

been made against anyone, but the Minister anticipated trouble. Certain insinuations were made by certain people, and before taking action he (Mr. Brown) wished to see whether they were correct. He had held out no threat. If the papers showed that action should be taken, he might move farther. That was his only object. In fairness to the licensee and others who might be implicated, the papers should be produced. The analyst, Mr. Rowley, an undoubted authority, certified that the liquor was good and not uncrproof.

The ATTORNEY GENERAL (in explanation) : In refusing to table the papers, he had informed the hon. member that the papers could be inspected by him. But without an order of the House the papers would not be tabled before the hon. member had an opportunity of judging of the value of an *ex parte* case.

Mr. T. L. BROWN : On that assurance he would withdraw the motion. Motion by leave withdrawn.

ADJOURNMENT.

The House adjourned at 10.26 o'clock, until the next day.

Legislative Council,

Thursday, 12th September, 1907.

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Land Tax Assessment, 2x. moved	1428
Land Tax (to impose a tax), 1x.	1438

The PRESIDENT took the Chair at 4.30 o'clock p.m.

Prayers.

PAPERS PRESENTED.

By the Colonial Secretary: (a.)
Orders in Council under Section 35 of

the Audit Act, 1904. (b.) Mount Magnet-Black Range : Plans of proposed Railway. (c.) Narrogin-Wickepin : Plans of proposed Railway.

LEAVE OF ABSENCE.

On motion by *the Hon. W. Kingsmill*, leave of absence for six consecutive sittings was granted to the Hon. Z. Lane, on the ground of illness.

RETURN—TIMBER TESTS, OVERTIME.

On motion by *the Hon. J. T. Glowrey* (for Mr. Moss), ordered : That there be laid on the table the papers connected with the overtime worked in connection with the timber tests made by the officers of the Railway Department.

BILL—COLLIE--NARROGIN RAILWAY AMENDMENT.

Bill read a third time, and *passed*.

BILL—LAND TAX ASSESSMENT.

Second Reading moved.

The COLONIAL SECRETARY : (Hon. J. D. Connolly) in moving the second reading said : It is not necessary for me to speak at great length, as members will recognise in this Bill an old acquaintance—I was going to say an old friend, but perhaps that would not be applicable to the House as a whole—and usually when introducing an old acquaintance it is not necessary to say as much as when introducing a Bill for the first time. This Bill occupies somewhat, if not entirely, a unique position inasmuch as it is a Bill which virtually passed this House last session. Members will remember that it passed the second reading by a small majority, and later on passed the Committee stage with some slight amendments in one portion, and still later passed the third reading. It was sent to another place and it was after it came back from another place, because of that Chamber's not agreeing to all the amendments made in the Bill by this House, that this House

in its wisdom saw fit to reject the measure. It is the same Bill exactly as it was introduced to this Chamber last year. When introducing that Bill, I set forth very exhaustively the reasons for its introduction, the one great thing of course being the need for increased taxation. I will say this at the outset to hon. members who opposed the measure last session—they did so I believe, a majority at any rate, because they were not satisfied that the finances of the State warranted fresh taxation—I will say to those members to whom that applies, not to make up their minds to vote against the measure this year for no better reason than that for which they voted against it last year. Farther I say that if they have not done so already, if they will give attention to the new figures I will put before them later on, or more particularly if they will look at the financial position of the State to-day as compared with what it was last year, then I think, though last year they may not have been satisfied the finances of the State warranted fresh taxation, that doubt must now be removed. In another place the Treasurer has dealt very fully and lucidly with this aspect of the question. Naturally, as Treasurer he is in a better position to deal with that particular aspect, the all-important aspect of the question, than any other man in the State: and I recommend hon. members, if they have not already done so, to read in *Hansard* the Treasurer's remarks when he introduced the measure in another place. In connection with this Bill there are several papers printed which have been compiled by the Treasury, and they have been distributed to members. They consist of papers showing—firstly, the incidence of this tax: secondly, exactly the amount it is calculated will be derived from the tax: and thirdly, the Treasury examiner's report. Mr. Whitely, the Treasury examiner, under instructions from the Government visited most of the Eastern States to inquire into the working of a land tax, and his report appears in paper No. 3 attached to the Bill, and contains some very useful information. There is a twofold object of placing these printed

papers in the possession of members. Firstly, they will enable members to more readily grasp the figures than to try to follow them from my remarks; secondly, they will save a deal of time and a great deal of the tedious repetition I was guilty of last year in giving the information contained in the papers on the file, that is as to how the tax will affect the different landholders. When introducing this Bill last session the main point I had in mind was that it was not so much for the purpose of taxing land, but for the purpose of obtaining more revenue. I think I can claim the Government proved last session that extra revenue was certainly required; and unfortunately, the case to-day is still stronger for extra revenue. If members will follow me for a few minutes I think I shall have no difficulty in showing that the case is very much stronger for more revenue to-day than it was 12 months ago. Of course the primary, indeed I suppose the sole cause of the State having to impose extra taxation is through having gone into the Federal Commonwealth and through losing control of our great revenue-producing department, the Customs. In 1902-3, the first year after Federation, the Customs revenue returned to Western Australia was £1,255,000. In the financial year 1906-7 the amount dropped to £780,000. There was a loss in four years of £475,000. Of course I know it will be said that there was an increase in State revenue. That is perfectly true to a certain extent, but unfortunately the increase in State revenue as distinct from Commonwealth revenue has not anything like balanced the money that has been lost through the loss of the control of our Customs. The State revenue for 1902-3 was £2,374,000 whilst in 1906-7 the revenue was £2,621,000. There was an excess of State revenue for the financial year 1906-7 over the financial year 1902-3 of £247,000. Against this there was a loss on the Customs of £475,000. This shows a net shortage in the revenue in the four years 1902-6 of £228,000. That brings us to this point. We have to-day less revenue by £228,000 than we had in the financial year 1902-3. We

have a less revenue by £228,000, and in the years I have quoted, 1902-3, we had to supply the needs and wants of 213,000 people, while to-day we have a population of 265,000 people, and we have £228,000 less revenue to meet their wants. I ask members to remember that, for it means a good deal. It is not only the £228,000 less that is coming into the revenue to-day and that we had in the first year of Federation, but we have to supply over 50,000 more people. A member interjects that there is an increase in the interest bill. That may be so, but there are certain things that cannot be stopped. Take for instance education; that must go on as the population increases. It is not thought that we can curtail to any great extent in that direction. That vote has increased £60,000 during the four years I have mentioned. Over one quarter of the revenue which the Government controls comes under special Acts. Therefore, the Government have really no control over that portion, that is to say, the interest and sinking fund and other matters control the revenue apart from the policy of the Government. During the four years which I have quoted, the expenditure increased by £195,000, of which £172,000 was for interest and sinking fund. This expenditure must be met, and although we now have £228,000 less to govern 260,000 people, whereas we had only 213,000 people in 1902, in addition we have the interest and sinking fund bill of £172,000 extra. Let us take the position of affairs for the financial year 1907; that is the last financial year. There was a deficit on the last year's workings of £88,000. This year, 1907-8, provided we get the same revenue and incur the same expenditure, we shall add another £80,000 to the accumulated deficit of £280,000. Unfortunately we have every reason to suppose that we shall not receive the same revenue than we received during the last financial year. The Commonwealth surplus estimated to be returned this current financial year will be £25,000 less than in the financial year 1906-7. This is a rather bad indication for this year. The railway revenue fell during July

and August by £18,000 compared with the same period last year.

Hon. R. F. Sholl: That is the concession to the Timber Combine and the loss by the strike.

The COLONIAL SECRETARY: The strike did not affect that period at all. The railway expenditure for that period was certainly £13,000 less than for the corresponding two months of the previous year. That shows a difference between the two periods of £5,000 or £30,000 a year. I want members to note that, because from the remarks which members have made, they contend that a great saving can be effected in the railways. A great saving can and is being effected in the railways, but members must remember the revenue is not the same as in former years, and it is falling. If the expenditure has been cut down, the revenue also unfortunately has fallen; therefore, it is not all saving. There is another item which we had last year which will not recur. That is £18,000 for the sale of a smelter at Ravensthorpe. It is rather hard to account for increases, but probably there will be increases from land sales, rents, water supply, and harbour dues; but the decreases on the railways will rather more than counterbalance the increases from the departments named. I can only indicate that for two months there has been a decrease which is at the rate of £30,000 a year.

Hon. W. Maley: Is there not a prospect of a good harvest?

The COLONIAL SECRETARY: A very good prospect. Another thing I wish to bring under the notice of members is that the expenditure for this year (1907-8) will include £40,000 more than last year for interest and sinking fund, and the loan authorisation of last session will approximately increase the expenditure in that direction to £112,000; that is inclusive of the £40,000 I have already mentioned.

Hon. W. Patrick: Will there be any revenue from that source?

The COLONIAL SECRETARY: Yes, but the amount has to be provided first. Certainly there will be retrenchments and economies effected wherever

possible. Economies are being effected wherever possible now, and that system will be continued. I know certain members have an idea that we could meet the whole difficulty; that is do away with the land tax, by stopping the municipal subsidies. That is only shifting the tax from all over the country to the towns. In regard to that particular question, the subsidies were reduced by twenty per cent. last year, and they will be farther reduced by another twenty per cent. this year, so that there will be a big saving in these subsidies; but we cannot wipe them out with one fell swoop. The Government are not desirous of reducing the expenditure from revenue on public works. The expenditure from revenue unfortunately has dropped considerably on public works during the last few years. Four years ago the sum of £428,000 was spent on public works from revenue. Last year all that was spent was £193,000, and I venture to say this item alone accounts somewhat for the stagnation and the dulness that exist to-day. Members can readily imagine what we could do if we had a decent amount to spend on necessary public works, instead of being forced to carry out only urgent works from revenue and to construct other works such as bridges and so forth from loan funds.

Hon. W. T. Loton: Has the staff of the Public Works Department been decreased?

The COLONIAL SECRETARY: The staff has been decreased wherever possible. A large portion of the staff of the Public Works Department are not permanent officials, but officials casually employed. They are put on and off as a contractor or other employer of labour would do when he has more or less work.

Hon. W. Kingsmill: What is the annual saving?

The COLONIAL SECRETARY: There is a certain number of permanent hands and there is an administrative staff which always must be there. I have already mentioned what we have spent on education, and that is an item which we must not touch. We spent last year £162,000.

Hon. W. Kingsmill: You tried to touch it.

The COLONIAL SECRETARY: I do not think the hon. member ever tried to touch it, and he might have done better work in that department without interfering with the efficiency of it. That is my private opinion and I give it for what it is worth. There are other departments such as Charitable and Lunacy that seem to increase in bad times more than in good times. These departments increase and I am sorry to say especially lunacy, and that is one department over which we can exercise no great economy. These unfortunate people must be looked after, and really the Government have not much control except to see that there is no undue extravagance. These figures abundantly prove to any member who is open to reason the need for fresh taxation in order to supplement the falling revenue. To test the question as to whether there is any necessity for farther revenue, let us take the railways again. The railway revenue for 1905-6 was £1,648,000 in round figures, the expenditure £1,232,000, returning a surplus to the Treasury of £415,656; the revenue for the financial year 1906-7 from railways was £1,557,000 as against £1,648,000 in the previous year. The expenditure last year was less of course; it was £1,159,000 against £1,232,000 in 1905-6. The surplus returned was £397,000 as against £415,000 in 1905-6. But the expenditure for 1906-7 was £73,000 less than in 1905-6; the receipts were £91,000 less, therefore there was £17,000 less surplus returned to the Treasury in 1906-7 than in 1905-6. I want members to note these figures. When talking on railway matters, members seem to look only on one side of the question and to take it for granted that the revenue will be the same while the expenditure can be cut down. Take the ordinary finances for 1906-7 compared with last year. I am quoting these two years, as I said at the beginning, to show that although we contended there was ample justification last year for increased taxation on account of the falling revenue, the money is more needful to supplement the revenue this year than last year. For last year as compared with

the previous year the Commonwealth revenue decreased by £93,000 and the State revenue by £65,000, a total of £158,000 less than we received in the previous year. Naturally we had to keep down the expenditure because we had less money to spend; and the expenditure decreased by £142,000, the result being worse than that for last year by £16,000; and the deficit, which for the previous year was £73,000, was for 1906-7 £88,000 or £89,000. The decrease in expenditure, the £142,000 already mentioned, was largely effected in public works that should have been constructed out of revenue; for that is about the only item in which a saving can be made. Certain departments must be kept going, but the public works can be stopped or retarded; and I have already mentioned how detrimental it is to a new country if a decent proportion of the public works is not constructed out of revenue. Those figures and the previous figures should amply show the need for fresh taxation. The question is how are we to make good the deficit? I have already mentioned the reduction in municipal subsidies, and the exercise of every possible economy; but these methods will not remove the whole difficulty, and unfortunately we are here to consider the imposition of fresh taxation. I maintain that the form of taxation which the House is now asked to adopt is perfectly fair, so long as we exempt the small landholder struggling to acquire a home; and that exemption is provided in the Bill. Where there is no value there will be no taxation; where there is value there will be taxation. He who has property can bear the tax, and it cannot possibly touch the man who has no property. This form of taxation is in force in all the Australasian colonies with the exception of Queensland, where there is only an income tax. I do not think I need give details of the systems of land taxation in the other States, for I gave full details of these last year. I will briefly mention what they are. In New South Wales the present tax is 1d. in the pound on the unimproved value, imposed on all lands both town and country. One exemption is allowed to any one person or company, of £240. The Victorian tax is 1¼d. per

cent. on the capital value, and is levied on all estates of 640 acres and upwards. Estates under 640 acres are exempt. Exemption is allowed to any one person or company, amounting to £2,500. In South Australia, for 1905 the tax was ¾d. in the pound on the unimproved value, with an additional tax of ¾d. in the pound on estates over £5,000 in value. For absentees the tax is 20 per cent. extra. In New Zealand there is a progressive land tax in force, in addition to the ordinary land tax which is fixed annually by a Rating Act. They are both on the unimproved values. The scale varies from 1 1/16d. up to 3d. in the pound. Tasmania has a progressive land tax ranging from ½d. in the pound to 1d., on the unimproved value. I know it has been said that this form of taxation may prevent land settlement; but members will find in the Bill ample provision for the new settler, and the tax will not in the least deter him from coming. Similar taxes have been in force for a number of years in the other States I have mentioned, and I have not heard that settlement was thereby discouraged. This Bill is largely based on the New South Wales Act. Here as in that State we have introduced two Bills: namely, the Assessment Bill which we are now considering, and the Land Tax Bill to impose the tax. The latter measure is introduced separately so that Parliament may have the right to say in each successive year whether the land tax is necessary, exactly as is done in England with the income tax. There the Government bring in an Income Tax Bill every year, and if the finances of the country warrant it, or if Parliament thinks the tax is pressing unduly on the people, the impost may be waived or diminished for that year. We shall not have the trouble of passing a machinery measure each session; but we shall adjust the amount of the tax as a municipal council or other local body strikes its rate. The machinery is provided as in local government Acts, which enable local bodies to strike rates of 6d., 1s., or 1s. 6d., as may be thought desirable. Provision is made for a rebate of one-half the tax in the case of improved land; that is to say, the Land Tax Bill will fix the rate

for this year at 1½d., but land deemed to be improved within the meaning of the Bill will pay only ¾d. Members will recognise the justice of this rebate to encourage people to improve their land, and on the other hand to penalise the man who sits down and waits for the unearned increment. To refresh members' minds I may briefly touch on the Bill itself. Agricultural land is land outside of a municipality, and used exclusively for agricultural purposes. It is deemed to be improved agricultural land when improvements have been effected as set forth in Subclause 2 of Clause 10, to the amount of £1 per acre, or one-third of the unimproved value of the land. All conditional purchase lands will be deemed to be improved, because if the conditions of improvement are not complied with the land will be forfeited. The same clause provides that a person holding several blocks of land not more than ten miles apart, may claim that improvements effected to one or more of the blocks shall if of sufficient value count as improvements to the whole. That is to say, a man may not always be able to get his land in one block; but if the blocks are not more than ten miles apart they shall be considered as one block. In town lots, if improvements are effected to within one-third of the unimproved value, or to an amount equal to £50 per foot frontage, the land shall be considered improved. This subclause is specially inserted to protect high-priced city property. Clause 11 providing for exemptions, was debated at considerable length last session. The exemption includes public reserves, university endowments, cemeteries, public offices, land belonging to municipal councils, roads boards and similar bodies, charitable institutions, churches, chapels for public worship, and the sites of residences of ministers of religion, unless such lands are being utilised for profit; mining tenements under the Mines Act of 1904, timber leases under the Land Act of 1898, and conditional purchases not exceeding 1,000 acres, for a period of five years from the date of contract. There is a partial exemption of country lands up to £250, until the unimproved value exceeds £1,000. That is

to say, if a man holds a farm the unimproved value of which is £1,000, he shall pay on £750; but if the unimproved value exceeds £1,000, he has to pay on the whole value. An absentee pays 50 per cent. more, and I think members will recognise that an absentee from Australia should pay more than a resident, as the country does not benefit by the absentee's expenditure.

Hon. R. P. Sholl: But the penalty on the absentee is 100 per cent. here and 20 per cent. in the other States.

The COLONIAL SECRETARY: Twenty per cent. in South Australia. An absentee is defined as a person who has for more than twelve months resided outside of Australia. In regard to the valuation, it is more than probable that for the first year the Government will accept the valuations of municipalities and roads boards; afterwards a valuation will be made by Government valuers. The Bill makes the necessary provision for courts of appeal against the valuations. It is not necessary to show what revenue will be derived from the land tax, for members will see the estimates set forth in paper No. 2; but I would draw attention to some of the examples of its incidence quoted in paper No. 1. For instance, take example (3). A farm of 500 acres having a capital value of £1,000 and improvements equal to £250 will pay at ¾d. in the pound on £500, or £1 11s. 3d. Surely that is a sufficient proof that the tax will not be burdensome to anyone. A man owning a farm worth £1,000, and taxed on the unimproved value less the £250 exemption, can pay the small contribution I have mentioned. Take example No. 6. Here is a man who owns a rural freehold of 4,000 acres, 3,000 acres of grazing land at 10s. an acre and 1,000 acres of good agricultural land at £4 an acre capital value. His holding is worth in the aggregate £5,500—a very nice farm, the owner of which is not by any means in a bad position. All he is asked to pay is the small sum of £12 10s.

Hon. W. Maley: Who pays the interest on the mortgage?

The COLONIAL SECRETARY: A man with a property worth £5,500 is not

asked for much when we ask him for £12 10s.

Hon. J. W. Hackett: How is the unimproved value, £4,000, arrived at?

The COLONIAL SECRETARY: We take the farm as it stands, with fences and buildings, not including machinery or anything of that kind; and we find it is worth £4,000, or £4 an acre. A thousand acres of grazing land have a capital value of £1,500, and the improvements in this case are supposed to amount to £1,500, which being deducted from the capital value of £5,500 leaves an unimproved value of £4,000.

Hon. J. W. Hackett: I do not know how you arrive at an unimproved value of £4 an acre.

The COLONIAL SECRETARY: The unimproved value is not £4 an acre. The gross value, improvements included, is £4,000. We first value the property as a whole, and then deduct the improvements, thus arriving at the unimproved value, the amount on which the tax is payable. Table No. 12 gives the case of a pastoral lease of 400,000 acres, the annual rental payable being 10s. per thousand acres, and a fair annual rental 20s. per thousand acres; the improvements are valued at £1,500, and all a pastoralist holding this large acreage of land would have to pay under the tax is £12 10s. Then in table No. 14, a half-acre block of suburban land with a villa on it is dealt with. The capital value of the property is £1,800, and the improvements are valued at £1,500, bringing the unimproved value to £300; the tax payable on that would be 18s. 9d. Here is the case of a man living in a house worth £1,800, and it would be no very great burden for him to pay 18s. 9d. on it. Table No. 20 deals with city business premises of the capital value of £7,500. The improvements on the block are not very heavy, being estimated at £2,500, and consequently there is a tax payable on £5,000. Notwithstanding that, all the owner would have to pay would be £15 12s. 6d.

Hon. R. F. Sholl: On top of the municipal taxes.

The COLONIAL SECRETARY: For which he gets the full value, and if the

owner had not the advantage of those municipal services his property would not be worth much.

Hon. J. W. Wright: What about table 21 which deals with a city business block?

The COLONIAL SECRETARY: You must bear in mind that that block has a capital value of £60,000. I wish I had it, and if so I would be quite content to pay the tax on it. I do not know that there is anything farther I can say except to ask those members who opposed the tax last session not to consider it nor to vote against it this session simply because they did not see the necessity for the tax last year. The case for the Bill this year is entirely different from what it was then. The Government are not desirous to impose taxation, I am not desirous to have it, and I do not suppose any member wants additional taxation. It is the last thing any Government wishes to impose on the people, for it is certainly not a popular move to make. However, in the circumstances there is nothing for it but to impose this land tax. Let members look at the question fairly, and if they do they will agree that the condition of the finances of the State is such that we must have more revenue. Unfortunately that revenue to any reasonable extent can only be derived by the imposition of a land or income tax. The great revenue producing department, the customs, has gone, and therefore we have to introduce this proposal. It has been said in some quarters that the country is not in favour of land taxation. We have, however, had a vote in another place recently which said undoubtedly that the country, through their representatives on both sides of the House, are in favour of the tax.

Hon. R. F. Sholl: No, no.

Hon. C. Sommers: The people of West Perth did not say so the other day.

The COLONIAL SECRETARY: Imagine a member making mention of the West Perth election. Here is an electorate which I venture to say is one of the most conservative in the 50 of which the House of Assembly is composed. I will not admit that the result of the election was brought about solely on

the land tax question, for other influences entered into that particular campaign and certainly they had a considerable effect upon the result. Even if the land tax were the one and only consideration, however, the opinion expressed was that of only one electorate out of 50. A vote was taken in another place on the principle of land taxation, and the representatives of every electorate, with the exception of four, voted in favour of it. It does not matter whether those who voted for it were on the Government or on the Labour side; they represented the electorates and the people of the State. If you want an example of the results of an election, take the case of the recent election for the East Province; on that occasion a vote was taken in the stronghold of the anti-land-taxers.

Hon. C. Sommers: Why did you give so little notice of the election?

The COLONIAL SECRETARY: Surely the hon. member must know the Government had nothing whatever to do with fixing the times for the elections. That is not a Government matter; they had no voice in it. If a direct question in the right quarter is asked on this matter the hon. member will be told that the Government had no voice in it at all. [*Hon. J. W. Hackett:* It is impossible to say who benefited by it.] If ever an election was fought on a clean-cut issue, that election was. It was a property-owners' vote, and none but property-owners were affected. What was the result? Although the sitting members of the province had tried their best to influence the people up there, the verdict of the electors was in favour of the tax by 900 votes to 600. That was the verdict of the property vote.

Hon. V. Hamersley: You were defeated everywhere but at Northam.

The COLONIAL SECRETARY: The candidate who was subsequently elected said straight-out before the election, and he was thus handicapped, that in the previous year he looked upon the question of land taxation from the same point of view as other members of the province, but he now had come to the conclusion that the state of the finances warranted

the imposition of the tax. He made that statement before the nominations were sent in, and he admitted having changed his views on the question.

Hon. W. Kingsmill: The people do not know how he will vote now.

The COLONIAL SECRETARY: The actual majority at the election was not great, but the land tax candidates polled 900 votes to 600. I would ask members of the House to look at the question fairly and calmly, and not mind what has been said outside the Chamber; let them consider the question for themselves, Can the country do without this tax? [*Hon. W. Kingsmill:* Yes.] It is all very well for the member to sit back and laugh and say "yes," but it is a question that will have to be answered more seriously than that, either now or later on. It does not matter who form the Government, for any Ministry, the present or a new one, will have to impose a tax. There are only two means of getting the money that is required for carrying on affairs of the State: one is a land tax, the other is an income tax. I hope members will support the second reading of the Bill.

Hon. R. W. PENNEFATHER (North): I hope members will pardon me for taking this early opportunity of speaking to the measure, but I was not privileged to be a member of this Chamber last year when the question was being discussed. I approach the matter with an open and candid mind, and with no preconceived idea of forming an opinion in one direction contrary to things that might be urged against it. I first ask myself the question, what is the necessity for a land tax? and then I ask, why should land be specially singled out to bear a special form of taxation, and every other form of property be allowed to go scot-free? The policy of this country has been the policy of all the Australian States, and that is to endeavour by liberal measures and by every encouragement possible to get the people to settle on the lands, and so prevent large accumulations of population in the cities. The concentration in cities is one of the greatest evils with which we are threatened. Any-

thing that militates against the settlement of people on the land should be very carefully considered before the Legislature decides in any way to encourage such a practice. I cannot help remembering the principles of certain old writers whose judgments have been very much set aside, so to speak, for the time being by later revolutionary writers and theorists with new ideas and theories on every subject under the sun. The man before his time, as he is generally called, is looked upon as a greater clog upon the wheels of progress than the man who lags after his time. The man before his time has theories which, as theories, are correct and unarguable, but when the time comes to put those theories into practice, then comes the rub. You find the practical conditions operate so strongly against them that when you come to examine them you reach the conclusion very rapidly that those theories have reference to a period of time perhaps hundreds of years after we shall have left this earth ; they may be very applicable then but are impossible now. Such conditions refer to a time when every foot of ground will be occupied. That is the principle that seems to underlie a number of these theories, and especially those of Mr. George, who lays down the doctrine that all wealth emanates from the soil. From that proposition he deducts the conclusion that it is absolutely necessary for the benefit of a State that the State should become the proprietor of that land. [*Hon. W. Patrick*: Or tax it.] That is the same thing, for if you tax the land high enough, you deprive the person of the use of it in the long run, and therefore whether the State by taxation deprives him of the use of the land or whether the State becomes the owner of that land, it practically means the same thing. In fact, many writers have "gone the whole hog" and openly advocated what they call the "nationalisation of land," that the State should resume occupation of the whole of the lands, and let them out or farm them out as it pleases. The State, I am reminded by Mr. Moss, is no doubt the real owner ; the words "fee simple" indicate that. While such principles are allowed to remain in theory, no one is injured ; but

when it comes to the application of those theories to persons who own land, then it becomes a question for serious consideration. The question now arises, is it right in this young community, where exist millions of acres unoccupied, that a tax on land should be brought in ? This is a question, I think, that can be answered in but one way. As regards the second part of the case, namely as to the necessity for the tax : assuming it is necessary to raise revenue, although the Minister has not stated so this evening, yet from Press reports of debates in another place I observe that the income anticipated from this source is £60,000 in the first year, and if therefore £60,000 can be saved in the year's administration of public affairs in this State, then the Minister must admit the case for the land tax is gone. [*Hon. J. W. Langsford* : We want both.] If the Government want both a revenue from land tax and a saving from administration, they are not on such firm ground ; because then arises another question. Of course to strengthen the proposition put forward, the Minister has been compelled to draw a very doleful picture of the financial condition of the State—that the revenue is shrinking, the outlook is gloomy, our obligations are increasing, and it is necessary to raise revenue. In the first place I do not think it is correct to say the condition of this State to-day is worse than twelve months ago. There is depression in the city of Perth it is true ; but taking the State as a whole, are not the farming, the pastoral, and the agricultural industries more flourishing and more extensive to-day than twelve months ago ?

Hon. R. F. Sholl : And plenty of money going through the totalisator.

Hon. R. W. PENNEFATHER : That is also an indication. And in addition, the outlook for the coming harvest is remarkably cheerful. I am told, and I believe it to be correct, that we may reasonably anticipate the approaching harvest will be the most successful we have had in this State. With that prospect before us, we have also the knowledge that since this Bill was before this Chamber twelve months ago, the railway administration has during the last six

months been changed very much for the better. Evidently this retrenchment was effected under pressure. On the 3rd of the present month a question was asked in another place by Mr. Johnson, who wanted to know what percentage of railway employees of all grades had been retrenched during the past six months; and the answer was 11.31 per cent. had been retrenched. That worked out as showing that as the total number of persons employed in the Railway Department was 6,408, then 11.31 per cent. represents 725 hands earning on an average 9s. per day on six days a week, equalling £1,957 10s per week, or a total for the year of £101,790. So that it is evident that up to the present, economies have been effected in the Railway Department in salaries alone to the amount of £101,790. In addition to that there is a farther saving that I unhesitatingly assert can be made in material of over £50,000 a year—practically £150,000 a year saved in that department alone. During an election campaign recently conducted in the vicinity of Northam, the question was asked of a Minister as to what was intended to be done with the money saved as a result of economies in the Railway Department; and, though I say this subject to correction, the Minister immediately answered by saying that the money so saved would be utilised towards reducing the freights on goods—on agricultural produce. This may be that Minister's view; but I doubt whether it is a view that will be entertained in this Chamber, that this Government or any Government should make a present, so to speak, of a large portion of its revenue at a time when the State is faced with a heavy deficit. [*Hon. R. F. Sholl*: That was only an election telegram.] I agree there should be a reduction in freights, when the proper time arrives and our revenue is such that we can afford it. In Victoria and New South Wales they are now reducing the railway rates—why? Because those States are prosperous, and they have no deficit. But if they had an accumulated deficit to face, as we have, would they then reduce freights? I do not think that in

those circumstances such a course would be tolerated for a moment in those States. With a substantial present saving in one department alone of over absolutely £100,000 a year—

Hon. J. A. Thomson: What about the decreased revenue?

Hon. R. W. PENNEFATHER: We are told that the decreased revenue represents practically £30,000. It may perhaps be necessary at some future time to increase the taxation; but I think it wise to wait until that necessity is upon us. It is a good old adage that "It is time enough to wish the devil good morning when you meet him"; and it will be time enough when a deficit in railway revenue arrives for us to resort to extra taxation. I hope that time will never come; and in the meanwhile I think it is against the policy which should underlie our actions in promoting the welfare of this country. We should do everything we can to assist the development of our lands; and it would establish a bad precedent and be liable to create a bad impression if it were to go forth that we are about to impose a tax on the man who owns land, and allow to go free the man who holds mortgages over the land. It has been suggested that we should have, either as an alternative to the land tax or in addition to it, an income tax. I hope the necessity for an income tax will not arise in this State; but at present we are dealing only with the land tax. I have given this matter much consideration, and though we have heard it urged over and over again that most of the other States have a land tax, still I remember the old story of the fox that went hunting and got into such close quarters that he lost his tail; so when he came back he told his friends that the new fashion was to be without tails. So it has become the custom in Australia to assert that no State should be without a land tax. This is urged as necessary because it is a new principle of democracy that you must have a land tax, that until you have a land tax you cannot be on the right side, you cannot have the democratic flag over your head and millions marching behind you. That seems to be

the object, that this cry for a land tax is like a flag that is waved periodically to raise a cheer when people's spirits are drooping; but on this occasion I regret to see that the Colonial Secretary's spirits appeared not to be raised—he was rather lugubrious. But the Minister did his best to carefully coat this pill, not with one coat only, but he painted it over with three or four beautiful colours; although, after all his care, members can see the nauseous ingredients are there. While perhaps this tax may do some little good in assisting to increase the revenue, still the harm it must work will more than counterbalance any good it may achieve. I do not feel inclined to support the Bill; and although I know the Colonial Secretary has urged that it is necessary to raise farther revenue in the present condition of the State, yet I believe that with the advance made in the development of our industries, with the economies I have pointed out as already made and other economies that must and can be made by the Government, there is no necessity for a land tax at the present time.

On motion by the *Hon. G. Randell*, debate adjourned.

BILL—LAND TAX.

Measure to impose a tax was received from the Legislative Assembly, and read a first time.

ADJOURNMENT.

The House adjourned at 5.42 o'clock, until the next Tuesday.

Legislative Assembly,

Thursday, 12th September, 1907.

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The SPEAKER took the Chair at 4.30 o'clock p.m.

Prayers.

PAPERS PRESENTED.

By the Treasurer: Orders in Council under Section 35 of the Audit Act.

QUESTION — PERTH SEWERAGE PIPES.

Mr. H. BROWN asked the Minister for Works: 1, Who is responsible for the introduction of the Monier pipes for the Perth sewerage scheme? 2, What amount of royalty is being or is to be paid by the Government or contractor for same?

The MINISTER FOR WORKS replied: The Government, on the recommendation of the Engineer-in-Chief. 2, The pipes are now being manufactured under contract, and the Government is unaware what royalty the contractor is paying to the patentee.

QUESTION—WATER PIPES, MAYLANDS.

Mr. H. BROWN asked the Minister for Works: 1, What was the cost of the 8-inch pipes from West Guildford to Maylands connecting the Goldfields Water Scheme with the metropolitan system, including all materials and laying, and distance laid? 2, Is the 8-inch pipe in direct connection with the metropolitan system, or does it discharge into a surface reservoir? 3, On what professional advice was the 8-inch main approved and adopted?

The MINISTER FOR WORKS replied: 1, £5,148 12s. 3d. (4 miles 1