Education: We must pay the necessary sinking fund.

Hon. J. W. KIRWAN: Of course. One bright gleam in our deficits in the past was that they corresponded with the increase in the sinking fund contribution, but whereas the sinking fund contribution in 1921-22 was £728,000, last year it was only £410,000. Thus we paid last year £318,000 less than in the year before towards meeting our financial obligations. Our sinking fund is most important, inasmuch as it represents payments off our indebtedness. Had we paid the same amount to the sinking fund last year as we did in the year before, the deficit for the last financial year would have been £722,067, or only some £10,000 less than that for 1921-22. The Minister did not present these facts, and I ask all interested in the financial position of the State to consider them before indulging in too much optimism. It is an excellent thing to be optimistic, but we ought to insist on knowing all the facts before our optimism carries us too far.

The MINISTER FOR EDUCATION (Hon. J. Ewing—South-West—in reply) [5.45]: Before the debate closes I wish to offer a few remarks in reply to some of the statements that have been made by hon. members. Mr. Lovekin said that the Commissioner of Taxation was not desirous of permitting members to inquire unduly into matters connected with that department. That officer has certain obligations to fulfil, and I am confident that he faithfully discharges his duties, though perhaps he may err in certain ways. Some of us may object to the manner in which he does his work; possibly some of us do when the shoe pinches. At any rate, he is not like a culture seeking whom he may devour. If any hon. member has a subject to refer to the Commissioner I am sure that officer will argue the question with him and explain what the Act really means, and any hon. member, or even a citizen for that matter, will get justice.

Hon. A. Lovekin: He is always courteous.

THE MINISTER FOR EDUCATION: I had a conversation with him the other day and it appeared to me that he seemed desirous of interpreting the Act fairly. He may make mistakes; possibly he does. Who does not? With regard to the Stamp Act, I am aware that the hon. member has talked over the matter with the Premier, and I have no doubt it is under consideration. The question is one that I have not studied, but the hon. member has not yet made clear what revenue would be derived from his proposals, and whether they would overcome the necessity for taxation on incomes as he suggests. Mr. Cornell apparently forgets that we are a sovereign State. So far as I can see it is necessary for us to remain a sovereign State. Therefore, the argument advanced regarding Western Australia, Victoria, New South Wales and other countries, having exactly the same form of taxation, seems to me to be beside the question at the present time. What is suggested might be disadvantageous seeing that the position is in mid-air, and out of range of practical politics. It would be reversing the position as considered by the Premiers' Conference. It was that conference that decided that we should give up the collection of taxation, and now the hon. member proposes that we should do the work. At any rate, the matter is worthy of consideration and the hon. member will find that it will receive attention at the hands of the Government. Any suggestion that is made, if thought worthy of attention, is considered by the Government. In fact suggestions are welcomed by the Government. On the subject of transport to the groups, Mr. Kirwan stated that we were not considering whether money was being spent wisely or not.

Hon. J. W. Kirwan: I said we had not discussed it.

THE MINISTER FOR EDUCATION: If the money is being unwisely spent, we are hampering the progress of the State. If the money is being wisely spent, everything will be well for Western Australia. I have no hesitation in saying that the money is being wisely spent. Most people believe that this is so, and if we are sure on that point we need not worry further. I agree with Mr. Dodd's remarks on the subject of workers' homes. We certainly do require variety in building and design. If we have a stereotyped style of building it will be dreadful for the locality in which those houses may be erected. I shall give the matter consideration and make representations to the Government. I hope that the decision that will be arrived at will meet with the approval of the hon. member. Mr. Kirwan spoke of last year's loan expenditure and said that it was £3,387,000. He compared it with the expenditure from loan in the year 1916 when the total was only £855,000. There is reason for that small amount in 1916. The immigration policy had not then been entered upon.

Hon. C. F. Baxter: When did development really start?

THE MINISTER FOR EDUCATION: The hon. member knows that when three millions

is spent in Western Australia something is going on.

Hon. A. Lovekin: The war was going on in 1916.

THE MINISTER FOR EDUCATION: That is so, and it is hardly fair to compare that year with 1923.

Hon. J. W. Kirwan: I quoted the figures in explanation of your optimistic description of the way things were going.

THE MINISTER FOR EDUCATION: The expenditure on soldier settlement amounts to over five millions.

Hon. J. Nicholson: Is that the reason for the apparent prosperity?

THE MINISTER FOR EDUCATION: The expenditure of loan money means the opening up of the country and the development of our industries.

Hon. E. H. Harris: Then it is really artificial prosperity?

THE MINISTER FOR EDUCATION: The hon. member should not make an interjection like that. I gave him credit for having better sense. The prosperity we are enjoying is based upon a solid foundation, a foundation which will make for the success of Western Australia. We know well that those who are now settling on the land will remain there. It is a sound investment that we are engaged upon at the present time.

Hon. J. W. Kirwan: We all hope so.

THE MINISTER FOR EDUCATION: Travel all over the country where loan money is being spent, and we cannot but realise what that expenditure will mean in the not distant future. We have spent a considerable sum of money on the wheat belt and it has been returned to us fourfold. Hon. members who have been through this country lately must admit that in no season have the wheat areas looked so well as at present. Mr. Kirwan has made some serious statements in regard to the sinking fund. Those statements I shall easily combat when I have the figures and the time to go into them.

Hon. J. W. Kirwan: I have the figures here.

THE MINISTER FOR EDUCATION: The hon. member can make figures say almost anything. We all know that the amount paid into the sinking fund last year was over £300,000 less than that paid in the previous year. The Government are obliged to pay a certain amount towards the sinking fund every year. The hon. member thought that that had not been done.

Hon. J. W. Kirwan: I never suggested anything of the kind.

Hon. A. Lovekin: The amount paid towards the goldfields water scheme sinking fund has been reduced.

THE MINISTER FOR EDUCATION: Mr. Kirwan suggested that the reduced payments towards the sinking fund were responsible for the improvement in last year's finances. Whatever the cause, it is a good thing indeed. Regarding the finances of the current financial year, the first three months show an improvement to the extent of £68,000. Therefore I say we need not be pessimistic. The

pessimism of some hon. members amounts to the statement, "Do not spend any more money."

Hon. J. W. Kirwan: I did not say that.

The MINISTER FOR EDUCATION: The hon. member did not say it, but Mr. Baxter said we should not spend money in the way we are doing.

Hon. C. F. Baxter: Mr. Baxter would spend the money in the right direction, and you are not doing that.

The MINISTER FOR EDUCATION: I maintain we are spending it in the right direction. We must not hesitate, for he who hesitates is lost. Confidence in the Government's developmental policy is full and assured, and there can be no doubt of the ultimate result. If the people do not believe in that policy, and if they think that the money is not being wisely spent they can put the Government out of office.

Hon. V. Hamersley: Just wait until the next elections.

The MINISTER FOR EDUCATION: I wish hon. members to understand that the money that is needed now will be spent largely on development on group settlements and in other directions. The Government have no hesitation in asking the House to pass the Bill so that they may continue their work until the Estimates are through.

Question put and passed.

Bill read a second time.

In Committee.

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

BILL—RECIPROCAL ENFORCEMENT OF MAINTENANCE ORDERS ACT AMENDMENT.

Report of Committee adopted.

BILL—ELECTRIC LIGHT AND POWER AGREEMENT AMENDMENT.

Second Reading.

Debate resumed from the 27th September.

Hon. W. CARROLL (East) [6.3]: I congratulate the Perth City Council upon the agreement they made with the Government. If the State is a party to many agreements of this nature, I do not wonder at the size of the deficit. My chief object in securing the adjournment of the debate was that I might draw the attention of the House to paragraph 4 of the schedule to the Bill, being the agreement. That paragraph says—

The City of Perth hereby agrees to sell and the Commissioner of Railways hereby agrees to purchase the poles, mains, service lines, transformers, and all other plant, apparatus, and things (with the exception of meters) which have been installed by the City of Perth for the supply and distribution of electric current in the Queen's

Park road district, as the same are set out in the books of the City of Perth, at the cost to the City of Perth of supplying, installing, and erecting the said articles as shown by its books and vouchers.

Apparently the price provided is to be paid by the Government irrespective of the condition of the articles at the time of the contemplated sale and purchase. This House should not be a party to such a provision, and should not agree to such a proceeding. We should enter our strong protest against this paragraph. If that kind of thing is going on generally, no wonder we hear so much about deficits. I would like an assurance from the Minister that the point to which I have drawn attention will be looked into.

Question put and passed.

Bill read a second time.

BILL—INDUSTRIES ASSISTANCE ACT CONTINUANCE.

Second Reading.

The MINISTER FOR EDUCATION (Hon. J. Ewing—South-West) [6.7] in moving the second reading said: This is a short but very important Bill. The original Act was passed in 1915, and the amending measure of 1917, Section 15, provides that no advances can be made after the 31st March of the following year. A continuance measure has since been passed from year to year, and the purpose of this Bill is to strike out in last year's Act the figures "1924" and substitute "1925." A similar course will be adopted in every subsequent year, if the Government think it necessary and if this House and another place agree that it is necessary.

Hon. J. W. Kirwan: How long do the Government purpose to continue the Industries Assistance Board?

The MINISTER FOR EDUCATION: I well remember that last session the hon. member was strongly opposed to the continuance Bill. I suppose he will be doubly so to-day. Therefore we have something to look forward to in his opposition. I do hope, however, that before I have finished my few remarks, Mr. Kirwan will be satisfied that in the best interests of the State the Act should be continued. Those in charge of the branch of the Public Service which is concerned desire that the measure should continue in existence, because it is considered that the Industries Assistance Board, really represents nothing but an arm of the Agricultural Bank. One arm of that institution is doing certain work in a certain direction, and another arm is doing other work in another direction. Unless this continuance Bill is passed, the Agricultural Bank Act will have to be amended; and I do not think any amendment of that Act could work as well as this particular measure has done and is doing. The board are not taking any new clients other than soldier settlers, who are being assisted to crop. I shall show how much money has been advanced and how much has been paid back, so that hon. mem-

bers will know the exact position: In order to keep the soldier settlers going, it is necessary that their crops should be financed; and the Industries Assistance Board is the arm of the Agricultural Bank that is doing the work. A select committee of this House recommended the closing down of the Industries Assistance Board, but, so far as I can see, that course is not necessary, because these two branches of the Public Service are working so well together that nothing could be gained either in efficiency or in economy by doing away with the board. Last year there were 70 clearances from the board. The smallness of the number of clearances was brought about to a great extent by a drought in the district from Perenjori to Mullewa, as well as north of Burracoppin, where a large proportion of the crops was partially a failure. The total number of clearances since the inception of the board has been 1,190. On the 31st March last the number of current accounts was 1,847. Of this number 281 were accounts under the section referring to payment of rent, and no advances have been made in respect of those particular accounts. During the 12 months ended on the 31st March last the total amount advanced was £1,103,085. The total of the advances since the inception of the board is £7,804,160. The proceeds of the 1922-23 season up to the 31st July, 1923, totalled £514,131. The total of the wealth produced since the establishment of the board—and hon. members know exactly why that step was taken—is £6,504,706.

Hon. J. Duffell: The board came into force as a war emergency measure.

The MINISTER FOR EDUCATION: Yes, but also as a result of the drought of 1914. Hon. members who recognise the difficulty of keeping the people on the land during that critical period of the State's history, and who now know that the wealth produced as the result of the establishment of the Industries Assistance Board totals £6,504,706, will agree that the Government of this day are fully justified in imitating previous Governments by asking for a continuance of the Act.

Hon. J. Nicholson: But those six millions were not all produced by the people supported by the Industries Assistance Board.

The MINISTER FOR EDUCATION: Yes, indirectly. It is estimated that the 1,190 cleared settlers have produced £2,500,000 worth of wealth since they got clear of the board. If that is so, it follows that, had these men not been kept on the land, so much wealth would have been lost to Western Australia.

Hon. J. Duffell: What will be the effect on the coalition if this Bill is rejected here?

The MINISTER FOR EDUCATION: If the Bill is rejected, the Government will find a way out. But I do not think hon. members will think of rejecting the measure. As a result of the board's assistance, about 2,000 farmers have been kept on the land, and for the most part they have made good. It is desirable that the Bill should pass as speedily as possible. It is argued, I am aware, that the men on the land should now forage for

themselves, without Government assistance. However, that is not possible at the present juncture. The board are filling a very useful and indeed necessary part where their activities apply. The work of the board is absolutely in the best interests of Western Australia, as well as of the farmers and settlers now on the board. I shall place before the House a few figures relating to the board's operations. There have, of course, been bad debts; and it is just as well that hon. members and the people should know the quid pro quo which the State has received in the form of wealth production. The ascertained losses at the 31st March, 1923, were £75,356. In addition, the board had on hand 196 abandoned securities, carrying advances amounting to £92,340. There has been a loss on administration and trading of £52,000 approximately. This brings us within the reach of £220,000 of loss.

Hon. A. J. H. Saw: You started off very quietly, I notice, with £75,000.

The MINISTER FOR EDUCATION: That is the actual loss. We hope to recover the advances of £92,340, and also to relieve the position in other ways. There are also on the books 381 accounts carrying advances to a total of £198,850, which have reached the limit to which the board are prepared to advance. That raises a question as to what is going to be done with these particular men? Hon. members will no doubt have asked themselves that question. It is now being considered by the Government. At present, however, advances are being made only to soldier settlers, as I have stated. As regards the accounts which have reached the limit of advances, investigations are now being made so that the value of the securities may be ascertained and the extent of the losses gauged. The investigations are being made by practical men, and the results will be available at an early date.

Sitting suspended from 6.15 to 7.30 p.m.

The MINISTER FOR EDUCATION: I desire now to deal with commissions. Trade discounts on super and machinery are not passed on to the clients of the board. The board say their clients are entitled to discount allowed for cash, but that the board should take special rebates secured from merchants owing to the wholesale nature and extent of the business. Indirectly the settlers get the benefit of those discounts, which are used to defray the cost of administration, thus making it possible for the board to charge a lower rate of interest to the client. The debtors' balances owing to the board at the end of June last amounted to £1,864,262. Against that is the stock and implements supplied by the board representing £800,000. Also there are 600,000 acres of growing crop. The normal yield from this, calculated at 4s. per bushel for wheat, will return to the board £1,150,000. The cost of harvesting the crop, including bags, interest and rent payments,

is estimated at £450,000. After deducting this cost, the estimated amount owing to the board is £1,164,262. The securities represented by the £800,000 will be found to be ample. The small amount of about £364,000 owing is the only amount unsecured. Therefore it will be seen that the board is in quite a good position. After another year or two the board will not be necessary, for all its clients will have reached salvation and will, it is hoped, be able to do as well as the 1,190 settlers who, since leaving the board, have produced wealth to the amount of two and a half million pounds. Now I come to debts owing to outside creditors. The claims originally lodged against assisted settlers amounted to £678,228. This has now been reduced to £309,168. Last year the board distributed through trade channels about £900,000, practically all on a cash basis. The total proceeds since the inception of the board have been £6,504,706, and we have on the land some 2,000 settlers, who, but for the board, might have been forced off their properties. The purchase of outside debts has been freely criticised, but I think I can show that in this the board did what was required of them by the House. The board paid £22,700 for debts from the International Harvester Co., and Harris, Scarfe & Co. amounting to £45,176. Many people argue that this money should have been given directly to the clients of the board. The debts consisted of unpaid instalments on machinery and plant secured under hire purchase agreement and likely to be re-possessed. So, if the board had not purchased those debts, which they got at a 50 per cent. reduction, the machinery and plant in possession of the farmers would have been seized by the outside creditors. As I say, the board has been criticised for not giving the clients the benefit of the purchased debts. But that benefit is indirect. The board paid out £22,700, but they must collect at least that amount before they get their money back. It has not been possible to do that, so no rebate could be given to the clients. When the Bill ratifying the purchase of debts was before the House on the 5th December, 1919, the following motion moved by Mr. Nicholson was carried—

That in the opinion of this House, all profits derived from the sale or disposal of plant, machinery, or chattels purchased or acquired by the Industries Assistance Board shall be applied for public purposes only.

That resolution has been given effect to by the board, but up to the present it has been impossible for them to give the clients any rebate. I wish to impress on members the necessity for passing this annual Bill for another year or so, after which all difficulties will have been overcome.

Hon. V. Hamersley: What did you say was the average wheat yield secured by the clients? You said something about 5 bushels to the acre.

The MINISTER FOR EDUCATION: I said the board had also 600,000 acres of growing crop, the normal yield of which, calculated at 4s. per bushel, would return to the board £1,150,000.

Hon. V. Hamersley: I am referring to another statement altogether.

The MINISTER FOR EDUCATION: I hope the price will be better than 4s.

Hon. E. H. Harris: Will the board's clients get 4s.?

The MINISTER FOR EDUCATION: The board's clients in certain parts of the State have been unfortunately situated. A number of them in the Mullewa district experienced something in the nature of a drought, while north of Burracoppin the yield was poor. We hope it will not be so this year. In fact, the harvest appears to be excellent all over the State. I know there is opposition to the Bill. Opposition in another place was overcome by pointing out the immense amount of wealth produced through the board, and the inadvisability of amending the Agricultural Bank Act. Even if that Act were amended there would still be required the same number of officers. Consequently there would be no gain, either in efficiency or in economy. I move—

That the Bill be now read a second time.

On motion by Hon. F. E. S. Willmott, debate adjourned.

WYNDHAM MEAT WORKS, LONDON AGENCY.

Withdrawal of papers.

The MINISTER FOR EDUCATION (Hon. J. Ewing—South-West) [7.45]: Some time ago I placed on the Table of the House papers belonging to the Premier's Department with reference to the London agency given to Messrs. Sheed, Thomson & Company for the handling of the products of the Wyndham Meat Works. That file is now required by the Crown Law Department so that they may make out a draft agreement. With the permission of the House, therefore, I propose to send for that file to-morrow morning and give it to the Crown Solicitor. When he has finished with it, it will be again laid on the Table of the House. If, in the meantime, any member wishes to peruse the file, he can do so at the office of the Crown Law Department.

House adjourned at 7.46 p.m.