

Mr. THOMSON: I think all of them are good workers, but he is obtaining excellent results.

Mr. Teesdale: I think a lot of them are a bit tired.

Mr. THOMSON: That has not been my experience of the officers with whom I have come into contact. I hope that the good work of the department will be continued and that the primary producers will be assisted in every way. If by means of the experience and experiments of the department it is possible to increase the yields of cereals and production of other kinds, the expense entailed will be money well spent and the return to the State will be indeed valuable. I trust that the Minister will give serious consideration to the suggestion for establishing district committees for the importation of high class stallions and that financial assistance will be made available.

Progress reported.

House adjourned at 11 p.m.

Legislative Council.

Thursday, 8th November, 1928.

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

LEAVE OF ABSENCE.

On motion by Hon. V. Hamersley, leave of absence for three consecutive sittings granted to Hon. W. T. Glasheen on the ground of urgent private business.

BILL—LAND TAX AND INCOME TAX.

Second Reading.

THE CHIEF SECRETARY (Hon. J. M. Drew—Central) [4.35] in moving the second reading said: This Bill is similar to that of last year and the previous year. The rates of tax remain unaltered. Although last year ended with a small deficit, it is not desired to increase taxation until we are forced to do so. It is hoped that a general advance in prosperity will render any increase unnecessary. On the other hand, the Treasurer is unable to grant any further relief at present. The rebate of 33½ per cent. in the amount of income tax payable was an important concession, and the rates of tax compare favourably now with those of the Eastern States. This applies more particularly to lower incomes. The maximum rate now payable is only 2s. 8d. in the £. I regret to say that the return from income tax showed a further falling off last year. For the year prior to the granting of the rebate the return was £566,344. For the following year—the first year of the rebate—it was £345,527, a reduction of £221,000. For last year it was only £323,597, a further falling off of £22,000. In this period of two years the State has progressed greatly. The reduction in the amount actually paid by the taxpayers shows the great amount of relief granted to them. It must not be forgotten that this relief is shared on an equal basis by all sections of the taxpayers. On the other hand land tax returns have slightly increased. This is not due to any increase in the rates of tax but to the steady growth in values of land generally and more particularly in the metropolitan area. I move—

That the Bill be now read a second time.

HON. A. LOVEKIN (Metropolitan) [4.38]: I notice that the formula for computing the tax has been changed since last session. I drew attention to the matter before, and I asked Dr. Saw to be good enough to calculate the tax on the then formula. He worked it out that under the formula then in the Act the Taxation Department had to give taxpayers something instead of getting something from them. However, I have not received a rebate from the department. It is set out in this Bill, as I thought it ought to have been last session, that the rate shall be equal to $R = 2 + .007$ (1 —

100) pence. Last year's formula meant that the Taxation Department had to pay us something. It was suggested that I was quite wrong. I am quite agreeable that the formula should be altered so that the Government may get something out of the tax.

HON. H. J. YELLAND (East) [4.39]:

One regrets that the proceeds from income tax have been reduced so much, because this indicates that the prosperity of the State has not been what it should have been during the past year. The 33½ per cent. reduction, of course, accounts for some of the shrinkage; but apart from that the shrinkage is unfortunate. On the other hand, as the Chief Secretary has said, the revenue from land tax has been steadily increasing. If we go back to, say, 1921 and study the returns from land tax, we find that they have been slowly increasing. A reference to the report of the Commissioner of Taxation shows that with regard to land tax, the metropolitan area supplies 42.78 per cent. of the total proceeds, the goldfields towns .34 per cent., other towns, which includes country towns and in fact means country towns, 5.32 per cent., country lands 39.23 per cent., and pastoral leaseholds 12.33 per cent. It is seen, therefore, that country towns and country lands are furnishing 44.5 per cent. of the total land taxation, plus anything else that is passed on to them. It is impossible for the owner of country land to pass on the imposition which is made upon him. I was struck with the speech of the Premier made some time ago in which he indicated that this year the Government would be about £427,000 better off, by reason of relief from immediate contributions to sinking fund and debenture interest, if the Financial Agreement were approved. In view of that statement it seems to me that some relief might have been given in connection with land tax. In the year 1924, when I first entered this House, the tax was increased from 1d. in the pound to 2d., and up to the present we have not been able to get a reduction. When the Government received the disabilities grant they gave relief to the extent of one-third of the income tax. Now that, according to the Premier, we are getting the amount which he said was likely to come to us, he might in turn give some relief in connection with land tax. The one-third reduction in income tax does not affect to

any extent the small contributor. I have worked out what the tax would be in respect of various wage earners and salaried men. The man who is paying income tax on £4 5s. per week, if he is employed all the year round, pays on £221 and his tax would in ordinary circumstances be £2 12s. 5d. He therefore gets a rebate of 17s. 6d. That is to say, the man down on the basic wage or near it, if he is in work for the whole year gets a rebate of 17s. 6d. Then take the case of a man with £7 per week. On the same basis he gets a rebate of £1 18s. 11d. Next I take the man who is paying income tax on £5,000 and who can afford to pay. He receives a rebate of £252 1s. 8d., or nearly £5 per week. Thus we see that the incidence of rebate is incommensurate with the ability of the party to pay. If it is possible in consideration of the advantages received under the disabilities grant to make such a reduction in regard to income tax, surely with the possibility of receiving £400,000 or £500,000, as the Premier has suggested, there might be some little consideration extended in connection with land tax. As I said, the increase in 1924 was from 1d. to 2d. in the pound. At that time an agreement was entered into whereby the super tax of 15 per cent. should be reduced by 50 per cent. in two consecutive years. That super tax has now been abolished.

Hon. A. Lovekin: So it was not from 1d. to 2d., but from 1d. plus super tax to 2d.

Hon. H. J. YELLAND: That is so. But the increase was 100 per cent. less 15 per cent., so it was actually 85 per cent. At the same time, when the increase was made there was a suggestion that railway freights should be reduced in order to meet the requirements of the primary producers. But that has never materialised. It seems to me the time has come when some little consideration should be given in respect of a reduction in the land tax. The position now is that the figures as we have them, given by the Taxation Commissioner, show that within the last few years there has been an increase in the estimated values of our lands which, as the Minister said, was the reason for the increased returns. There has been an increase from the old unimproved capital value from £14,626,371 to £23,590,529, being an increase of 61 per cent. In 1924 the land tax was 1d. in the pound, plus 15 per cent. super tax. As there has been now

an increase in the valuations put on by the Taxation Department, that has had the effect of increasing the valuations by about 61 per cent. That is to say, £100 worth of land in 1921 is to-day valued at £161; and the tax has been increased from 1d. to 2d., less 15 per cent. super tax, which makes it very nearly an increase of tax by 300 per cent. that we are paying. That is taking the percentages given to us by the Commissioner of Taxation. On the other hand we may take the actual amount received for 1920-21, which was £57,760. In 1926-27 the amount was £148,851, or an increase of approximately one-third. The Taxation Commissioner's report for 1924 shows that they set out to revalue the land. In one instance that he gives us he schedules nine districts of 3,900,000 acres, the value of which he increases by 77 per cent. In this way we have had an increase in taxation through valuations. Nobody objects to the revaluations, because we all know that in the past our land has been undervalued. It is the sales that indicate the unimproved value, and nobody objects to a fair thing. That increase in the valuations has not been objected to, except in very few instances. But when we find that increase in valuations accompanied by an increase in the land tax, it is seen that in actual figures the farmer with a certain area of land, for which in 1921 he paid £1, is to-day being taxed £2 10s. 9d.

Hon. V. Hamersley interjected.

Hon. H. J. YELLAND: I am speaking only of the measure before us. I say that, according to the figures given us by the Commissioner of Taxation, where we paid £1 for a certain area of land in 1921 we are paying to-day no less than £2 10s. 9d. As I say, the rural land owners cannot pass on the tax. We cannot object to values, but we do object to the increased rate of tax.

Hon. V. Hamersley: Why should the valuations have been increased?

Hon. H. J. YELLAND: The increase in values is necessary and has been brought about by the demand made for the land. The hon. member knows that. While the Government may be justified in increasing valuations, there cannot be any justification for increasing the tax, indeed trebling the tax, upon the owner. I think the time has arrived when the Government should seriously consider a reduction in the tax from 2d. to 1d., and should revert to the condi-

tions that were previously in existence. I intend when in Committee to move that the tax be reduced from 2d. to 1d.

HON. SIR EDWARD WITTENOOM (North) [4.52]: I fully recognise the futility of saying anything in respect of the Bill at this stage, but I cannot allow it to go without once more placing on record my objection to anything in the shape of a land tax. The whole policy of Western Australia is to have its lands settled. The Government advertise them, go to tremendous expense to have them surveyed, do everything they can to induce people to go on the land, and then they say, "Once we get you there, we will tax you." The inconsistency of it is so absurd that I cannot understand any Government with any idea of the fitness of things following that course. My idea of taxing land in any way is that no country land should be taxed for anything except road board purposes and the destruction of vermin. That would keep the land owners pretty fully occupied with taxation. Beyond that they should be perfectly free to develop their land as much as possible without a land tax. I might almost hear somebody suggest, "What would you do with all those lands in the city? Why not tax them?" Certainly, but I say leave it to the municipalities to tax them. They can find plenty to do with any money they can raise, and the country authorities will tax the lands in the country for the purpose of carrying out the work of the road boards and also the destruction of vermin. If that be done the country lands will be carrying all the burden they ought to, and the city and town lands, if taxed by the municipalities, will be taxed to an extent that I am sure will be quite sufficient. I am certain they will be taxed quite as much as there is any necessity for. In addition to this, the Government are not satisfied with putting a tax of 2d. on the unfortunate men who are induced to go on the land, but they take also so much out of their incomes. What the owners make out of the land, after paying these taxes, is again taxed, so that in two instances they are taxed. That is the way the Government encourage men to go on the land. In these circumstances I think our land owners are exceedingly heavily taxed. I was struck with one remark made by the Leader of the House in moving the sec-

oud reading. He said that the Treasurer was unable to rebate anything further from the income tax this year. Of course he cannot rebate anything further, because we are giving away a million per annum in charities. It is time some of these charities were overhauled. About a million pounds is given away each year. First there are the hospitals, representing £43,000 this year, and £37,000 last year. Then there are the police and the Department of Justice.

Hon. Sir William Lathlain: Do you not think we want them?

Hon. Sir EDWARD WITTENOOM: I am only showing how we have to spend money for which we get nothing in return. Then we have the Asylum for the Insane, and then the Education Department—three quarters of a million pounds there!

Hon. A. J. H. Saw: Not nearly enough.

Hon. Sir EDWARD WITTENOOM: I think it is too much. Then we come to the University. Ours is a free university, not a university that helps itself. It is a free university highly endowed. That again has to be supported, rightly or wrongly. Then we have the railways, from which we ought to have some income. But, somehow or other, the staff, not the Government, run the railways; and so directly a profit is made it goes out in long service leave or in a rise in wages, or something of the kind. Then there are water supplies and other things. I am pointing out that with all these charities—I call them charities—it is impossible for the Treasurer to make any reduction in the income tax.

Hon. H. J. Yelland: They made a reduction in the income tax, but not in the land tax.

Hon. Sir EDWARD WITTENOOM: It was so excessive that they had to reduce it.

Hon. Sir William Lathlain: The Federal Government gave them money with which to do that.

Hon. Sir EDWARD WITTENOOM: Again, no less than one and a-quarter millions of money comes into Western Australia which is never earned. I mean pension money. I wonder if we get any benefit from that. No less than one and a quarter million is paid annually by the Federal Government to Western Australia in pensions. That is a tremendous amount. No

wonder we can see a good deal of money being spent in the city at different times; because when it is distributed this enormous sum must mean a very useful addendum for household expense. This one and a quarter million comprises several things, and so it ought to be a very great help to the community in cash. Whether the traders get anything out of it, I cannot say. But to revert to my original remark: I think it is almost an absurdity—at all events an inconsistency—that we should tax the land in this young State when we are doing all we can to induce men to go on the land. If I can see any reasonable way by which I can assist the Government in doing away with the land tax, they will certainly have my assistance.

On motion by Hon. H. Seddon, debate adjourned.

BILL—WATER BOARDS ACT AMENDMENT.

Second Reading.

Debate resumed from the previous day.

HON. J. J. HOLMES (North) [5.15]: This Bill I understand has been brought about to aid the development of the agricultural areas. There has always been a difficulty in regard to water supplies, and the Government very properly have gone out to provide water from catchment areas in different localities so as to ensure a supply to the people who have gone on the land, and also to relieve them of the expense of having to look for their own supplies. Consequently it is fair and just that those people should pay their quota towards the expenditure and maintenance. The Bill as I read it goes further than that. It takes in the whole of the State and every well that has been put down from the Kimberleys to Esperance for perhaps as far back as 1729 to the present time.

Hon. J. Nicholson: There is no limit.

Hon. J. J. HOLMES: No limit at all, and the people in those localities will be asked to pay a rate for the wells put down in the days gone by. I venture to suggest that none of the wells put down in the early days to open up the outback country is now being used by station holders. The Bill says—

Whenever wells, tanks, and other similar water works have been or may hereafter be

provided by the Department of Public Works in agricultural or other areas

I hardly think the Government are quite serious in this matter. I am generous enough to suggest that there has been an oversight on the part of someone. I am certain there can be no objection to limiting the scope of the Bill. I admit it is a fair thing to include the agricultural areas, and even those areas where people have gone to the expense of putting in their own supplies, but it is another matter entirely to take in the whole of the State, and to include the wells that were put down, not for use by the present generation, but for the opening up of far away parts of the country in years gone by. It may be argued that it is not possible to confine a Bill of this description to one part of the State. That is entirely wrong. A few years ago Mr. Baxter, when Minister for Agriculture, introduced a new Vermin Bill to deal with rabbits in the southern parts of the State. That Bill provided that the whole of the State should be embraced. Previously a Bill had been introduced for the destruction of rabbits, and that applied to the whole of the State. Mr. Baxter's Bill was brought in to supersede the measure that was in existence, and it provided that every water hole, river, creek and pool had to be fenced off. The thing was impossible. I pointed out that if we fenced off rabbits from water holes we would also fence off the stock, and that if we had men in sufficient numbers to go around and open the gates it would mean a rush between the rabbits and the sheep as to who should get in first, and then the trouble would be in getting them out. We overcame that difficulty by limiting the new Act to the southern part of the State inside the rabbit-proof fence, where, with small holdings, it was possible to water stock and after taking them out, close the gates. But when we were dealing with half a million or a million acres it was realised that the thing was impossible. Again in connection with the Licensing Act: I was one of the managers at the conference between the two Houses, and even in connection with that Bill we arrived at a compromise. It was realised that it would be quite impossible to apply the nine to nine provision to the northern part of the State where men travelled long distances at all hours of the day and night. Those men might not have had a drink for three or six

months and it was realised that to tell them that they should not have a drink before nine in the morning or after nine at night was too absurd for anything. We got over that difficulty too by making the Act apply to the southern part of the State. The Bill before us now, if it is applied to those areas to which benefits are at the present time being extended, is quite fair and reasonable, but to apply it to the whole of the State and to include everything that has ever been done in the way of providing wells for the last hundred years is ridiculous. The most generous view I can take of it is that these proposals are due to an oversight on the part of the person responsible for framing the Bill.

HON. J. CORNELL (South [5.7]: When Sir William Lathlain gave the Bill his benediction last night I was inclined to think that he knew very little about it. He compared it with the metropolitan water supply. There is absolutely nothing in common, no analogy at all between the metropolitan water supply and what the Bill proposes to do. The Bill before us alters the whole of the policy of the State since its inception. The policy of the State in regard to what the Bill proposes to do has always been this: that from public funds wells have been sunk, key dams have been constructed, soaks have been enlarged, and rock catchments have been proved in the agricultural areas, and in every instance the cost has been a charge on public funds. As Mr. Holmes has said, this has all been done to permit of people going out to open up the country. That has been one of the fundamental principles of development throughout the whole of the Australian States. What does the Bill propose to do? It proposes that such areas where water catchments exist may be proclaimed water areas in prescribed districts. How far will that go? The Bill also provides that a rate may be levied on all rateable lands within such areas. True, it is not intended to levy rates until two years after the land has been taken up. The maximum rate to be imposed will be 3d. per acre. At 1d. per acre on a 1,000-acre block, the amount would come to £5 16s. 8d. per annum; at 2d. per acre it would be £11 13s. 4d., whilst at 3d. per acre it would be £17 10s.

Hon. C. F. Baxter: That would be all right if the water was supplied.

Hon. J. CORNELL: That is one of the difficulties. I think I can convince Mr. Bax-

ter that as the Bill stands it may not be all right. What I want to know is whether the Bill is going to be retrospective. If it is, it will give the Minister power to make every water conservation in any part of the State a water area, and levy a rate up to 3d. per thousand acres, irrespective of when the water conservation was made.

Hon. C. F. Baxter: There is not the slightest doubt about that.

The Chief Secretary: It is not proposed to do that.

Hon. J. CORNELL: But it can be done and therefore there should be a safeguard in the Bill to declare that it will not be retrospective. I want to know by what process of reasoning the present settlers are going to be saddled with the charge to which previous settlers were not subjected. This country has been opened up and developed on the system of good water supplies. Within the last few months there have been hundreds of thousands of acres thrown open for selection in the most arid part of the agricultural areas. Are we going to say to the settlers who are going to take up those areas that they are not to have the consideration that was extended to other settlers, or that they are not to receive the same facilities that their predecessors had unless they pay for them? I want to know how that can be regarded as fair. If it is fair to alter the policy so far as new settlement is concerned, it is absolutely fair to spread the cost over the whole of the State. I think about 600 locations are to be made available for selection from about 18 miles north of Ravensthorpe to 30 miles south of Southern Cross. In the whole of that area I do not know of one key dam having been put there before the land was made available for selection. The present Government are sinking a dam at Mt. Madden and another in the same area—the Lake King district. If the Bill we are considering comes into force, the water supplies will be provided by the Government, but, being subject to the Bill, they will be paid for by the settlers. At a superficial glance it may appear an excellent thing to make the settlers contribute towards their own water supplies, but it will be a fundamental alteration of the policy that has been adopted in the State since its inception. I want to know this also, that assuming the Bill becomes law, and if it is not to be retrospective, as the Minister says—

The Chief Secretary: I did not say that.

Hon. J. CORNELL: Then how far is it likely to be retrospective? I suggest that all these new selection holders should, at the earliest opportunity, endeavour to provide their own water supplies. What will be the position of the man who had his own water supplies long before the Government provided a supply in his district? Will he be rated too? The Minister has stated that the Bill is to be retrospective in its application. We will assume that it will be retrospective for a number of years. Within the last 10 years the South Province has been practically converted from a mining province into an agricultural province. I would mention the area from Esperance to Norseman. Twenty years ago key dams were put down along the Norseman-Esperance line. For what purpose? Purely for mining purposes, not for agricultural purposes. Within recent years other dams have been put down there, too.

The Chief Secretary: I do not think you need go so far back as that.

Hon. J. CORNELL: If the Bill should be retrospective to that extent, we will levy charges upon individuals in respect of water supplies that were constructed long before they even went on their holding. I ask hon. members to think hard and pause long before they decide to alter this fundamental policy of the State, namely, that such work should be a charge upon the public funds. In those circumstances any man who was prepared to go out in to the back country and risk his all, was not penalised. If a man is prepared to go out—

The Honorary Minister: And risk the State's capital!

Hon. J. CORNELL: I admit that settlers may risk the State's capital if the 3,000 farms scheme goes on as it is at present, but where men went out with Agricultural Bank assistance in the past, I venture to say that very few losses were experienced. The settlers have, or will repay the money that they procured from the bank. I do not believe much of the country could have been opened up without assistance from the Agricultural Bank, and from its inception that bank has not been a losing proposition. Even if some money has been lost, the fact remains that we cannot measure the indirect gains from that direct loss. I feel inclined to vote against the second reading of the Bill because I think at this stage

of our development, when we are placing farmers in many instances in districts that are anything but certain, and in which the farmers must conduct their operations on the assumption that every year will be a bad year and farm accordingly, we should not place those settlers at such a disadvantage compared with others in more certain areas. The Government may not know where to turn for money but other Governments have been similarly situated in years gone by. Unless I can hear something more favourable to the Bill, I intend to vote against the second reading.

On motion by Hon. H. J. Yelland, debate adjourned.

BILL—GROUP SETTLEMENT ACT AMENDMENT.

In Committee.

Resumed from the previous day. Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

The CHAIRMAN: Progress was reported on Clause 2, to which Mr. Lovekin had moved an amendment as follows:—

Delete the words "and the decision of the board shall be final," and insert, "Expenditure" in this subsection includes the money value of the work and labour expended on his property by the prospective lessee in addition to the expenditure incurred from sources other than advances made under the 'Group Settlers' Advances Act, 1925.'"

Hon. J. J. HOLMES: I regard the amendment as a distinct improvement on the clause in the Bill, although I do not know that it goes far enough. We could possibly deal with other matters in further amendments.

Hon. A. J. H. SAW: I do not think the amendment will serve the purpose Mr. Lovekin had in view when he drafted it. The clause refers to the amount of expenditure on the area chargeable to the group settlers and the part of it to be apportioned to each parcel of land intended to be granted, and sets out that it shall be assessed and determined by a board of three members. On the other hand, Mr. Lovekin's amendment seeks to provide that the expenditure, referred to in the proposed new subsection, shall include the money value of the work and labour expended on his property by the prospective lessee, in addition to the expen-

diture incurred from sources other than advances under the Group Settlers Advances Act, 1925. In other words, the board will have to include under the heading of expenditure, an amount representing the monetary value of the labour the group settler has put into his block during his spare time. I take it that, instead of including the value of that work, Mr. Lovekin intended that it should be excluded. This is a very important point, and it seems to me that there is nothing in the Bill that would make the board include, under that heading, the monetary value of the labour of the group settler in his spare time, whereas Mr. Lovekin's amendment proposes specifically that the board shall include it.

Hon. J. J. HOLMES: Is it not a question whether the clause includes this in the amount to be written off.

Hon. A. J. H. SAW: No; Mr. Lovekin seeks to include the money value of that work and labour under the heading of expenditure. Anyone who is appointed to value the property and write it down will have to ascertain how much Government expenditure there has been on the property, but Mr. Lovekin goes further and would make him take into account as well the monetary value of the settler's extra work. That is to be added to the calculations, not taken away from them.

Hon. Sir WILLIAM LATHLAIN: I was glad to hear the remarks of Dr. Saw because I was commencing to wonder if I was somewhat mentally deficient! I could hardly grasp the meaning of the amendment.

Hon. A. Lovekin: That shows how unwise you were to vote against the appointment of a select committee.

Hon. Sir WILLIAM LATHLAIN: Every member of the Committee is desirous of extending special consideration to those settlers who have worked overtime and spent some of their own money on improving their blocks during periods apart from their usual working hours. It appears to me that the proposed new subsection covers the position because it refers to the amount of expenditure chargeable to the group settlers and to be apportioned to each holding. That will not include the extra labour or money spent by a settler on work carried out in his own time. The calculation must be confined to expenditure on the block under the provisions of the existing legislation. It does not provide any power for the board

to take into their calculations in debiting up costs against a holding, the improvements effected by the settler in his spare-time efforts. Mr. Lovekin's amendment would have the effect of including that extra work by the group settlers. That is quite the opposite of what every member desires. Probably Mr. Lovekin may be able to clear up the position, but that is how it strikes me.

Hon. A. LOVEKIN: The two speeches to which we have just listened show how necessary it was to refer the Bill to a select committee. Dr. Saw, Sir William Latblain, Mr. Stephenson and Mr. Franklin all contended yesterday that it would be quite easy to draft amendments on the floor of the House. My experience is it is most difficult to do so.

Hon. A. J. H. Saw: I said it was easy to discuss them on the floor of the House.

Hon. A. LOVEKIN: Dr. Saw has not suggested anything to improve the amendment assuming it is wrong. Amendments affecting far-reaching measures such as this Bill require plenty of consideration from all angles, and my experience is that it is impossible to frame them satisfactorily unless members meet round a table and discuss the whole position. I framed this amendment hurriedly last night and I confess I am not satisfied with it. Still, it is designed to meet the position and, if members will discuss it as a principle, the phrasing can be improved on recommitment. There may be two men on a group. One of them has had large advances from the Government, spent the money and perhaps paid for labour, and his holding is over capitalised so that he cannot make a living on it. We intend to give him some relief. Another man on the other side of the hedge has received perhaps only small advances under the Act, but he may have received financial help from his wife, relatives or other sources. He has spent the money on the block and it is equally part of the capitalisation of the block. He and his children may also have put in a lot of labour and overtime which should be paid for, as it is part of the capitalisation. Under the Bill the second man will get no relief, although as compared with the first man he has the same or a greater capitalisation. That is not equitable and I want to avoid it. The amount is based on the Group Settlers' Advances Act of 1925. The Bill stipulates the amount of

expenditure on the area chargeable to group settlers, etc. That is the money advanced under the Act and that is the only thing the board can consider. I cannot see why finance obtained elsewhere and the money value of the settler's labour and his children's labour should not be taken into account by the board in determining whether the block is over-capitalised. That is what we want to ascertain and that is what would be fair and equitable. Given a little time, I could improve the amendment, but if members will accept the principle embodied in it, I can re-draft it between this and Tuesday next.

Hon. A. J. H. Saw: Why not ask the Minister to report progress?

Hon. J. J. HOLMES: This is the opportunity to discuss the Bill from every standpoint. There are many important factors to be considered. I understand the present board has been moving suitable and unsuitable men from unsuitable blocks. The Chief Secretary told us the abandoned blocks represent something like £900,000. Having removed suitable and unsuitable men from unsuitable blocks, are the unsuitable men likely to succeed on suitable blocks? I do not think they are, and the sooner that position is faced, the better. The whole failure has been primarily due to the fact that we put on the groups men who did not know the job. It is one thing to go into the wheat belt and grow wheat. There a man buys a few implements and learns how to use them and, when his neighbour starts to sow the seed, he does the same. On a closer settlement block it is a different proposition. Some is summer land and some is winter land, a rotation of crops is necessary and the right crops have to be grown at the right time of the year. The Minister said he could not get an officer of the department to give him a lead, and how are the settlers who do not know the job going to succeed even on suitable land?

The Chief Secretary: When did the Minister say that?

Hon. J. J. HOLMES: The Minister for Lands told another place that none of the officers' estimates in the way of production had been realised, and that he could not get anyone in the department to give him a lead out of the difficulty. The other night the Chief Secretary said that in 1926 I was opposed to the scheme. In that year I said that having seen the land

clear I considered it much better than I anticipated, that the rainfall—which was the chief essential to growth—could not be improved upon; but that it was the man who did not know his job who had been the failure.

Hon. C. F. Baxter: And there was no one to teach him.

Hon. J. J. HOLMES: That is so. How can we improve matters merely by taking unsuitable men off unsuitable holdings? True, men should be removed from unsuitable holdings, but to put men who do not know the work on to suitable areas will only perpetuate the difficulties. The group settlers are a fine class of people, but the great bulk are not suitable for the job and never will be. During the last election I was in Busselton when the Premier went down there to speak, and group settlers had come in hundreds of miles to attack the Premier. Compared with them, the retreat of Napoleon from Moscow was nothing. They came in rags and tatters and were speaking all kinds of dialects and, on appearances, one would not have given any of them a job. I suppose it was the disgruntled ones that attended. We are not going to improve the position by putting people who do not know the job on to suitable land. This Bill may have a far-reaching effect. We borrowed the money on certain conditions that have never been fulfilled. We were not to capitalise group holdings at more than £1,000 each. We undertook to receive 75,000 people and establish 6,000 farms in five years—an average of 1,200 farms a year. No man was to be put on a farm until he had had 12 months' experience. Yet, for the group settlements, men were taken straight off the wharf and put into tin sheds. It is a serious matter. I give credit to the Imperial statesmen for what they tried to do. They said, "You find the land and we will find six millions of money, but the settlers cannot carry a capitalisation of more than £1,000." They said further, "You build railways for your people; now build railways for our people and do not make the railways a charge against them." They said, "You build roads for your people; you will build roads for our people and not make a charge. You give your people Crown lands; you shall give these people the same. Expenditure for drainage will improve their lands, and you are entitled to charge them for drainage." And so the thing was followed right through. But there never has been any attempt to ful-

fil the contract. One becomes alarmed when one looks at what has been going on, even since the present Government took office. This stage having been reached, Parliament, it seems to me, wants to shelve its responsibility altogether, and to put it on to a board. I do not want to hold up the writing-off which must take place, but is it parliamentary government to let three millions sterling be written off by a board? Are the group settlers to receive all the consideration while the people of the country, who have to pay, are ignored? Are unsuitable men to be kept on the groups? I do not want to block the Bill, but let us do the job properly. I do not want the writing-off to be held up until Parliament approves of the total sum to be written off, but sooner or later Parliament must have a schedule brought before it to show what has been done. Otherwise, where shall we get to? The £6,000,000 deficit means £300,000 a year interest. Three million pounds put into the group settlement scheme is not earning anything. According to the Auditor General, the State trading concerns have made gross profits of £300,000, while the losses on trading account total £1,000,000. All these things have been piled up on a community of 400,000. We have funded our deficit. Under the Financial Agreement we shall have to pay off 70 odd millions that we owe, and pay 5s. per cent. per annum off new loans; and if a deficit occurs a special deficit fund must be established to wipe it off within a limited time. The Financial Agreement, according to some of our statesmen, is going to get us out of our difficulties, but I think it is not going to have the effect that some people anticipate. I would sooner see a one-man board do the job—a man knowing the value of the land. Let him report to the Governor in Council, and then the Minister representing the Government in either House should report to Parliament what has been done. But to give authority to an outside body to write off money is contrary to Parliamentary procedure.

The Chief Secretary: I am waiting for you to deal with the amendment.

Hon. J. J. HOLMES: The House will deal with the amendment. I am paving the way for some other amendment.

The CHIEF SECRETARY: Before we report progress, as I hope we shall do, I desire to clear the atmosphere in regard to Mr. Lovekin's amendment. The position is as pointed out by Dr. Saw and Sir William

Lathlain. The effect of the amendment would be further penalisation of the group settler.

Hon. A. Lovekin: How?

The CHIEF SECRETARY: Every additional pound placed on his block will be a further burden to him. Very little amendment of the Group Settlement Act is necessary to achieve what is desired under the Bill. The Act of 1925 gave absolute power to the managing trustee of the Agricultural Bank to write off indebtedness of group settlers. That is all the Bill asks for, except that a board is substituted for the managing trustee of the Agricultural Bank. This morning I got in touch with the secretary of the Group Settlement Board. He consulted Mr. Sayer and then sent me this memorandum—

(1). The Solicitor General has been consulted, and advises that the Group Settlement Act, Section 3, already makes the decisions of the assessing body final, and that the words "the decision of the board shall be final" are unnecessary. The proposed addition (Subsection 2a), providing for report to the Governor, will not affect the finality of the decisions.

(2). In regard to the addition to Clause 2, there is no provision in the Group Settlement Act for advances, which are made to settlers under the conditions and agreement attached, from funds voted annually by Parliament on Loan Estimates. The Group Settlement Act (Section 3, Subsection 1) provides for the fixing of the portion of expenditure chargeable to group settlers. This expenditure will include all payments made to settlers for work done, and the amendment seeks to add the value of work done without payment, i.e., spare time effort. Settlers have been constantly assured that this will not be included in their debt.

(3). The amendment also seeks to include in expenditure any sum expended apart from the Group Settlement Act, but as already stated no provision for expenditure is made in the Group Settlement Act. It is possible that Mr. Lovekin has in mind expenditure on drainage, which is provided for in the member's agreement; and on purchase of land, e.g. Peel Estate; Group 34, Busselton.

The Group Settlement Act provides for issue of a lease under the Land Act of land purchased under the Agricultural Lands Purchase Act, which requires a minimum price. This price should still be charged, and the assessing body can reduce the amount chargeable under mortgage to a corresponding extent, so that settler has a combined debt equal only to that which the assessing body considers the property will carry. The terms of repayment for both land and mortgage debt are the same, i.e., 30 years, first 10 years interest only; the term for land purchase being fixed by regulation under the Group Settlement Act (Section 10).

This afternoon I received a further memorandum, direct from the Solicitor General.

The CHAIRMAN: I am sorry to interrupt the Chief Secretary, but was it the amendment as it appears on the Notice Paper that was submitted to the Solicitor-General?

The CHIEF SECRETARY: That was unnecessary, because Mr. Sayer drafted the amendment.

The CHAIRMAN: The amendment should read "Group Settlers Advances Act, 1925," instead of "Group Settlement Act, 1925."

The CHIEF SECRETARY: The Solicitor-General's memorandum to me reads as follows:—

1. The words "and the decision of the board shall be final" are not essential.

If the amount is to be determined by the board, their determination will be final, whether it is so expressed or not.

There can be no objection to the added words that the board shall report its decision to the Governor. The report will end the matter so far as the board is concerned; and it will fix the amount payable by the lessee. It has the same effect as the award of an arbitrator.

2. With regard to the words proposed to be added to Clause 2, the position is as follows:—

Every grant or conditional purchase lease of a parcel of land to a settler is issued subject to the payment by him of such part of the expenditure on the area chargeable to the settlers, as is apportioned to the particular parcel of land to be granted or leased.

The amount of the expenditure on the area as a whole, and properly chargeable to the settlers (excluding, for instance, expenditure on roads, etc.), and the portion thereof to be appropriated to each parcel of land, is assessed and determined by the board.

The board has a discretion to fix the amount chargeable to the settler at so much below the actual expenditure as it may think fit, so that the cost to the settler may not exceed the reasonable value of the holding he acquires.

The board assesses the amount of the expenditure that should properly be charged to the settlers, and the part thereof that should be apportioned to each separate parcel of land, with power to write down the expenditure when it exceeds an amount that a settler can reasonably be expected to repay.

By the words Mr. Lovekin proposes to add, the board in assessing the expenditure must include the money value of the work and labour the prospective lessee may have expended on the parcel of land he wishes to acquire.

The amount of expenditure to be charged to the settler would be increased by the value of his own work and labour. If this was paid for, such payment necessarily would be included in the expenditure. But if otherwise, why should he be charged with the value of his labour for which payment has not been made on the parcel of land of which he was the prospective lessee?

I may have misunderstood Mr. Lovekin's proposed amendment; but that is the only meaning I can put upon it.

The amount of expenditure on the area chargeable to the group and apportioned to each block is intended to be the actual departmental expenses, including payment to settlers for work they were employed to do; and with power to the Board to write down that expenditure when the amount is more than the settlers can be reasonably expected to recoup.

In fact, there is no difference between this Bill and Section 3 of the Group Settlement Act, 1925, except, as I say, that a board is substituted for the managing trustee of the Agricultural Bank. Section 3 of that Act reads—

(1) Every grant, and every conditional purchase lease under this Act, shall be issued subject to the payment by the grantee or lessee of such part of the expenditure on the group settlement area chargeable to the group settlers, including capitalised interest, as is apportioned to the parcel of land intended to be granted or leased, and the survey and other fees payable in respect thereof. (2) The amount of such expenditure on the area chargeable to the group settlers and the part thereof to be apportioned to each parcel of land intended to be granted, shall be assessed and determined by the managing trustee of the Agricultural Bank.

That officer has full power to decide.

Hon. A. Lovekin: That all misses the point.

The CHIEF SECRETARY: I know the hon. member's object is to give credit to those settlers who have put into the improvement of their blocks their own money and labour. That is the intention of the amendment.

Hon. A. J. H. Saw: The intention, but not the meaning.

Hon. H. A. STEPHENSON: Mr. Lovekin referred to several members, including me, and said the fact that this amendment of his would not be thoroughly understood was a reason why we should have voted for the appointment of a select committee.

Hon. A. Lovekin: I did not say that.

Hon. H. A. STEPHENSON: You said that as plainly as you could say it. You mentioned several members.

Hon. A. Lovekin: On a point of order. I did not say the reason why my amendment could not be understood was because the Bill was not referred to a select committee.

Hon. H. A. STEPHENSON: The remarks made by Mr. Lovekin after Dr. Saw had spoken—

The CHAIRMAN: I presume the hon. member accepts the explanation given by Mr. Lovekin.

Hon. H. A. STEPHENSON: Yes, but I still want to say that it proves to me we were right. Because if this is a sample of the amendments that would have been put up, we would not have known where we were. This amendment moved by Mr. Lovekin is exactly the opposite of what he wants.

Hon. A. Lovekin: You think it is.

Hon. H. A. STEPHENSON: I am sure of it.

Hon. J. J. Holmes: Well, give us your view of it.

Hon. H. A. STEPHENSON: Cannot we all have our say? That is all I am having now. I am not going to make a second reading speech; I am dealing with the amendment. This amendment only goes to prove what a muddled state some members have got themselves into over the Bill. I cannot vote for the amendment, because it is going to penalise some of the settlers. Could any sane man read into the amendment any meaning other than that the expenditure made by the settler is to be included in the expenditure made by the Government.

Hon. A. LOVEKIN: I am surprised at the hon. member. This is an example of the fallacy of drafting amendments on the floor of the House, instead of round a table. This amendment was drafted on the floor of the House.

Hon. H. A. Stephenson: It might have been even worse had it been drafted round a table.

Hon. A. LOVEKIN: If the hon. member cannot understand it, I am surprised at him. The position is that he has not looked into the several group settlement Acts to see how this amendment will fit in and operate. Until he does that, he cannot express an opinion as to the value of the amendment. I thought I could improve the drafting of this provision. What I am trying to get at is this: one man puts in his capital to the extent of double that put in by the man next door. On the one hand there is the capital put in by the Government, and on the other that put in from private sources. I want to see that the man who has put in his own capital and his own labour shall have a benefit in the shape of a reduction

of capitalisation equal to the amount he has put in.

Hon. Sir Edward Wittenoom: The only difficulty is that you have not said what you intended.

Hon. A. LOVEKIN: Then that is the result of drafting amendments on the floor of the House. I wanted the members of a select committee to get around a table and thrash it all out. Dr. Saw and Mr. Stephenson think it can be done here. The amendment I have moved gives an idea of the result of drafting amendments on the floor of the House.

Progress reported.

BILL—FORESTS ACT AMENDMENT.

Assembly's further Message.

Message received from the Assembly notifying that it no longer disagreed to the amendment made by the Council.

House adjourned at 6.8 p.m.

Legislative Assembly,

Thursday, 8th November, 1928.

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

ELECTION RETURN—WILLIAMS-NARROGIN DISTRICT.

The SPEAKER announced the return to a writ for the election of a member for the Williams-Narrogin district, showing that Mr. Victor Doney had been elected.

BILL—CREMATION.

Introduced by Mr. North and read a first time.

BILL—QUARRY RAILWAY EXTENSION.

Report of Committee adopted.

BILL—FORESTS ACT AMENDMENT.

Council's Message.

Message from the Council notifying that it insisted upon its amendment to the Bill now considered.

In Committee.

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

The PREMIER: I find I am reluctantly compelled to accept the amendment made by another place.

Hon. Sir James Mitchell: You could have a conference with their managers.

The PREMIER: That is not quite a safe procedure.

Hon. G. Taylor: It is too risky.

The PREMIER: If the managers could not agree, we would lose the Bill. I prefer to lose £5,000, rather than £45,000.

Hon. Sir James Mitchell: I am afraid I ought to quote some of your speeches about the control of finances!

The PREMIER: I admit that this means handing over to some extent the control of the finances to another place. I cannot understand the attitude of mind of members in another place who opposed the Bill. Members sit here and in another place night after night and ask for all kinds of work to be carried out in their electorates. Since the discussion on the Estimates commenced, I am sure requests have been made from both sides of the House for work that would run into the expenditure of £1,000,000.

Mr. Ferguson: And the requests are not finished yet.

The PREMIER: That is true. There is the need for new buildings, increased accommodation, and other facilities in various parts of the State, and here is an instance of £5,000 being unnecessarily held up! During the discussion in the Legislative Council the Minister there pointed out that, tak-