

had the previous four amendments been accepted by members of this Chamber. If the Committee agreed to the other amendments made by the Council, it would agree to this one; but as it has disagreed with the other amendments, it must disagree with this one. I move—

That the amendment be not agreed to.

Question put and passed; the Council's amendment not agreed to.

No. 6. Clause 4—Delete.

The MINISTER FOR LABOUR: The Council proposes to delete a vital part of the Bill, dealing with industrial and other policies. I move—

That the amendment be not agreed to.

Question put and passed; the Council's amendment not agreed to.

No. 7. Clause 5—Delete.

The MINISTER FOR LABOUR: This clause is consequential on Clause 4. I move—

That the amendment be not agreed to.

Question put and passed; the Council's amendment not agreed to.

No. 8. Clause 6—In proposed new section 60A:—Insert after the word "otherwise" in line 13, page 7, the following words:—"unless such bond, guarantee, or other security be limited to cover the amount of cash shortages in such person's accounts, and losses sustained by the company through his fraud or misconduct."

The MINISTER FOR LABOUR: In other words, the company would be able to demand from an employee or a prospective employee a bond, guarantee or security from some other person guaranteeing the company, provided such bond, guarantee or security is limited to cover the amount of cash shortages in the employee's account and losses sustained by the company through the fraud or misconduct of the employee. The addition, in my opinion, makes the clause practically worthless, or of such little value as not to be worth persevering with. I move—

That the amendment be not agreed to.

Question put and passed; the Council's amendment not agreed to.

Resolutions reported and the report adopted.

A committee consisting of Mr. McDonald, Mr. Triat, and the Minister for Labour

drew up reasons for not agreeing to the Council's amendments.

Reasons adopted and a message accordingly returned to the Council.

House adjourned at 10.37 p.m.

Legislative Council.

Thursday, 2nd November, 1939.

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

BILL—DEATH DUTIES (TAXING) ACT AMENDMENT.

Second Reading.

Debate resumed from the previous day.

HON. A. THOMSON (South-East) [4.35]: If we may judge the Government by its actions in exploring every possible avenue for extracting more money from the taxpayers, then certainly we can commend Ministers upon having exhausted every possible means of taxation that we can conceive. The Government has attempted to raid the local authorities by depriving them of traffic fees, and if that move is successful the effect will be to increase the financial burden upon local authorities who, in turn, will have to obtain more money from the people by means of increased rates. In one way it seems inevitable that the Government, having taxed the individual almost as soon as he is born, shall pursue him to the grave and finally extract increased revenue from his estate. The Bill contains provisions that will enable the Government to secure probate duty representing as much as 20 per

cent. of the value of the estate. The introduction of such legislation will eventually defeat itself. The great bulk of those who have been fortunate enough to acquire some wealth, have in mind the advancement of their families and will see to it that their interests are preserved. I hope the Bill will not be accepted in its present form, and I certainly trust that provision will be made fixing some period that must elapse before a second call can be made upon the assets of one estate. Instances are known, particularly in the Home Land—they are known in Australia as well—of money having to be borrowed to enable probate duty to be paid on an estate. In a short space of time the beneficiary has died and again probate has had to be paid on the same estate. That phase should be taken into consideration.

Hon. H. V. Piessé: It was taken into consideration by a select committee two years ago.

Hon. A. THOMSON: But it is not dealt with in the Bill. That recommendation of the select committee was wise, and some such provision should be embodied in the Bill. If the Government is able to secure the passage of this legislation, I hope the Chief Secretary, when replying to the debate, will inform members regarding the economies the Government proposes to effect in order to reduce the deficit for which it has budgeted. He will, I hope, indicate that it is possible to reduce the charges imposed upon the people. Both during the present and previous sessions of Parliament, many measures submitted for the consideration of this House have had for their objective the increasing of the financial burden upon the shoulders of the people. To mention something I have frequently referred to: While the Government is asking for this huge amount of taxation, at the same time members of Parliament have no responsibility placed upon them beyond acquiescing in the imposition of increased burdens upon the people. The Premier has stated that he has to provide for 7,000 unemployed, but I am afraid that the methods adopted for raising revenue will result in more unemployment. I regret to say it, but I am afraid that will be the result, because the more money taken from the people, the less there is to go round. If money is taken from people by way of taxation and other charges imposed upon them, they have less capital to invest in

private enterprise. That is a law of economics. The more that is taken from the people, the less they have to spend. It is regrettable that much of the expenditure by the Government does not yield satisfactory financial results. Mr. Holmes dealt very fully with that aspect when he referred to the losses on the railways and tramways. Examining the Auditor-General's report, one perceives that a similar position exists with regard to money invested in the State hotels. I think the proprietors of private hotels would desire to see a much better return than is derived from the operations of the State hotels. The policy of the Government in encouraging State trading concerns has disastrous results, although on the surface the correct thing would seem to be for everyone to be employed by the State. I would emphasise that the more private enterprise there is in Western Australia the more money will there be invested by ordinary citizens, and consequently more avenues of employment will be available.

The Bill seeks to impose increased death duties up to a maximum of 20 per cent. In addition to that, Commonwealth duties have to be paid. In the circumstances he would be a wise man who took steps to discover whether it was not possible to prevent the value of his estate being reduced by one-third. The Government is asking for too much. In his second reading speech the Chief Secretary said that, in effect, this was a request from the Commonwealth Grants Commission; if these duties were increased, we would obtain a little more by way of a grant from the Commission. We should not exploit our own people to that extent in the hope of obtaining a few more pounds from the Federal Government. In the interests of the State it would be better to decrease taxation rather than increase it, and in that way encourage people to come here and invest their money. If we continue imposing additional taxation on our people, we shall be nearly as highly taxed as, if not more highly taxed than, the people of Queensland, without having the profited industry that Queensland has. The sugar industry in Queensland places that State in a happy position as compared with the rest of the Commonwealth. There is no dumping of sugar on the Queensland market and no possibility of Western Australia purchasing sugar at a price less than that charged for the Queensland product. The

sugar industry in Queensland is looked upon as a primary industry but is one of the most highly protected industries in the Commonwealth. It places Queensland in a happy position and the people are able to endure higher taxation than are those in the other States. Western Australia has not the same advantage. This State has the highest basic wage in the Commonwealth. That, of course, is based on the cost of living. I do not cavil at that, because the amount is fixed by the court that we established; but in view of the fact that we have the highest basic wage, and that our people are almost the highest-taxed citizens in the Commonwealth, there is little hope for the development of industry here. I know that the Minister for Industrial Development is sincere in his desire to establish industries in Western Australia and we are all wholeheartedly behind the Government in its effort in that direction. But the increasing costs imposed upon the people by the Government afford little chance of that aim being accomplished. I support the second reading.

HON. J. J. HOLMES (North) [4.47]: This appears to be another dragnet designed to haul in additional taxation. When one examines the legislation before this Chamber, he cannot help perceiving that it is full of dragnets. There is the Financial Emergency Tax Bill and the suggested cessation of payment of 3 per cent. of the gross earnings of the tramways to the Perth Municipality. There we have two of the many directions in which the Government is seeking to secure money. There seems to be an attempt to take all the revenue possible out of private employment and put it into unprofitable undertakings. If one analyses the situation he becomes aware of a consistent effort to nationalise the industries of this country. That is being done as secretly as possible, but the fact remains that it is being accomplished. The Government appears to wish to secure all it can from private enterprise and spend the money for the benefit of its own supporters. The Minister said that the Grants Commission had drawn attention to the fact that the death duties in this State were considerably lower than those in the other States. The answer is not to increase the death duties but to point to the fact that all our other taxation is increasing by leaps and bounds. I have no hesitation in saying that when the Grants

Commission returns to the State taxation will be higher in Western Australia than in any other State. That is the answer to the low death duties, and to the excuse offered by the Minister for introducing this Bill.

The Chief Secretary: It is not an excuse, but a reason.

Hon. J. J. HOLMES: Death duties constitute the most severe tax of all. The Government must have cash, and will not take anything else just at a time when perhaps the head of the family has been cut down suddenly by death. The demand is made for cash in payment of the probate duty. It often happens that part of the estate has to be sacrificed to find that cash. Enough has been said in the last few days—I hope some of it will stick if we keep it up long enough—to indicate that there is a tendency on the part of the Government to grab every penny it can.

Hon. G. W. Miles: Except in the case of the exemptions under the financial emergency taxation.

Hon. J. J. HOLMES: We are told that the Government was returned to power to look after its own supporters. At every turn the attempt is made to tax the thrifty people, so that the money may be passed on to those who are extravagant, the followers of the Government.

Hon. G. Fraser: The people who are rearing children for the State.

Hon. J. J. HOLMES: All kinds of jokes have been put over us, but the latest is that there are 7,000 unemployed persons requiring work. That will not go down with me. I could produce a letter from one of my managers written this week, wherein he states that he sent to Perth for an additional man, and the agent replied that he could not get one as labour was very scarce in Perth.

Hon. H. V. Piessé: You are not singular in that. It is the position all over the country.

Hon. J. J. HOLMES: This joke of wanting money to keep 7,000 men in employment will not go down with me. Those men will not work except on Government jobs, and do not really work when they get them. Because they want Government jobs they hang around the city. They will not take work from private enterprise, as the Honorary Minister knows. I can prove there is no better employer in the country than I am. I make that statement to support my re-

mark that if a man wanted to go to the country he would take employment with me. Men will not leave the city. We are told we have to find money for 7,000 of them, and we will not do it if I can help it.

The Honorary Minister: We will send you a good man on Monday morning.

Hon. J. Cornell: The Honorary Minister himself could go.

Hon. J. J. HOLMES: No other than a Government job will suit these men. They hang around Perth where they can get the ear of the Minister.

The Chief Secretary: Why not change your agents?

Hon. J. J. HOLMES: These men want only soft jobs. There are two crimes in the country, one being success, and the other failure. If a man succeeds the Government fleeces him.

Hon. W. J. Mann: You think the Government wants it both ways, do you?

Hon. J. J. HOLMES: One would not mind if this money were judiciously expended, but we know it is squandered. Some time ago when work was offering on a big Government job a man went along to it and said to the overseer, "How many men are working on this job?" The overseer replied, "About half of them." When travelling around the country I have seen perhaps 10 per cent. of the men working, another 20 per cent. smoking cigarettes, another 10 per cent. leaning on their shovels, and so on. We can well understand how this money will be spent.

The Honorary Minister: If you will send to the Government Labour Bureau you can get a good labourer. You are depending on private agents.

Hon. J. Cornell: The Labour Bureau will not send out a man on Wednesday if he has been sacked on Monday.

Hon. J. J. HOLMES: I prefer to employ independent men. Before leaving Perth men are told what to do and what not to do. They are told before they start they have to pay 25s. to the union if they are to get a job. The Government can have those men who are not really looking for work; they are not going to be paid at my expense. In this morning's "West Australian" I saw a reference to the will of the late Mr. Frank Wittenoom. The deceased was a gentleman whose honesty, integrity, and ability was unchallenged. He started from scratch, and worked hard and honestly.

Hundreds if not thousands of others had the same chance as he, but they lived and squandered, and—in some cases through no fault of their own, and in others through their own fault—became a charge upon the State. Those are the men we are asked to find money for. The gentleman to whom I refer left money to charities of all descriptions. His will was a credit to him and to the life he led. That is the sort of man the Government wishes to attack by this Bill. The gentleman of whom I am speaking pioneered the country, and not only did things for himself but did something for Western Australia. We are now asked to find money for men who hang around the city looking for Government jobs. They will not have it if I can help it. If this kind of thing is persisted in it will lead to dishonesty; if not to dishonesty it will lead to men cutting up their incomes and estates into such small particles that the Government will lose by its taxation instead of gaining by it. If the Government enforces conditions upon estates that are big enough to come within the sphere of this legislation, it will find that its revenue from probate duties will be less. It will also receive less by way of income tax. I am not opposed to giving a Government with a conscience money to carry on because I want to see this country developed properly. When we do get a Government with a financial conscience, a Government that will try to see that the people get value for 20s. in the pound, and will endeavour to carry on the affairs of State in a thorough and business-like manner, then, on arriving at that stage, I shall be prepared to support proposals for additional taxation. But I do not agree with the policy that is before us to-day, a policy of borrow and spend and I shall not be a party to it. I intend to vote against the second reading of the Bill.

Hon. H. V. PIESSE: I move—

That the debate be adjourned.

Motion (adjournment) put and negatived.

HON. H. SEDDON (North-East) [5.4]: Last year the Government tried to explore other avenues of revenue. Now, the Bill before us is intended to give the Government another £35,000. The Government really is to be congratulated on having in its employment officials who always seem to be able to dig up something new for the purpose of raising revenue. I have always

regarded death duties as perhaps the fairest form of taxation, a form that is, perhaps, the least painful outside the amusement tax. References have been made to the report of the Auditor-General who, this year, has placed before us some very informative statements, and given us a review of the deficits that have accumulated to the extent of £12,000,000. I commend that review to the consideration of members, because it sets out in an impartial manner just what measures were adopted by various Governments to try to keep up with the losing race with which they were faced. I draw attention to this because it is the constant deficits that have been incurred year by year that have compelled Governments to search for additional sources of revenue. I am not particularly disposed to oppose the Bill because, as I have already said, I regard it as one of the fairest methods of taxation; but we are inclined to overlook the fact that Western Australia is a comparatively poor State measured by the wealth in the other States. We can see that when we compare the accumulated wealth here with the accumulated wealth in the other States. I intend to support the second reading.

HON. J. CORNELL (South) [5.6]: I shall not have very much to say on this Bill. References have been made to the warning that has been given by the Auditor-General, but it has occurred to me that neither the Auditor-General nor any other reformer in the field of taxation is likely to have any effect on Governments as they exist to-day, not necessarily the present Government. What I am about to relate was put up to me this morning by a gentleman who has some knowledge of death duties. He said that the individual in Australia with money to invest is not confined to Western Australia. As a matter of fact, he is a rare bird in this State, but in the other States there is considerable money available for investment. The individual with capital to invest is not a fool. He looks around for the best field of vantage just as any other person—even he who supports the Government—would be likely to do. For some time Western Australia did offer a certain amount of encouragement to the investor. It attracted the investor by reason of the fact that direct taxation was lower here than in any other State of the Commonwealth. The next hurdle that was likely to bring the State to

grief, according to my friend, was the increase in the death duties, because the investor took that factor into consideration as well. The investor not only takes, so to speak, a rake-off while he lives, but he also takes into consideration what is likely to happen after he passes, and every increase in the death duty rate in this State is going to have the same effect as increases likely to be made by way of direct taxation. So the shrewd man will withdraw his investments from the State, if he has investments here, or will hesitate to invest his money here if he finds that there is no encouragement to do so, in the shape of low taxation. Naturally, his field for investment will be the State where the charges are lowest.

Hon. G. Fraser: In other words, he is worrying over what will happen to his money after his death.

Hon. J. CORNELL: So will the hon. member I have no doubt, lose some sleep if he thinks that his little investments are likely to be attacked. Any man worthy of his salt must of necessity do so. The State is bound to suffer when it is continually taking a little here and a little there. Mr. Ross McDonald has drawn attention to our increasing rate of taxation and the higher rate of death duties, and the effect they are likely to have in the field of investment. As individuals we must take into consideration the effect this form of tax is likely to have. We should not act in a manner that is likely to be detrimental to our future.

HON. W. J. MANN (South-West) [5.13]: Much as I dislike increased taxation, I shall have to support the Bill. In the first place I believe that the figures quoted by the Minister in his second reading speech are sufficient justification for at least bringing our taxation up to the level of that in the other States. There is also another factor that must be taken into consideration, and that is the action taken by the Commonwealth Grants Commission when considering our requirements. Taxation of this kind is a distinct and direct incentive to men not to bother about being thrifty. We seem to be gradually reaching a stage when there will be no point in endeavouring to build up one's assets or the assets of the State. To me it seems that we are living in days when people who are in need feel inclined simply to drift along and look for assistance from some State instrumentality. That is undesirable. Mr.

Holmes recently mentioned the inroads made upon estates of deceased persons. If we keep on increasing taxation there will soon be no estates of any great amount to tax. One result of the Bill may be—and probably this will defeat its object—to cause people to distribute the greater part of their property during their lifetime. One could not blame them for doing so; that course is open to them, and one can easily visualise their taking it. I shall support the Bill, but I join in the protest voiced by others against steadily increasing taxation. We are assured that we shall have to face additional taxation in the future. I do not know that we would complain very much if we knew exactly where it will end; but the aggregate of these increases in taxation will be ultimately greater than the people can bear. We should proceed carefully in matters of this kind.

HON. H. V. PIESSE (South-East)

[5.18]: This Bill reminds me of a man approaching a mortgagee for a loan. The Government to-day is approaching the public of Western Australia in order to get as much taxation from them as it possibly can. It is exploring every possible avenue. Some of those avenues may prove to be detrimental to the State. In my opinion, the Bill, if passed, will prove detrimental to the thrift of our people; because, although the Government is not intending to increase the taxation on estates up to £6,000, immediately that amount is exceeded the proposed tax will apply. We are all faced with various problems. Western Australia is not a land of great wealth. Wealth in this State usually consists of lands and assets other than cash. When an estate is called upon to pay probate duty in this State, the executors usually find it necessary to sell some portion of the property—usually the sale is a forced one—or to raise money from some financial institution, because the probate duty must be paid in cash. Our State may still be regarded as undeveloped. We are not in the same position as are the other States of Australia, where there are numerous wealthy merchants and manufacturers. I feel that the Bill is a move in the wrong direction. Some two or three years ago a select committee of this House inquired into this form of taxation. On the evidence taken by that committee, Parliament agreed that the duties then imposed were reasonable.

Therefore I am sorry that the Government has seen fit to exploit this avenue of taxation in order to increase revenue. As I say, the Bill reminds me of a man approaching a financial institution for a loan. Invariably, the financial institution takes a lien over every asset the borrower possesses. That is the attitude to-day of the Government; it is taking advantage of every possible means to increase its revenue. We know very well that in war periods it is essential that the Government's income be increased.

Member: War expenditure is a matter for the Federal Government, not the State Government.

Hon. H. V. PIESSE: But we are receiving grants from the Commonwealth Government, after due inquiry by the Commonwealth Grants Commission. That commission urges our Government to increase its taxation, and we are rapidly reaching the limit. As Western Australia is really a primary producing State, I think the Government is wrong in bringing forward this measure.

HON. C. H. WITTENOOM (South-East)

[5.22]: I had not intended to speak on this Bill; but this afternoon it was said that the Bill was a fair form of taxation. I entirely disagree with that statement. Excessive death duties are not a fair form of taxation at all. In my opinion, this Bill proposes to levy excessive taxation.

Hon. L. Craig: It is a capital tax.

Hon. C. H. WITTENOOM: Why should the estate of a thrifty business man, who has wisely invested his money, be taxed in this way? He has built up assets for his wife and family, and his estate should not be called upon to hand over to the State such a large proportion of what he leaves. The principle is wrong. It is no inducement to a man to save. Even his life assurance money is not left untouched. No wonder that so many people before death are making over their property to their dependants. Too much of this kind of taxation is bad for the State. It will certainly interfere with industry and defeat its own ends, because businesses that might otherwise have been commenced will not be brought into existence. The few wealthy people in Western Australia should not be penalised to this extent. I oppose the second reading of the Bill.

HON. V. HAMERSLEY (East) [5.26]: I think it is a serious blow to Western Australia that the Government should introduce a measure having for its object the increase of death duties. Frequently a whole family is concerned in the building up of a property, the sons of the owner assisting him to do so. In pastoral areas it is well known that before a station is capable of producing a profit, 6,000 sheep are required.

Hon. L. Craig: More than that number is required for a station.

Hon. V. HAMERSLEY: I am stating what I consider to be a fair figure. Six thousand sheep would be required to provide for working expenses and a small profit. The owner of a station with 6,000 sheep would come under this Bill, if passed, and his estate would have to bear the higher rate of duty. Yet such a station is but a small proposition, and we should encourage people to take up such properties. As a matter of fact, this State is living upon its primary production, and the Bill will have the effect of retarding our primary industries. It is all very well to say that a man can distribute his property before he dies, but it is not possible to distribute property of the kind I have described. I point out to the Government that, as no doubt many members are aware, the Federal Government also imposes death duties. Death duties will not be limited to those already imposed by the State, with this proposed additional 10 per cent. The Federal Government exacts its share. That, added to the State duty, will certainly militate against the building up of resources by our people. The effect of the measure will be to increase unemployment still further. We know that all the Government's moves in recent years have been in the direction of increasing taxation. We talk blithely about trying to provide more employment for men, and yet every move made by the Government has the effect of preventing private employers from making work available. In fact, employers nowadays have no desire to employ hands; the tendency is to avoid employing men and to curtail operations. This is one more move by the Government that will have that effect. Undoubtedly it will lead to less and less employment. The more we increase taxation, the more unemployment we shall create and the more people we shall have who do not want work. The people at whom this Bill is directly aimed are those whom we ought to encourage, and yet the measure will have

the effect of discouraging them in their operations. I oppose the measure and should like to see it dropped into the waste paper basket.

HON. G. FRASER (West) [5.31]: While I appreciate that taxation is not popular, I thought that, taking all the circumstances into consideration, this measure, though not likely to be popularly received, would have been given a better reception by members. When we consider the difference in the rates charged in this State and those charged in other States, I wonder why the Government during the past few years has not hit upon probate duty as a field of taxation that could be profitably explored. The difference between the rates in this State and in some of the other States is marked. In New South Wales, where the beneficiaries are widow and children, the rate is 25 per cent., whereas here the corresponding rate is 5 per cent.

Hon. L. Craig: You are quoting the maximum.

Hon. G. FRASER: Quite so.

Hon. L. Craig: You should also give the minimum for both.

Hon. G. FRASER: I have not been able to get those figures. Where the beneficiaries are not relatives, the rate charged in New South Wales is 25 per cent. compared with 10 per cent. in Western Australia. Thus there is an avenue of taxation that could have been explored by the Government for years, and had that been done, this State would merely have been brought into line with other States. However, I do not like making comparisons between Western Australia and the Eastern States in the matter of taxation. I think we should go along as best we can and impose as little taxation as possible. Still, when we consider the difficulties from the employment point of view, we must appreciate the need for giving the Government additional revenue. We have been told that the Government has to provide employment for something like 7,000 men. Most of them are married men. There are very few single men in that group.

Hon. V. Hamersley: The more money you provide, the more unemployed you will have.

Hon. G. FRASER: I do not know that I can agree with that. We have to face the position that exists. The Government does not want those 7,000 men on its hands.

Hon. V. Hamersley: You are just creating unemployment.

Hon. G. FRASER: The Government, however, must accept responsibility for those men. Private employers are not providing work for them and therefore the duty of finding work for them devolves upon the Government.

Hon. J. J. Holmes: The reason is that you are taking all the profits from private employers.

Hon. G. FRASER: Whether that is so, I do not know. But let us face the facts. There are 7,000 men unemployed in this State for whom provision must be made. Immediately on the declaration of war, just at a time when the Government had made considerable progress in the direction of reducing unemployment, some hundreds of men were dismissed from private employment in the metropolitan area. In order to meet the situation thus created, the Government must get money somewhere, and probate duty appears to offer such a favourable field that I am surprised Governments did not explore it years ago. This is a type of taxation that will be less felt by the community than many other forms of taxation would be, because in the words of Mr. Seddon, the people who receive benefits under probate are receiving something that they did not have previously.

Hon. W. J. Mann: Probably they helped to build up the estate.

Hon. G. FRASER: I admit that might have happened in many instances.

Hon. W. J. Mann: The beneficiaries have often been of considerable help to the testator.

Hon. G. FRASER: Yes, but in many instances that does not apply. Many beneficiaries receive benefits in creating which they have had no hand.

Hon. W. J. Mann: And in some instances they have had a big hand.

Hon. G. FRASER: Taxation under this heading, as I have pointed out, is very much lower than elsewhere in Australia. I should like to see every form of tax that we impose lower than the corresponding tax in other States, but unfortunately we are not in such a happy position as are the Eastern States. It is not reasonable to compare Western Australia with Victoria or Queensland. The Government of Western Australia has to make provision in various directions on a very much larger scale than is

necessary in a State like Victoria. Take the railways: What a difference in the railway programmes of this State and of Victoria—the length of the track to be maintained, and the very small population per mile of line as compared with Victoria's. In this and in many other directions the Government of Western Australia has to make heavy expenditure, and it is impossible to secure anything like the return that is obtained in the more populous States. Because of our large area and small population, it is not surprising that many phases of taxation here should be higher than in other States. In the matter of probate duty, however, we are able to boast that our rates are lower than those of the other States, and therefore I say I do not wonder that the Government has seized the opportunity to secure funds from this source. I support the second reading.

HON. L. B. BOLTON (Metropolitan) [5.36]: While I agree with other members that it is most unfortunate increased taxation should be necessary, I intend to support the Bill. I believe it is a form of taxation that will be felt only by a certain section of the community and one that can afford to meet it. This section also, in many instances, makes the provision necessary to meet taxation of the kind. While I am usually opposed to the Government on most of its taxation measures, particularly where an attempt is made to increase the burden on one section of the people and reduce it for another section—this, of course, is another story—I shall support the Government on this occasion.

HON. E. H. ANGELO (North) [5.37]: I also have assisted members who have already spoken on the taxation Bills and have tried to prevent the Government from extracting more money than is necessary from the general taxpayer, but this is a Bill for which I must vote. In fact, I feel that we are almost compelled to vote for it. This State is dependent in a great measure upon the financial assistance it receives from the Commonwealth, and the amount of that assistance hinges on the reports of the Commonwealth Grants Commission, which inquires into the finances of the claimant States. The Commission has pointed out that we are by far the lowest-taxed State in the matter of probate duty. Not only

are we the lowest-taxed State in Australia, but our rates are considerably below those of New Zealand, whether we compare the minimum or the maximum.

Hon. H. S. W. Parker: You cannot make a comparison with New Zealand.

Hon. E. H. ANGELO: In New Zealand the rate is 30 per cent. If we refuse to increase these duties, the Commission, which has never seemed very friendly to Western Australia, will have an argument for reducing the amount in its recommendations to the Federal Government. Why should the Grants Commission be more than ever careful to ensure that the assisted States do not receive greater assistance than is necessary? Simply because the Federal Government is being put to huge expense to provide for the defence of Australia and everybody in it. To a great extent, the need for that defence money is leading to the tightening up of taxation in most of the States. I do not regard this extra expenditure for defence purposes as a tax; it is more of an insurance policy insuring us against loss of life and property in Australia, and who should be more entitled to contribute to that insurance premium than the beneficiaries and heirs of people who have passed away?

Hon. A. Thomson: Some of them, I think, might need protection, too.

Hon. E. H. ANGELO: Yes. Much as I dislike the necessity for the Bill, I think it is our duty to support the measure.

HON. J. NICHOLSON (Metropolitan) [5.42]: Unfortunately I have had not an opportunity to give this Bill the close scrutiny that it requires. While the debate has been proceeding, I have been endeavouring to absorb the arguments advanced by members. I should like to remind members that the Act which this Bill seeks to amend was passed as a result of consideration given by this House in 1933 or 1934 to certain amendments made to the Administration Act by a select committee of this House. A good deal of evidence was taken by the select committee and the matter was fully investigated. The report stated that the imposition of taxation such as death duties should be provided for by a measure entirely separate from the Administration Act, which contains the machinery for assessing the tax. That was pointed out as being necessary because of the provisions of the Con-

stitution Acts Amendment Act of 1899, Section 46, of which Subsection (7) provides—

Bills imposing taxation shall deal only with the imposition of taxation, and any provision therein dealing with any other matter shall be of no effect.

Accordingly it was realised that the addition of a schedule to the Administration Act was something that could not properly be carried out, because of that provision. Hence the necessity of bringing in what is called the Death Duties Taxing Act of 1934. It is now proposed by this Bill to amend the schedule attached to the Act of 1934. That Act sets out in detail the rates per cent., varying, as we know, by gradation, from 1 per cent. up to 10 per cent. But there was one matter which the Committee insisted should be retained—and the House approved of it—namely the proviso at the end of the schedule whereby “insofar as any beneficial interest passes to the widower or widow or the parent of any issue of the deceased person, and who was at the date of death a bona fide resident of and domiciled in Western Australia, duty shall be assessed, in respect of such beneficial interest, at one-half of the rate declared in this schedule.” While noting in the course of the present debate that each member dealt with the subject as it presented itself to his view, I consider that what is provided by the Bill now before us, and what the effect will be so far as the people of Western Australia are concerned has escaped the attention of most members. The proviso will cease to have effect on every estate which happens to be over £6,000. Is it right that that should be so? The matter, as I have stated, was given deep consideration by the select committee. I put it to hon. members that, whatever may be the fate of the Bill, they should insist upon the retention of the proviso, which I have read, thereby giving beneficiaries who stand in that close relationship to the deceased party, at least that benefit. It is not much to ask, but I consider it very wrong on the part of the Government to seek to curtail what is undoubtedly a fair right to be given.

While the rates in the existing Act run from 1 per cent. by gradations up to 10 per cent. under the amendments now proposed the maximum rate will be increased to 20 per cent., also by a method of gradation which has been explained. That, too, requires most

serious consideration. It requires the serious consideration of hon. members from the standpoint of the people in this State as compared with people in the other States. The Chief Secretary, it is true, pointed out that our rates of taxation are lower than those prevailing in the various States quoted by him. He gave us the figures. We quite appreciate that aspect. However, the same aspect was brought before the select committee which considered the matter and made the report it did make to this Chamber in 1934. It is not as though this matter of death duties has not been under consideration within recent years. True, up till 1934 a considerable interval of time had elapsed between the passing of the original Administration Act of 1903 and one or two amendments. I may say that the Act continued almost unchanged from 1903 up to the passing of the 1934 Amendment Act. Having regard to the fact that the existing Act was reviewed as recently as 1934, I consider there is not the same reason or justification on the part of the Government to ask for a review of the position at this stage. There does not appear to be the same justification or reason for it. The Chief Secretary, I appreciate, will turn round and tell us that the Government finds a necessity for money. The Government, we know, is looking around every possible corner seeking for avenues through which it can extend its tentacles and lay those tentacles upon any likely source of revenue.

Hon. G. W. Miles: Is not this Government assisting the Commonwealth Government by balancing Western Australia's Budget?

Hon. J. NICHOLSON: Balancing our Budget might assist. But just one minute. I submit that assuming our Government has been desired most urgently by the Commonwealth Government to take those steps, there is another way of balancing a Budget and avoiding a deficit, and that is by practising economies in expenditure. I suggest that course to the Government. I suggest to the Government that it would be much wiser and more sensible and more businesslike on the part of any Government to pursue, at a time so critical as this, that course in place of pursuing this easy method of simply increasing taxation.

The Chief Secretary: Can you suggest where the Government would start on that course?

Hon. J. NICHOLSON: If the Chief Secretary had adopted the suggestion which has been made, to have a committee appointed to assist the Government—shall I put it that way?—in the matter of recommending expenditure, I feel sure that means could have been devised to that end. I am perfectly certain that in each House there are members with the ability to assist, and with the will to give their services in assisting, the Government in that direction. Unless expenditure is regulated and checked in that way, particularly at a time of emergency, and unless ordinary business principles are imported into the management connected with government, undoubtedly we can look for nothing else than this constantly bringing before us of new taxation, new methods of finding money; so that eventually we shall be harnessed in such a way that practically our whole life will be burdened with so great a load of taxation as to make ourselves useless as a producing country.

Hon. V. Hamersley: Hear, hear! That is it.

Hon. J. NICHOLSON: I view the matter with the utmost seriousness. This method of the Government of seeking to impose further taxation without looking about to see what can be done in the way of economising in expenditure is a wrong method. I put this view also to the Government. How are we going to induce people to settle in Western Australia? I think some hon. member in the course of the debate raised that very question—Mr. Cornell, I believe. And I think Mr. Craig also gave expression to certain views which should indicate to the Government that their method is a means of simply destroying the prospect of bringing people with money into Western Australia. The Chief Secretary put forward as a strong argument in favour of the Bill a comparison between taxation in the matter of death duties in this State with corresponding taxation in other States. The hon. gentleman suggested that that was the reason for now bringing in a measure to increase our taxation to practically double; that is, on high estates of deceased persons.

The Chief Secretary: That statement needs a lot of qualification.

Hon. J. NICHOLSON: If we increase taxation on the higher estates by practically doubling the present rate, what will be the result to a country such as this, a country gasping for money to assist it in its deve-

lopment? Let me ask hon. members also to look at the other States and in their mind's eye to compare those other States with the conditions of development in Western Australia. Take Victoria, New South Wales or South Australia. Each of those States has advanced to a stage of development and a condition of efficiency and independence that a State such as Western Australia can never hope to attain if we are to proceed with the introduction of measures such as that under consideration. I go further and say that if we tax the man who has a little extra money and gradually make the position more and more difficult for him or his relations to carry on, then we shall simply put back the hands of the clock. If we are to adopt that attitude, how can we expect to open up and develop our great empty spaces? How can we expect to continue with the development of our mining industry? True, the Chief Secretary will say that that work is undertaken by companies. To him I retort that the shareholders of those companies, the men who invest large sums of money to help us develop the State, are themselves taxed. If we increase the taxation burden upon those people who have been induced to come here because of the lower rates that have applied, they will go elsewhere and invest their money in a country where the taxation is lighter. What about our great pastoral areas and our agricultural districts? In other countries companies have been formed and have invested hundreds of thousands of pounds in the development of large pastoral and agricultural holdings. Such companies are operating in the other States and probably their combined capital would run into millions of pounds. Will such companies be encouraged to extend their operations to Western Australia because, as the Chief Secretary informed us, we are asked to agree to our rates of taxation being raised to the level ruling in other States? Will that be an inducement to people to come here? There can be only one answer to that query.

The Chief Secretary: I do not think genuine pastoralists would give it a moment's consideration.

Hon. J. NICHOLSON: Then the Chief Secretary is certainly a greater optimist than I am. No man who has money to invest would be encouraged to do so in view of such conditions. Large sums are required

if one is to tackle the development of extensive areas.

The Chief Secretary: I would like to hear from the representatives of the pastoralists on that phase.

Hon. J. J. Holmes: I know of one instance where a family has been ruined because of the payment of three lots of probate duty within a few years.

Hon. J. NICHOLSON: If ever there was an opportunity for this House to do something to assist in keeping our industries going and to help the State generally, we have it now. The Government could assist by avoiding the introduction of legislation such as that now before members. The fullest consideration should be given to the position of those in close relationship to a deceased person, and the present half rate of probate duty should be continued, irrespective of the value of the estate. I put forward that claim because in Western Australia there are very few men, engaged in the development of our rural areas, who have any appreciable surplus capital.

Hon. H. V. Piesse: They are mostly working on overdrafts.

Hon. J. NICHOLSON: The majority of them are, and taxation is based on the capital value of property.

Hon. G. Fraser: That should be altered.

Hon. J. NICHOLSON: The position is indeed grave. As I say, the capital value is what is taxable. With the stringency of the times, increased difficulty is experienced in securing money with which to pay taxation. The man owning property to-day finds it hard enough to make a living under conditions as they exist. Very often when a person dies, his estate is heavily encumbered. The family has to provide for the payment of death duties, which must be met in hard cash. No provision exists in our legislation by which the payment can be made with bills extending over a period. At times the family may be compelled to sell and the estate has to be put under the hammer. That represents serious loss to all concerned, and to the State generally. That sort of thing will not help in the development of the State. The Chief Secretary made references to the Commonwealth Grants Commission, the members of which had apparently drawn

attention to the probate duties imposed in Western Australia.

The Chief Secretary: They have done so periodically.

Hon. J. NICHOLSON: It could be pointed out to the Grants Commission that Western Australia is in a different position compared with the other States. We have not the consolidated wealth of the people residing in the Eastern States. If that point were made to the Commission in a sufficiently forceful manner, I think the members of that body are men enough to realise the difficulties with which Western Australia is confronted. Here we are not only carrying out a great duty to the State, but a mighty duty to the Commonwealth and the Empire. Therefore, I hope that the Chief Secretary, together with the Premier and his other colleagues, will give this matter further serious consideration and will withdraw the Bill.

On motion by the Chief Secretary, debate adjourned.

BILL—LIFE ASSURANCE COMPANIES ACT AMENDMENT.

Assembly's Message.

Message from the Assembly received and read notifying that it had disagreed to the Council's amendments.

BILL—LAND ACT AMENDMENT.

Received from the Assembly and read a first time.

House adjourned at 6.14 p.m.

Legislative Assembly.

Thursday, 2nd November, 1939.

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

QUESTION—AGRICULTURAL BANK.

Commission on Crop Insurance.

Mr. BERRY asked the Minister for Lands: 1, As he is aware that the Agricultural Bank is receiving 19 per cent. commission on crop insurance rates paid by its clients who insure with Messrs. Harvey Trinder (Aust.), Limited, will he inform the House what steps can be taken to prevent Harvey Trinder (Aust.), Limited, from taking such action? 2, What further steps can be taken to prevent the Agricultural Bank from entering into such arrangements as increase the cost of production to its clients?

The MINISTER FOR LANDS replied: After exhaustive inquiry it was found that the Agricultural Bank's interests were best served by the arrangement entered into with Harvey Trinder (Aust.), Limited.

BILL—LAND ACT AMENDMENT.

Read a third time and transmitted to the Council.

BILL—INCOME TAX ASSESSMENT ACT AMENDMENT.

Second Reading.

THE PREMIER (Hon. J. C. Willcock—Geraldton) [4.34] in moving the second reading said: This Bill is not a stranger to the House, a similar Bill having been introduced last year. I do not propose to take long in introducing it, but there are one or two matters relevant to the Bill which I ought to explain, because I think the explanation will have some influence upon the