

ADJOURNMENT—SPECIAL.

THE PREMIER (Hon. J. C. Willcock—Geraldton) [11.7]: I move—

That the House at its rising adjourn till 4.30 p.m. on Thursday next.

Question put and passed.

House adjourned at 11.8 p.m.

Legislative Assembly.

Thursday, 9th October, 1941.

	PAGE
Questions: Railways—1, Wheat hauled to Bunbury; 2, as to Mr. Watts' inventions; 8, as to standard gauge, Kalgoorlie-Fremantle	1100
Assent to Bills	1114
Bills: Public Trustee, 3R.	1100
Income Tax, 7B., Com., Standing Orders suspension, 3R.	1100
Annual Estimates, Com. of Supply, Votes and Items discussed	1111

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

QUESTIONS (3)—RAILWAYS.

Wheat Hauled to Bunbury.

Mr. **HILL** asked the Minister for Railways: 1, What was the amount (in tons) of wheat hauled through Wagin to the port of Bunbury for the year ended the 30th June, 1939? 2, How much of the above was hauled via Bowelling? 3, How much via Narrogin?

The **MINISTER FOR RAILWAYS** replied: 1, 2 and 3, The information is not available.

As to Mr. Watts' Inventions.

Mr. **McDONALD** asked the Minister for Railways: 1, What tests have been made by the Railway Department of the inventions of Mr. Watts, known as the pivot joint, trussed sole-plate support, spring-wing rail crossing, full-rail switch and locking device? 2, Does not the inventor claim that the adoption of these devices by the State Government Railways would result in a large saving in expenditure and also, through

more comfortable travelling, a large increase in the volume of passenger traffic? 3, Will he make arrangements for further investigation and tests of these inventions, with a view to their use?

The **MINISTER FOR RAILWAYS** replied: 1, (a) The pivot joint is in general use on these railways; (b) the trussed sole-plate support has not been tested but model has been inspected; (c) two spring-wing crossings were in use at Midland Junction for some years; (d) a full-rail switch without locking device was tested in the Perth goods yard. 2, Yes. 3, See answers (a), (c) and (d) to Question 1. Somewhat similar joints to the trussed sole-plate support were tried in America about 1910 but were not adopted. The advantages to be gained from the use of the joint are not considered to be sufficient to warrant the expense incurred in replacing the existing joints by it.

As to Standard Gauge, Kalgoorlie-Fremantle.

Mr. **NORTH** asked the Minister for Railways: 1, Has he noticed Hitler's claim to have converted 10,000 miles of Russian railways to (Australian and German) standard gauge in three months? 2, How long would it take the Western Australian Railways to build a standard line from Kalgoorlie to Fremantle?

The **MINISTER FOR RAILWAYS** replied: 1, Yes. 2, It would depend chiefly on supply of materials and number of men available, but under normal conditions the work would take from two to three years.

BILL—PUBLIC TRUSTEE.

Read a third time and transmitted to the Council.

BILL—INCOME TAX.

Second Reading.

Debate resumed from the 7th October.

HON. C. G. LATHAM (York) [4.34]: I am not offering any objection to this Bill. I have had an opportunity to check it, and, after all, the Estimates govern the taxing measure, and on that account there will be no objection. I very much regret the necessity for raising the amount of money required. I repeat what I have stated several

times already in this House, that this State must economise, together with the other States, in order that the Federal Government may have every shilling possible to bring about a successful war effort.

While I admit it is a very difficult job for any Government not only to train men but build up the necessary machinery and the great organisation required for the purpose of providing this equipment, it is regrettable that our young men going oversea have not got all the equipment they require. We should by now have very nearly reached the top in production and ought, therefore, to be able to turn out as rapidly as possible the equipment required oversea. We must find the money, and the Commonwealth Government is now asking the people to subscribe £100,000,000—a very large sum. Of that £73,000,000 is conversion money, and evidently it is anticipated that £3,000,000 of new money will have to be found to redeem the amount falling due which will not be converted.

The Premier: Out of sinking fund?

Hon. C. G. LATHAM: It probably will be. It is anticipated that we may have to find a total of £30,000,000 of new money, which is a substantial amount for the people of Australia. I appeal to the Treasurer, as I have before, to impress upon his Ministers and his officers the necessity for getting full value for every pound spent. The Treasurer has not the calls against him that he had even 12 months ago. He must, of course, carry on the functions of the Government, and that is very essential. At the same time we must leave the field open for the Commonwealth Government to get all the money it can. We are probably justified in saying that considerable waste occurs in Commonwealth expenditure, but in a big organisation, that has grown rapidly, 100 per cent. efficiency cannot be expected. We have very little, if any, control, but as a State we have a responsibility, and so I make this appeal.

Since we met there has been a change of Government, but after all Governments do not count today. It is not a question of whether it is a National Party, Labour Party, or Country Party Government, but a question of our national effort. We should heed the words of the Prime Minister the other night when he made his appeal to the people of Australia to support this loan. He said that there is a job for every man,

woman and child to do, in their respective capacities, and we each of us should do that job as well as we possibly can. While not opposing this measure I do make that appeal to the Treasurer and his Ministers. Let us have a surplus, and a big one if possible. It will mean less money from the Commonwealth Government and probably much more efficient and effective service for our men oversea. It is criminal to allow men to go over there and have a recurrence of what happened a little while ago when there was not sufficient equipment to give adequate protection.

I feelingly appeal to the Treasurer to recognise that, while this House willingly grants money to the Government, it has, at the same time, a responsibility to bear. I would like to have seen some officers appointed whose responsibility it was to check unnecessary expenditure. It is not a job the Premier or his Ministers can do. He must have 100 per cent. loyalty behind him, but even those officers with whom he is in immediate contact cannot do the job. It would have been a very good plan to have had a few officers, as there were some years ago, who went round the country from time to time restricting and checking unnecessary expenditure, which must occur in a big organisation such as a Government. I hope the Treasurer and his Ministers will do all in their power to curtail expenditure, and see that the money is made available to the Commonwealth Government for the successful prosecution of its war effort.

MR. McDONALD (West Perth) [4.40]: The Bill, of course, must receive the support of the House. It does not involve any higher rates of taxation; it could not do so. No State at the present time could, with due regard to national interests, embark upon taxation on a higher scale than heretofore. The member for Guildford-Midland (Hon. W. D. Johnson) has remarked—he is not the only member who has adopted the same attitude from time to time—that the House has very little control over the finances of the State. Theoretically the House may refuse to grant Supply; practically speaking, the money covered by such legislation has either been spent or commitments have been entered into that are covered by the Government's proposal for the Supply to be granted.

Whatever our position may be theoretically, from the practical standpoint, unless we are to have no regard whatever for the requirements of the country and of governmental organisation, the House has no option but to grant the Supply requested and, generally, to endorse the necessary taxation measures for the raising of the money required. I think that is a weakness of our Parliamentary institution, in that the general body of members has so little opportunity to make constructive proposals or to afford constructive help respecting the financial side of the Government's operations.

At the inception of the war I advanced the suggestion in the House that the Government might make use of the knowledge and anxiety of all members to serve the country during the time of stress, and avail itself of the experience some members possessed—there are some not sitting on the Government benches, who have occupied ministerial positions—in an endeavour to advance constructively the State's war effort. I thought that could be done by way of committees, appointed to deal with various phases including that of finance, on which bodies there would be members drawn from both sides of the House.

Nothing was done regarding my suggestion. Six months afterwards the Prime Minister of Australia proposed a similar scheme in the House of Representatives and the suggestion was accepted by Mr. Curtin on behalf of the then Opposition. The plan was put into force and since then I have watched with interest the reports dealing with the work of some of those committees, which were set up to deal with social problems, finance, excess profits and so forth. As far as I have been able to determine, their work has been constructive and has proved valuable to the Government of the day. In the life of the State Parliament it is now too late to do something of the kind. We are nearly at the end of the life of this Parliament and it does seem a pity that after two years of war, particularly in the vital field of finance—that is almost as essential to the winning of the war as man-power, bravery or fortitude—nothing has been done to make use of the services of all members of this House in their different aptitudes and fields

in which they could contribute valuable assistance to the State. However, we must accept the position as it is.

Dealing with the Bill under discussion, I desire to refer, for a few minutes, to the incidence of income tax legislation, and to the effect the change-over from the financial emergency tax to the income tax has had upon certain people. When the House dealt with the income tax provisions in 1937 and later, it was made clear by members who addressed themselves to the subject that the House had to rely to a large extent upon the Government's Treasury advisers as to the fairness of the incidence of the new legislative measures.

Taxation, I believe the member for North-East Fremantle (Mr. Tonkin) will agree, is a highly specialised matter, and in the time at the disposal of members of this Chamber to determine exactly how the new taxation proposals would operate on the various classes of the community affected by the Taxation Department, was a matter of impossibility. The financial emergency tax, which is now collected under the income tax legislation and will be collected under the provisions of the Bill now under discussion, was first introduced eight years ago. When that tax was brought down, incomes not drawn from salaries and wages were charged with financial emergency tax one year before the incomes which consisted solely of wages or salaries. During the depression period the Government of the day had to secure money wherever it could be derived.

As regards salaries and wages, the financial emergency tax was made payable at the source from the time the Bill became an Act in 1932-33, but taxpayers who were not in receipt of salaries or wages but who made returns that year in respect of the preceding year's income, were charged financial emergency tax on the income they earned in the preceding year, namely, 1931-32. When the change-over took place in 1939-40, the last year in which the financial emergency tax was levied, an attempt, which was reasonably successful, was made to equalise the impost. The result was that whereas salaries and wages were first taxed for financial emergency tax one year after the taxpayers who were not in receipt of salaries or wages were assessed, in 1939-40 the people on salaries and wages were required to pay the

financial emergency tax one year later, or one year after it ceased to be collected from taxpayers who were not in receipt of salaries or wages.

The effect was that both sections of the community paid the financial emergency tax for the same number of years, but one section commenced the payment a year earlier, and the other section concluded such payments a year later. Theoretically that might be rough and ready justice; actually, it has given rise to a number of anomalies. Under the Income Tax Act, 1937, there is power to relieve taxpayers from the payment of the whole or part of their income tax if the payment of the tax would entail serious hardship.

The Premier: Is not that in the assessment Act?

Mr. McDONALD: Yes, Section 226. Taxpayers on salaries and wages had to pay, in respect of income earned during the year 1939-40, both financial emergency tax and the new income tax at the increased rates rendered necessary to cover the amount of the financial emergency tax. In effect, on the income earned during 1939-40, salary and wage-earning taxpayers paid double the ordinary financial emergency tax.

The Premier: In a different year.

Mr. McDONALD: Yes. In effect, they paid financial emergency tax twice on the income earned during 1939-40. They paid once at the source—

The Premier: In the first year.

Mr. McDONALD: Yes, and then, by way of income tax at the new rates levied on the same income for the same year, they paid income tax.

The Premier: In the second year.

Mr. McDONALD: Yes. In order to start the new income tax rates with respect to both classes of taxpayer in the same year, the salary and wage earners, who commenced to pay financial emergency tax one year later than did other taxpayers, had to pay, in effect, double financial emergency tax to put them on the same basis as the other class of taxpayers, who commenced to pay financial emergency tax a year earlier. It sounds rather technical but that is the position. What has been the result? I have a number of cases to quote. A man paid financial emergency tax at the source on an income of £7 or £8 a week earned during 1939-40. Towards the end of that year he lost his position because of business

reorganisation, and has been out of work practically ever since. After having paid financial emergency tax at the source on his salary earned during the year 1939-40, and after having lost his position towards the end of that year, he found himself with an income tax account for the income earned during 1939-40 on which he had already paid financial emergency tax.

Hon. C. G. Latham: It included the financial emergency tax.

Mr. McDONALD: Yes, as income under the new rates. This is a case where I think the taxpayer could get relief under the hardship provision in the Income Tax Assessment Act.

The Premier: He certainly could.

Mr. McDONALD: He is only one of several whose cases have been brought to my attention. Those people do not realise the position. I am mentioning the fact so that members who come across similar cases may be able to tell those people, where payment entails serious hardship, that they should apply under the hardship provision in existing income tax law for a rebate of the tax.

The Premier: He lost his position and had no income?

Mr. McDONALD: That is so.

The Premier: I should say that, unless he had other assets, he would get relief.

Hon. N. Keenan: If a man has money, his is not a case of serious hardship?

The Premier: Oh, no!

Mr. SPEAKER: Order! The member for West Perth will proceed.

Mr. McDONALD: I know of two cases in which there is no possibility of such redress being given. Let me give a supposititious case. The new increase in income tax rates became payable from the 1st July, 1939. Suppose that on that date a doctor and a business manager came to this State and commenced work in their respective vocations. Again, taking round figures, let us suppose that during the year 1939-40 each of them earned £2,000. The result of our legislation would be that the business manager would pay financial emergency tax at the source on the £2,000 earned during 1939-40 and would also be assessed for income tax at the new rates on the same figure. The doctor would not have any deductions made at the source because his would not be a regular salary, and all he would be liable for would be income tax at

the new rates on the £2,000. He would pay no financial emergency tax at all on his £2,000. The business manager in respect of his income of £2,000 earned in 1939-40 would pay financial emergency tax at the source amounting to £100 and, in respect of the same income, would pay, at the new rates, £241 by way of State income tax.

The Premier: In the next year.

Mr. McDONALD: Yes, but on the same income. Therefore out of the £2,000 of income earned by each of those men in the year 1939-40, by reason of the incidence of our legislation, the doctor would pay £241 and the business manager £341.

The next case is not merely hypothetical; I could give names if necessary. A man came from the Eastern States at the beginning of 1939 to take up a high position with one of the big institutions in this State. The result is that during the income-year 1939-40, the first year of income after he comes to the State, he strikes double taxation. Taxation is deducted from his income at the source, and then subsequently he gets his income tax bill in respect of the same year's income under the new income tax law. He feels very sore. If he had been in this State when the financial emergency tax was first introduced, he would have had the advantage of being assessed for financial emergency tax one year later than people who earned their money from business. But he is a stranger to the State; he lands here, and the first thing that happens is that he is taxed far more than is anybody else.

The same thing happens with regard to another man occupying a position of fairly large income with a certain institution. He came to Western Australia from the Eastern States at the beginning of 1939. He had a little income from outside sources, but almost the whole of his income was salary. During the year 1939-40 he paid financial emergency tax at the source, as did the man in the illustration I previously gave. If he had been shrewd or better advised he would have said, "No; I won't pay financial emergency tax on my salary, but I will put in an assessment at the end of the year, like a business man, and pay income tax." In that case he would have saved paying any financial emergency tax, and he would be better off by approximately £71 for that year—I have the figure from a chartered accountant.

What I wish to suggest to the Treasurer for his consideration is that he might well bring down a small amendment to the Financial Emergency Tax Assessment Act enabling the same board that deals with cases of serious hardship under the present assessment Act to remedy cases of anomaly and double taxation arising from the change-over from financial emergency tax to income tax. A very large sum has been received by the Treasurer in taxation for the year 1939-40. The people I am speaking of are able to pay, and therefore cannot come under the serious hardship section; but quite a number of them resent very much having been caught accidentally—there was no design about it—as the result of this change-over and subjected to more taxation than is imposed upon people who have been all the time in the State.

I do not wish to take up time by going into this matter in great detail, but there are a number of similar cases. A man may have been on an assessment when the financial emergency tax first came into force and therefore have paid one year before the taxation of salary or wages. If since that time he has made a change-over and become an employee on salary or wages, he will pay the financial emergency tax for one year longer than other taxpayers pay it, because he started one year earlier and will continue paying until the very last year, the year which should be applicable only to salary and wages taxpayers.

Those are only examples, but I suggest to the Treasurer, in order that our law may operate justly to all taxpayers and that cases of real injustice and double taxation may be eliminated, there should be a small amendment to the assessment Act to enable the board which at present can deal with cases of serious hardship, to rectify anomalies and make refunds. This would be regarded by many taxpayers as a gesture by the State and the Government, which would remove the feeling they now have that they are being subjected to unfair and exceptional treatment.

HON. N. KEENAN (Nedlands) [5.5]: I desire to support the matter brought to the notice of the House by the member for West Perth (Mr. McDonald). I referred to it briefly at an earlier stage of the session. It is a well-known fact, and the general acceptance of the fact is that the Treasurer

was the most surprised man in Western Australia when he learnt that by reason of some blunder—it was only a blunder—

The Premier: There was no blunder.

Hon. N. KEENAN: The Treasurer did not intend to tax people twice.

The Premier: And he has not done it, either.

Hon. N. KEENAN: Yes; he has done so. The Premier: No.

Hon. N. KEENAN: He has received at the source the financial emergency tax.

The Premier: For one year.

Hon. N. KEENAN: For one year; and then on the earnings of the same year he has received the income tax, which is always a year behind.

The Premier: Yes; during next year.

Hon. N. KEENAN: I myself wonder whether the occupants of the Treasury bench have paid the taxation twice. That is a matter of indifference to me, of course. The Treasurer can tax away the whole of his salary if he chooses. Undoubtedly there is a case for some legislation to remedy the fact that a large number of those who are on salary, and who paid financial emergency tax on their salaries for the year 1939-40, were subsequently assessed for income in respect of that very same year, and their income did cover the financial emergency tax.

The Premier: Payable next year, yes.

Hon. N. KEENAN: So they paid twice.

The Premier: No. They paid once. There are different taxable years.

Hon. N. KEENAN: No. Let there be no mistake about this. It is the same year, 1939-40. If I were in receipt of a salary of £1,000 a year at that time, then the financial emergency tax would be deducted, as provided by the Act, at the source.

The Premier: In the year 1939-40.

Hon. N. KEENAN: I am dealing with that year. Let us not get away from it. If I was paid by the month, then every single time I received payment the proper deduction would be made from the salary I was receiving. I have taken £1,000 a year as a supposititious salary. Now the new legislation comes into force abolishing the financial emergency tax and substituting a correspondingly higher income tax. In other words, the financial emergency tax merges in the income tax; and of course every assessment made for the purpose of income tax relates to the year before

the cessation. So the year 1939-40 is the basis on which that tax is imposed. The taxpayer, therefore, will pay twice.

The Premier: No.

Hon. N. KEENAN: It is useless for the Treasurer to say that is not done.

The Premier: Never!

Hon. N. KEENAN: I was wondering whether the Treasurer got in under the hardship section, because that section is restricted. There is no question of extending it as far as one likes, as it is restricted to the case of a taxpayer who has suffered so great a loss under such circumstances that the full amount of tax will entail serious hardship, or to the case of a person who, had he lived, would have been liable to pay the tax, dies and leaves a dependant upon whom the payment would impose serious hardship. It is an exceedingly limited provision and does not cover the other cases I have mentioned. For instance, may I inform the Treasurer that every member of the Judiciary has had that experience? Yet the Treasurer calmly says that he has not paid it. He may not have done so.

The Premier: I paid as much as they did.

Hon. N. KEENAN: That might be so. I have no doubt that the Premier paid what he was bound to pay; anyone who paid more would be exceedingly foolish.

Mr. Raphael: You will have a lot of support in that remark.

Hon. N. KEENAN: That does not alter the position. The fact is that the cases to which I have drawn attention cannot be dealt with by the Commissioner of Taxation under this hardship provision. Special legislation will have to be passed to enable either the Commissioner of Taxation, or the person appointed to deal with such cases, to go into this question of double taxation. It is only a just and equitable demand that such legislation should be passed. I hope, therefore, that the matters brought by the member for West Perth (Mr. McDonald) to the notice of the Treasurer will receive proper attention.

MR. NORTH (Claremont) [5.12]: An elector at Claremont wrote to me some time ago with regard to this tax and the Premier was good enough to reply to his comments. He raised three points. As he used his

rights as an elector, I felt that I should bring the points to the notice of the Premier. The elector's first point was that the amount of Federal tax should be a deduction from the income of the taxpayer. In reply, the Premier said that the Federal tax was not allowed as a deduction in any State. That is so, but the taxpayer's contention was that in these days Federal income tax is increasing so tremendously that it represents a big item on the taxation sheet, and consequently its disallowance as a deduction means that taxpayers are paying State income tax on income which they do not actually receive. It is quite clear that taxpayers are paying a big tax on income which they do not actually receive, as it is deducted at the source.

The second point was that, now the Financial Emergency Tax has been abolished, the income tax is inclusive of what was previously the Financial Emergency Tax. The deduction for the latter tax is also lost; it was previously deductible. I now come to the third point, which is the most interesting one from the point of view of members, because it breaks new ground. The elector thought that parents willing to maintain their children to a later age than usual, so that they might attend college and afterwards take a university course, should be allowed to claim a deduction for them up to the age of 21 or 23 years. At present, I think the deduction allowed is £40 per annum.

The Premier: The maximum is £40.

MR. NORTH: Yes. The claim for total maintenance would in some of those cases be for an adult. In support of his contention, the taxpayer urged that some further provision should be made for an allowance by way of deduction in respect of a child going through an educational course for the purpose of entering one of the professions. I believe the University and other educational authorities also hold this view. I quite understand the Premier's reply, which is much appreciated. This taxpayer had the reply straight from the head of the Government. This I think is a good principle, because a feeling seems to be growing that electors are losing their rights in such matters. A feeling seems to be abroad that taxation is a fight between taxation authorities and taxation experts, the latter fighting the authorities for the public on payment of a fee. I very much appreciate this elector's

coming forward with his suggestions and I trust these few points will receive consideration.

Apart from the Premier's statement that Federal tax was not allowed as a deduction in any State, he made the general point—with which we must all agree—that, if the allowance were made, additional taxation would have to be imposed to meet the loss thus incurred. The fact remains, however, that the views put forward by the taxpayer I have mentioned connote that there should be differentiation. With regard to his third point, if a deduction is to be allowed for the maintenance of children taking an educational course, that obviously would mean a deduction for the taxpayer's benefit as against the public as a whole. With regard to the other two points, the financial emergency deduction and the Federal tax deduction would vary in each case; there would not be one allowance. As I said, I consider the three points worthy of putting forward for consideration by members. I support the second reading.

MR. SHEARN (Maylands) [5.18]: This seems to be the opportunity for members to point out anomalies in our income taxation law. I wish to bring under the notice of the Treasurer a matter not of vital importance to the Revenue, but vitally affecting a small section for whom I am raising this point. Under the Income Tax Assessment Act in force prior to 1937, blind persons in receipt of income were exempt from income tax. This provision was omitted from the 1937 Act, and therefore blind persons became liable for income tax on their earnings as from that year.

In the former Act to which I referred, provision was made to exempt males over 65 years and females over 60 years of age from payment of income tax, provided their income was under £250. When introducing the Bill, the Premier rightly told the House that it was necessary for him to conserve the State's finances not only in order to aid the national effort to win the war, but also to provide for our State services; and he pointed out that revenue from local sources was greatly reduced. I suggest, however, that he might exempt blind persons from payment of income tax, provided they are in receipt of an income under £250.

The Premier: That refers to aged persons.

Mr. SHEARN: There will be a few such persons. I refer to blind persons employed at the Blind Institute, Maylands. There are one or two cases to which the exemption would not apply, but the exemption should be extended to the others. I know the Premier is sympathetic towards these people and I feel quite sure that, now the matter has been brought under his notice, he will give it his earnest consideration. I trust he will be able to accede to the request I am making on behalf of those people.

MR. SAMPSON (Swan) [5.20]: I should like to take this opportunity to suggest to the Treasurer that consideration be given to people who go out to the goldfields and country districts. Western Australia's future depends upon the enterprise shown by those who are prepared to leave congested areas and undertake work in the goldmining and farming districts. In spite of that, the same rate of taxation is applied to them as is applied to those who remain in the city areas. We know that the number of people drifting into the city is increasing and the country towns are becoming more and more depopulated. To secure workers for the mines is becoming increasingly difficult. Those who depend upon agriculture for a living are finding it hard to make ends meet.

We know something of the number of farmers who are leaving the land. I do not suggest that a reduction of income tax would have the effect of detaining them, because in the majority of cases they have practically no income, but such a reduction would encourage others to exercise enterprise in taking up propositions in the country. I would like consideration to be given to this phase of the matter, as well as so far as goldfields centres are concerned. The life of goldfields towns is notoriously short. Because of that rents are high, and it is frequently impossible for those who take up work on the goldfields to make of it a payable proposition. The trouble is that the gold gives out and there is no possibility of their recovering money that has been invested.

There is another matter to which I desire to refer. I have here a form showing

the details that have to be supplied by taxpayers in regard to income from personal exertion. One of the questions to be answered is whether the taxpayer is married or not married. A definition is given of "not married" the words being taken to include a bachelor, a spinster, a widower, a widow or a divorced person. I consider that a divorced man who is caring for his children should be treated as a married man in regard to income tax payments. A married man who is living with his wife is allowed a deduction of £62 in respect of each child. But here is a case of unfairness. Some unfortunate or fortunate man—as the case may be—who has been divorced is, on that account, treated under the Act as a single man, and although he cares for and provides the whole expense of maintaining his children, he is not permitted to make deductions that would otherwise apply.

The Premier: I think you are quite wrong.

Mr. SAMPSON: I have the form here. The taxpayer is asked to state whether he is married or not, and it is indicated that the words "not married" cover various people, including divorced persons.

The Premier: That does not affect the position in regard to dependants.

Mr. Abbott: Yes it does!

The Premier: No fear!

Mr. SAMPSON: I hope the Premier will be good enough to give the matter consideration.

The Premier: Have you a case in mind or are you basing your remarks on what appears in the form?

Mr. SAMPSON: I have a particular case.

The Premier: I wish you would refer it to me.

Mr. SAMPSON: Very well. I will do so. I thank the Premier for his promise to give the matter consideration.

THE PREMIER (Hon. J. C. Willecock—Geraldton—in reply) [5.25]: In reply to the remarks of the Leader of the Opposition, I can assure him that we are giving every consideration to saving expenditure in every possible direction. In many instances we have been assisted in that regard by extraneous circumstances inasmuch as we cannot, for instance, secure some of the materials on which we would ordinarily have spent money. We have two or three Treasury inspectors who are constantly

supervising the expenditure in the different departments and who bring under the notice of the Under-Treasurer and, through him, under my notice—directions in which they consider further sums might be saved. In the preparation of the Estimates I was aware—and every Minister on the front bench can substantiate my remarks—of the difficulties facing us this year on account of heavy expenditure required to finance basic wage adjustments and child endowment liabilities.

Ordinarily we would have said that on account of the increased expenditure we would have to increase taxation or the cost of services rendered to the public. We considered, however, that the time was not opportune for us to do either. Instead, every ounce of pressure is being exerted by Ministers and departmental heads and by the Treasury department and its inspectors to ensure that no expenditure is made that can possibly be obviated. That is how we hope to surmount the difficulty. If conditions remain as they are—that is to say, if there is plenty of remunerative employment for all the people of the State—we hope that we shall be able to make up the leeway. Instead of recording a deficit, on account of the additional £500,000 expenditure that will be necessary this year, we hope by exercising economy in every possible direction to come near to balancing the budget even though to do so may mean in some instances not spending so much on maintenance work.

Such work will have to be undertaken subsequently, but in the meantime money will be saved, without endangering public safety. There will be plenty of labour available when men return from the war to be absorbed in undertakings that must temporarily be postponed. The saving on any undertaking will not be great but the expenditure of £100 here and £100 there will be postponed until a more opportune occasion. That economy has not gone on to the extent of affecting the safety of any public undertaking, but has been adopted generally in order that the leeway of £500,000 might to a great extent be curtailed. The Leader of the Opposition may be sure that all Ministers and heads of departments have had this so well dinned into them that it is having a good effect upon them. The expenditure during the last three months has indicated

the effect that this principle of economy is bringing about. In other words, although we have had more to do the expenditure has not risen in a proportionate degree with the rise in the basic wage, the commitments on account of endowment taxes, our proportion of the superannuation payments, and other expenses to which I referred when introducing the Budget.

If the set of conditions which has existed in the last three months continues, I hope—although I am not very sanguine—that it will be possible to reduce even our estimated deficit. Any money that is not absorbed by the deficit out of the loan allocation funds will be used by the Federal Government for war purposes. I assure the Leader of the Opposition that we are anxious to fit in with his ideas, which are the same as ours are. Every effort is being made to curtail expenditure. I am not sanguine about obtaining a surplus, but am more than hopeful, on the experience of the last three months, that the deficit we expected at the end of the financial year will not be as great as the figure indicated. The member for West Perth (Mr. McDonald) raised a point to which I wish to reply. Any alteration of taxation, no matter what it consists of, must make for differences compared with the previous system in vogue. It has always been said that any alteration in the system of taxation is accompanied by anomalies. If the hon. member treats as an anomaly any taxation system that bears differently on people compared with the previous system, that could be said to amount to an anomaly.

The new system has brought about tremendous changes in taxation payments by that desirable set of citizens, the family man with four or five children. The man receiving £8 10s. a week but having four or five children will escape taxation. Under the financial emergency taxation such a man had to pay about £12 10s. a year. This House agreed to the alteration. Single men have to pay a little more, and people on higher incomes also have to pay more. The member for West Perth is quite correct in his contention. It is one of those apparently small anomalies brought about when the system of taxation undergoes a change. The anomaly is one that could not have been foreseen.

When the taxation provision was first introduced, as the member for West Perth pointed out, people who had incomes from

property or business undertakings began to make their payments on the income of the year before the ordinary taxpayer. That provision was brought in during a time of depression when such people did not enjoy large incomes. I noticed during the discussion with regard to Mr. Harry Boon's business that at one stage of the depression the firm made very little income. That is one of the anomalies that affect the individual as against the masses. The member for Nedlands (Hon. N. Keenan) said that people had paid twice on their income for one year, and he instanced the members of the judiciary. Judges receive a salary somewhat similar to that received by Ministers of the Crown, there being a difference of only £100 or £200 per annum. They have not, however, paid twice in one year. Had the financial emergency tax been continued last year on the same basis as for the year previously, they would have continued to pay the same tax. They certainly pay a little more now, on account of the higher rate imposed on the higher incomes. Every person has paid the one set of income taxes, whether it is called a group tax, an amalgamated tax or a separate tax, and no person has paid more than one lot of taxation in one year.

Mr. McDonald: Some people have paid two lots of taxation on the same income.

The PREMIER: If we had said to the taxpayers, "For the next 10 years we will base your income tax on the income you received for 1939-40, and you will pay your taxation on that figure," they still would not have been paying twice on the same income.

Mr. McDonald: Two taxes have been paid on the same income.

The PREMIER: People have paid two taxes in two years on the one income, but they have not paid a double tax in any one year. I personally have not paid any more taxation except the increased rate that was levied on my income, due to the fact that higher incomes are taxed at a higher rate. Actually, I have paid three times as much in taxation this year, on account of the increase in the Federal taxation. Some people may think that State taxation is responsible for that increase, whereas it is the Federal taxation that has—certainly in my case—increased by approximately 200 per cent. in that I was paying £150 and am now paying £400. That may be considered to be a double tax, but actually it is not so.

Mr. Hughes: Unfortunately other people are doing the same thing.

The PREMIER: I accept it all cheerfully, but it does not mean that I am paying a double tax.

Mr. McDonald: I do not suggest such a thing.

The PREMIER: Some people are inclined to say that, because they are now paying a higher tax than for the previous year, they are paying a double tax. They are really paying part of the tax in one year and the other part in the following year. Had the financial emergency tax continued people would have paid the same taxation this year as they did last year, except for the additional impost on the higher incomes.

Mr. Hughes: Do not people lose some of the deductions they previously enjoyed?

The PREMIER: Yes. Under our income tax assessment system, the man who paid financial emergency tax was allowed to deduct that from his assessable income. Because he is not paying that this year he gets no deduction on that account. I point out that 30,000 or 40,000 people, mostly married men with families, to whom I have already referred, will be free of taxation. It is generally recognised that family responsibilities are such that a provision of that kind is only just in their case.

Mr. McDonald: We all support that.

The PREMIER: Everyone recognised that at the time it was brought in the financial emergency tax was a necessity. The money had to be raised, for at that particular time the State would have been practically insolvent but for that taxation. People thought that the tax would only last for a year or two, and on that understanding willingly paid it. If anyone had suggested that that should be accepted as a principle of taxation, and not merely as an emergency measure, it would have been rejected out of hand. It was only the necessities of the moment which made the House accept that tax, which contained anomalies; and not only anomalies, but injustices.

Mr. Sampson: Would the extra deductible amount be allowed next year?

The PREMIER: Taxpayers will not pay financial emergency tax, so they cannot claim that deduction. We set out to lose £10 and £15 a year from 30,000 or 40,000 people with families. That amounts to £300,000 or £400,000. Somebody has to

make up some of that loss in order that about the same amount of money should be received from taxation. The amount was made up and, as a matter of fact, a little more was received because various people who had by devious means dodged tax altogether, were brought into the fold, through the system of collecting at the source.

Mr. Sampson: We have not a chance of escaping it here because you deduct it at the source.

The PREMIER: Other people had occupations which enabled them to dodge their responsibilities, and the strong heavy hand of the tax gatherer could not enfold them. Now every employer has to deduct the taxes from those who receive money from him, and a number of people have been brought into the fold because of that. A lot of anomalies were in the financial emergency legislation. In order to get rid of those iniquities and injustices, another system was introduced. It has made some people suffer an anomaly in one year. In the year of the change-over they may have suffered a little, but they have not paid twice in one year. The hon. member instanced the cases of a doctor and a manager. The doctor dodged some of his obligations because he had not paid what everybody else had paid—the financial emergency tax during the year in which the income was earned. Had he been in the State when that tax was originally introduced, he would have paid it on the income for the year previously, but being a Johnny-come-lately, that anomaly did exist, and it may have existed in the case of a fair number of individuals. What should have been done was to see that everybody in this State liable for the tax paid taxation on the money as they received it.

Mr. McDonald: The doctor did not dodge it.

The PREMIER: He did at the time.

Mr. McDonald: It was the other man who "copped" it twice.

The PREMIER: No. Salary and wage earners were paying the tax when they earned the income. The clerk outside deducted from every member of Parliament, for instance, the tax at the source. We had no chance of dodging it. Because a doctor runs his books on commercial lines and does not receive a salary, but earns an income by way of fees from various people, and later makes out a return, it is impossible to do that, and we recognise

the position. The best thing for him to do is put in a return. When the tax was originally introduced that point was recognised, and he was made to pay on the income of a year earlier. The people who have come in a year afterwards have got something over the other people. But to turn it round the other way and say that everybody else should get a deduction is, from the Treasurer's standpoint, a preposterous idea.

Mr. McDonald: Nobody gets the better of the Taxation Department. I am speaking of the people who, only for that year, got the worst of it.

The PREMIER: No provision was made for it. People who came into the State and started businesses, and were assessed for income tax, did have advantages in comparison with others. It could not have been foreseen, but it arose when the taxation was originally introduced, and the Government made them pay on the income of the previous year. Eighty per cent. of the taxpayers of this country were paying taxes out of the current year's income. The non-employee fellow who "blows" into the State dodges that responsibility, but he will never be able to do it again. There is a slight anomaly respecting that aspect. From my standpoint I do not know whether it is better for him to pay, or for the other fellow to be let off. The hon. member says we should let a lot of people off.

Mr. McDonald: No! The fellow who comes in has previously paid tax in the country from which he came.

The PREMIER: Not on the current year's income. Very few countries in the world levy income tax at the source on the current year's income. It was only because that system was in operation here that many of our people started to pay income tax. It was an absolute necessity when it was instituted. The member for Nedlands (Hon. N. Keenan) is not here.

Mr. McDonald: He is on the Government side at the moment.

The PREMIER: Even though he is sitting as a supporter of mine, if he says he has paid tax twice in one year, and it is true, it does not matter whether he has done that this year, or next year or the next year or the next year. He pays tax four times in four years, and that is quite just.

Mr. McDonald: But some people pay five times in four years.

The PREMIER: No.

Mr. McDonald: Yes.

The PREMIER: I keep my cheque books, and I know exactly how I stand. I have only paid once this year and once last year. People with high incomes, including myself, have had to pay much more than they did previously, but I certainly have not paid twice, and neither has anybody else. They may have to wait a year longer. That might occur in five years, 10 years or 15 years. The member for Nedlands (Hon. N. Keenan) drew attention to the section in our Income Tax Assessment Act which provides that, where a case of hardship exists and it is brought to the notice of the Taxation Commissioner, it can be rectified. The section provides for a board which has the responsibility of making recommendations, and cases of hardship are constantly being brought forward. About once a month I have to sign vouchers for the remission of taxes in cases of undoubted hardship. That policy will be continued. If we seek to amend the Income Tax Assessment Act, some suggestion should be made respecting blind people. They suffer under a tremendous disability. The House should rectify that position. They should be treated in the same way as are old people who have an exemption up to £250 per year. That provision was put in deliberately. People over the age of 65 have not many more earning years left, and they should be allowed to keep the £250 they earn to assist them in their declining years. That is a good principle, which still remains in the Act, and it could also very equitably apply to blind people. If we are to amend the assessment Act in the future, I will certainly give consideration to that question.

I am afraid, Mr. Speaker, the discussion has deviated somewhat from the question of the imposition of the income tax in favour of consideration of what has been done in past years. I am glad that those members who have spoken have indicated their support of the measure because we certainly must have the taxation that will be collected under its provisions. I give the Leader of the Opposition and members generally my assurance that the Government's definite desire is to limit expenditure to the utmost extent possible and to ensure that there shall be no extravagance, with a view to enabling, after we

make due provision for carrying on absolutely essential services, all available resources to be devoted to the prosecution of the war effort. In the light of such circumstances, it would be idle for members to lend themselves to the support of agitations for increased expenditure or additional grants. Approval of such added expenditure simply cannot be entertained in these times. If we are to direct all our energies and devote all our resources to the prosecution of the war effort, we must bear that in mind and not attempt to reach out in other directions. If we do not follow that course we shall fail where we have no desire to fail. I repeat that the Government desires that all the available resources of the State shall be made available for devotion to maintaining our war effort.

Question put and passed.

Bill read a second time.

In Committee.

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

Standing Orders Suspension.

THE PREMIER (Hon. J. C. Willcock—Geraldton) [5.53]: I move—

That so much of the Standing Orders be suspended as is necessary to enable the Bill to be passed through its remaining stage at the one sitting.

Question put.

Mr. SPEAKER: I have counted the House and assured myself that there is an absolute majority of members present. I declare the question duly passed.

Question thus passed.

Third Reading.

Bill read a third time and transmitted to the Council.

ANNUAL ESTIMATES, 1941-42.

In Committee of Supply.

Resumed from the 7th October: Mr. Marshall in the Chair.

Vote—Taxation, £12,000—agreed to.

Vote—Workers' Homes Board. £5:

MR. TONKIN (North-East Fremantle) [5.55]: I am very grateful to the Premier for making it possible this year to discuss this governmental activity. In previous years difficulty was experienced with the Chair in our endeavours to discuss the affairs of the Workers' Homes Board because no vote was provided and it was therefore held that the affairs of the board could not be discussed. Last session the Premier promised that when the 1941-42 Estimates were before the Committee, he would make available an opportunity for discussion and he has done so by making provision for a vote of £5. I desire to draw the Premier's attention to the fact that under the altered circumstances of today it is not now possible for the Workers' Homes Board to function in the manner originally intended. When the Workers' Homes Act was first placed on the Statute Book, the object was to make it possible for people with scarcely any money to commence buying their homes.

In subsequent years efforts were made to reduce the amount required as a deposit and a year or two ago the Premier went so far as to endeavour to make it possible for applicants to secure homes without the payment of deposits but merely by renting properties with a view to their ultimate purchase. Owing to living costs having risen so much tenders cannot now be obtained for the erection of houses at prices within the limit of £800 that can be loaned by the board to applicants. When the cost of a block of land has to be taken out of that maximum amount the financing of the construction of a home on it becomes extremely difficult. I know that in recent months a number of applicants approved by the board could not secure the erection of houses because they were not able to pay amounts ranging from £40 to £70 in cash. The board had pointed out to them that the tender prices were in excess of the limit of £800, and that it was not possible for their homes to be erected unless the applicants themselves were able to pay the excess in cash. That has resulted in a situation quite contrary to what was originally contemplated, as the present position restricts the securing of houses from the Workers' Homes Board to those applicants who are able to provide £50 or £60 in cash.

The Premier: Or even more than that.

Mr. TONKIN: The effect of this is to deny people with scarcely any money the

opportunity to secure homes through the Workers' Homes Board. I am just wondering whether the Premier can do anything to meet the situation. An amendment to the Act making provision for larger loans would certainly enable the board to build dearer dwellings, although that would impose an additional obligation upon the workers who bought them and the increased cost might be such as to impose a great burden upon them.

The Premier: The basic wage keeps going up all the time.

Mr. TONKIN: Yes, and possibly that may enable some to shoulder the extra burden. I appeal to the Premier to take steps to rectify the position because many people whose applications have been approved have not been able to go on with their propositions because they could not provide the extra cash required, in consequence of which the homes have been made available to others possessed of additional means. The effect of that has been to deprive people most in need of the homes of the opportunity to secure them whilst those in a better position to finance their obligations have been able to secure houses through the Workers' Homes Board.

I deplore the fact that building costs have risen so appreciably. Even those associated with the erection of weatherboard houses have increased tremendously and today carpenters do not care whether or not they tender for such work. Instances are on record of the board having called tenders for the erection of workers' homes in various districts and not a single tender being received for the work. That probably arose from the fact that there is such a shortage of carpenters, while those that are available consider they can do better for themselves in other directions and therefore decline to submit tenders for the erection of workers' homes. That difficulty will probably have to be dealt with in another way. To the extent that insufficient money is at present available to meet the extra building costs, the difficulty could be overcome by the Premier amending the Workers' Homes Act to enable the board to lend more than the present maximum of £800.

Already the maximum has been increased three or four times to meet altered conditions and there now exist still further altered conditions that make necessary another amendment of the Act to increase the maxi-

num authority of the board to make advances so that those who desire homes can secure them. I expect the position will become worse; costs are bound to rise still higher. The board requires an average of £50 or £60 from persons contemplating building homes in the near future, and unless we alter the Act, possibly £70, £80, £90, or £100 cash will be required as a deposit later on. This was never intended. The Act provides for a deposit of £5, but to get a home is practically impossible unless the applicant has a deposit nearer to £50 or £60. I want to obviate this, and I hope the Premier will investigate the matter with the board and agree to amend the Act by making provision for these homes to be granted to persons who cannot pay more than £5 deposit. That was the original intention. For brick houses, it is impossible to get a tender price within £800.

The Premier: A brick house that two years ago cost £850 is now £1,100.

Mr. TONKIN: Then the Premier does appreciate the difficulty. When the board calls for tenders and the prices are so much in excess of £800, the board cannot proceed with the building unless the applicant can provide the difference in cash. This means that the people most in need of workers' homes cannot get them, and that the homes that are available are going to people who have money. If we amend the Act to make possible that granting of a larger loan, this will enable the board to build more houses, but will place an additional obligation on the workers, and I am doubtful whether they will be able to bear it. The Premier has said that the basic wage has been increased and has suggested that this will enable workers to meet the greater cost.

Mr. Seward: It is only having the effect of putting up costs.

Mr. TONKIN: Unless the board is to be reduced to an organisation providing homes for only those persons who have money, we shall have to do something to meet the position. So far as I can judge, short of making a grant of the difference, we must amend the Act to provide for a larger loan.

Mr. Thorn: When the cost of a home exceeds £1,000, you are getting away from the principle of workers' homes.

Mr. TONKIN: The position is as broad as it is long. At present an additional £50 would meet requirements in most cases, but

as building costs are rising, an extra £100 might be required in a few months. The point is that the people entitled to workers' homes should be able to get them. Private enterprise is not building homes today. It is extremely difficult in many districts to rent a house; in certain districts it is almost impossible. Private enterprise is not investing money in the erection of homes for letting. There is an acute shortage of houses, and the shortage is accentuated because the board cannot provide the homes required of it.

The instances I have quoted are not isolated ones. Numerous applications have been approved, but when tenders were called the price was found to be so high that the board could not proceed with the building unless the applicant could provide the difference in cash, and as the difference has usually amounted to £50, this has been quite beyond the means of applicants. These people have had to admit that they simply could not find the money and they have lost their chance of getting a home.

The Premier: We are inquiring into the matter.

Mr. TONKIN: I am glad to have that assurance from the Premier. There is another point to which I wish to draw attention. Some co-ordination should be arranged between the Workers' Homes Board and the Child Welfare Department. I am led to think along these lines because of the acute housing shortage. One would have thought that the Child Welfare Department would insist upon the proper housing of children. The department makes allowances for rent when providing grants for persons dependent on the department. If widows cannot rent houses, they are compelled to share homes with other people, and thus accommodate themselves and their children under conditions that are not suitable. The welfare of the children is therefore affected. I am not concerned at the moment whether this matter is attended to by the Workers' Homes Board as a separate department or by the Child Welfare Department, but it is urgently necessary to provide houses of a cheaper type for widows and their children because of the difficulty of renting houses.

Let me mention a case at Mosman Park. A woman, whose husband is in the Claremont Asylum, has three children, and she

was given notice to leave the house she was occupying because the owner herself wished to live in it. I tried numerous agents in an endeavour to get a house anywhere in the metropolitan area; the woman was not concerned where she lived. Although at the time she was living at Mosman Park, she was prepared to go to Victoria Park, if necessary.

Mr. Sampson: Put your foot on the soft pedal!

Mr. TONKIN: I mentioned Victoria Park because of the distance from Mosman Park, not for any other reason. Although she was prepared to live in any suburb, it took three months to find a house for her. During that time she was constantly being harassed by the landlady, who wanted to arrange for a decorator to go in so that the premises might be renovated for her. Although I tried many agents, I simply could not get a place for her, but eventually the Workers' Homes Board was able to let her have a home at East Fremantle. Had it not been for that, so far as I can see, the woman would still have been living in the house at Mosman Park.

So numerous are the applications for small homes at present that the demand cannot be coped with. The position, already acute, will be severely accentuated as time goes on: widows in desperate straits for accommodation will not be able to find houses to which to take their children. Under existing arrangements with regard to workers' homes, it is possible for workers to get houses built; but widows with two or three children or even one child, and without breadwinners, simply cannot obtain a house to rent; so that in such cases those concerned will have the option of remaining out in the street or tumbling in with a family already overcrowded. As a result people will be living under conditions we ought not to tolerate.

To obviate the development of such a situation I draw the Treasurer's attention to the need for making some provision under this vote. I realise that this will mean eating further into the four millions odd of State revenue. It cannot be done without money. On the other hand, we cannot have widows and children homeless. Some scheme should be devised for cheap housing so that the Child Welfare Department may provide accommodation in such cases. It would not matter greatly whether the houses were built and the tenants allowed to pur-

chase them or merely to rent them. This would be a matter of Government policy. What I am concerned about is that houses should be built to meet the desperate need, which is certain to intensify. Unless the necessary steps are taken, we shall have very needy women and their children unable to secure shelter. A woman cannot battle like a man can; and even if there was a man to do the battling for the woman and children, houses are not available.

House agents say straight out that they have no houses of the cheaper type available for letting, and for that matter have very few houses of dearer types available. The position is becoming worse and worse. Something will have to be done on behalf of these people, and I suggest to the Treasurer the possibility of making a grant to the Child Welfare Department, the officers of which know the cases very well. Houses could be erected for the department, which would administer them. The houses could be let to suitable persons, or, if the Government thought this better, the tenants might be permitted to purchase the houses on the same plan as workers' homes are purchased. My concern is that houses should be provided. Private enterprise will not supply them. There is an intensifying shortage, which will impose definite hardship upon the persons in whose behalf I speak. I direct the Treasurer's attention to both the matters I have raised, because they call for immediate consideration.

Mr. CROSS: I support the member for North-East Fremantle. The housing position in the metropolitan area is such—

Member: You have only two minutes.

Mr. CROSS: I move —

That progress be reported.

The CHAIRMAN: A member cannot contribute to the debate and then move to report progress. I accept the motion on this occasion, but the practice will have to cease.

Motion put and passed.

Progress reported.

ASSENT TO BILLS.

Message from the Lieut.-Governor received and read notifying assent to the following Bills:—

1. Reserves (No. 1).
2. Mental Treatment (War Service Patients).

House adjourned at 6.11 p.m.