

in the next street, or in another suburb this person may own his own home. Because the person lives on one block of land and owns another for conducting his everyday business, he will be denied the proposed concessions. This is a further anomaly. Furthermore, there are many farmers who own more than one block of land. In order to become more productive they need to own more land, but if they have a residential block in the township and they also have other land where they normally conduct their business, they will be denied the benefits.

The main point I wish to make about this subparagraph is the inability of the Taxation Department to police the situation of a person owning more than one piece of land. Secondly, I feel this creates an unnecessary anomaly.

Paragraph (b) of the last clause seeks to add another subsection to section 10. In effect, the paragraph provides that, in order to be eligible for the concessions, an owner, once again, must make personal application to the Commissioner. We are all well aware that at the moment many people are paying taxes they should not have to pay because of their ignorance of what is required under the Land Tax Assessment Act. This is a result of the tremendous volume of legislation which not only members of the general public are expected to know but which we also are expected to know, thus placing the onus on the taxpayer to submit an application for the concessions.

I believe the State Treasurer will not be making as many concessions as the Bill would have us believe. I also note that the Minister has not included in this clause any amendment to section 10 to provide that any estate or parcel of land shall not be capable of subdivision if a concession is to be granted. A half acre of land in some areas can be subdivided into quarter acre lots, and we find that different local authorities have different standards of subdivision. For example, many local authorities allow subdivision of one-fifth of an acre. In many instances a half acre lot could be subdivided, yet in the centre of the city, where there are homes that are highly valued, no provision is made to grant a concession only if the land cannot be subdivided. In my opinion this is an inconsistency. Why have such a provision in one section of the Act and not in the other?

If we are to insert a provision as to the area of land that can be subdivided it should have been incorporated in the amendment to section 10 and not in the amendment to section 8B. I support the general principles of the Bill, but, as I have indicated, there are particular clauses about which I am not happy.

Debate adjourned, on motion by The Hon. I. G. Medcalf.

House adjourned at 6.04 p.m.

Legislative Assembly

Tuesday, the 7th September, 1971

The SPEAKER (Mr. Toms) took the Chair at 4.30 p.m., and read prayers.

QUESTIONS (22): ON NOTICE

1. WHEAT PRODUCTS PRICES COMMITTEE

Constitution

Mr. MENSAROS, to the Minister for Labour:

(1) Will he recommend to the Governor to constitute the Wheat Products Prices Committee pursuant to section 8(1) of the Wheat Products (Prices Fixation) Act, 1938-1964?

(2) Whether (1) is "Yes" or "No" will he inform the House of the reasons for his decision?

Mr. TAYLOR replied:

(1) and (2) The Government is currently preparing legislation with regard to those matters which may be considered in the general area of consumer protection. The question of constituting the Wheat Products Prices Committee is part of this deliberation.

As it is most unlikely that there will be movement in bread prices in the immediate future, it is not considered that action is warranted before the Government finalises its thoughts in connection with consumer protection.

2. EGG PRODUCERS

Licenses: Applications and Appeals

Mr. BLAIKIE, to the Minister for Agriculture:

(1) How many licenses have been granted to poultry farmers by the Western Australian Egg Marketing Board?

(2) How many applications were—
(a) received;
(b) rejected?

(3) How many appeals to the Minister have been—
(a) received;
(b) rejected;
(c) upheld,
and from which shire area?

(4) In what shire districts have—
(a) licenses been granted to producers;
(b) applications been received from producers?

Mr. DAVIES (for Mr. H. D. Evans) 4.
replied:

- (1) 542.
- (2) (a) 584.
(b) 42.
- (3) (a) 144.
(b) and (c) No decisions have yet been made.
Information on shires is not currently available.
- (4) (a) and (b) Applications have not been classified on this basis.

3. HOUSING

Midland and Bassendean: Applications and Building Programme

Mr. BRADY, to the Minister for Housing:

- (1) What number of applications are waiting for houses in—
(a) Midland district;
(b) Bassendean district?
- (2) What number of applications are waiting for flats in—
(a) Midland district;
(b) Bassendean district?
- (3) What is the building programme for Midland and Bassendean districts for the current year?
- (4) Have tenders for building houses or flats been advertised?

Mr. TAYLOR replied:

- (1) (a) One hundred and seventy-four.
Of this number, 15 are dual applications and 30 others are from purchase applicants who are already occupying rental homes.
(b) Separate figures are not kept for Bassendean and the dwellings erected in that district are offered to Midland applicants or those listed for north of the river.
- (2) (a) Twenty-nine.
(b) Answered in (1) (b).
- (3) and (4) Fifty-nine units are programmed at Lockridge and contracts for 27 of these have been let. A further 333 units consisting of cottages, duplex and cottage flat units and various types of medium density accommodation for families and pensioners, put in hand in previous year are also in course of construction.
Note.—The figure of 29 in (2) (a) above includes 19 pensioner applicants for one bedroom accommodation, and the remaining 10 applicants are shown as waiting for flats because they have not had an offer of any kind as yet.

EDUCATION

Secondary Enrolments, and Libraries

Mr. NALDER, to the Minister for Education:

- (1) How many secondary school students are enrolled in Western Australia at—
(a) senior high schools;
(b) junior high schools;
(c) primary schools (attached in any way such as correspondence, etc.)?
- (2) How many school libraries which have been built with Commonwealth grants and are housed in separate buildings or rooms are there in senior high schools?
- (3) How many school libraries as in (2) have been built with funds raised by parents and citizens' associations and matched with State funds?
- (4) How many school libraries as in (2) which have been built with Commonwealth grants are there in junior high schools?
- (5) How many school libraries as in (2) which have been built with funds, raised by parents and citizens' associations and matched with State funds are there in junior high schools?

Mr. J. T. TONKIN replied:

- (1) (a) 48,278 (includes both senior high and three year high schools).
(b) 4,552.
(c) 388.
- (2) Eight completed, seven under construction.
- (3) Nineteen completed, eight under construction.
- (4) Nil.
- (5) Two.

FREE SCHOOL BOOKS

Cost of Compiling

Mr. COURT, to the Minister for Education:

- (1) In regard to the free text book scheme for primary schools will he state the latest Government cost estimate and what is included in this estimate additional to printing costs?
- (2) What is the estimated cost of writing and editing the free text books?
- (3) How many additional teachers or other staff will be transferred to the curriculum branch to prepare these books for publication—
(a) in 1971;
(b) in 1972; and
(c) in 1973?

- (4) What will be the combined salaries of the additional personnel transferred to the curriculum branch—
 (a) in 1971;
 (b) in 1972; and
 (c) in 1973?
- (5) What other additional expenses will be incurred in any enlargement of the curriculum or other branches to meet the needs of the free text book system for primary schools?
- (6) (a) What will be the necessary adjustments to staffing arrangements at the Government Stores, and in other places, and in Government transport services to warehouse and deliver the stocks of free text books;
 (b) What will be the necessary adjustments to staffing arrangements at primary schools in order to meet the administrative and distribution work necessary to issue the free text books?
- (7) Will there be a variation between the price of each text book—
 (a) as costed by the Government Printer;
 (b) as accounted for into Government Stores; and
 (c) as charged against the particular account for each primary school?
- (8) What new machinery will need to be installed at the Government Printing Office to print the books issued under the free text book scheme?
- (9) On what research and departmental advice was the free text book scheme for primary schools based?
- (10) Can he supply the details of any consultations undertaken with the officers who will administer the scheme or the teachers who will have to carry it out?
- (11) As the free text books scheme, as announced, appears to be a negation of the principle of free choice of text books, will he—
 (a) state whether departmental officers who are responsible for administering the free text book scheme approve of it;
 (b) state whether many teachers are opposed to the scheme because of the negation of the principle of free choice of text books?
- Mr. J. T. TONKIN replied:
- (1) Approximately \$740,000 when the scheme is fully operational. This includes costs of purchasing commercially produced materials, additional school requisites, staff and accommodation of the curriculum branch and printing costs.
- (2) Approximately \$45,000.
- (3) (a) 1971—One.
 1972—Five.
 1973—Nil.
- (4) (a) \$2,500.
 (b) \$45,000.
 (c) \$45,000.
- (5) Additional cost of rental accommodation for the curriculum branch and possibly some small increases in clerical staff.
- (6) (a) The great changes which have taken place in the provision of educational materials to meet changed emphasis in learning programmes such as the provision of teaching aids materials to meet the requirements of the Achievement Certificate, capital equipment such as tape recorders, television sets, public address systems, pianos, etc., have severely taxed the educational supplies branch. To overcome the obvious deficiencies in the operation of this branch, a re-organisation of the entire operation has had to be undertaken. It is impossible to separate the cost element of the free primary text book scheme from the total cost of this essential re-organisation.
 (b) In view of the type and variety of materials it is proposed to provide it is not envisaged that any adjustments to school staffing arrangements will be necessary.
- (7) The meaning of this question is not clear. It seems to presuppose a situation which will not be applicable under the free text book scheme.
- (8) Additional machinery will be required during the next three years, but since details of the nature of materials to be produced have not yet been finalised, no decision on the actual amount of additional machinery can yet be given. Any machinery which is purchased will be used for a variety of printing work and not solely for the production of primary "texts".
- (9) The Education Department was requested, within certain terms of reference, to plan a scheme to provide free primary school "texts".

No limitations were placed on the department in terms of the nature and variety of materials to be produced. The department undertook research in terms of what schools have previously required pupils to use to meet their educational needs. Educational considerations were paramount in considering the form which the scheme should take and for this reason a combination of commercially and departmentally produced materials was decided upon.

- (10) Officers who will administer the scheme were involved in its preparation. Departmental contact with teachers is mostly carried out by written communication and through the District Superintendents. Every school has been circularised with details of the scheme and where small anomalies have arisen and suggestions from schools have been made, minor modifications have been undertaken.

- (11) (a) Yes.

(b) The Teachers' Union has had discussions with the Director-General on the question of free choice. The department has no evidence that teachers are opposed to the free text book scheme because they believe it negates the principle of free choice.

6. IRON ORE TEMPORARY RESERVES

Occupancy Rights: Conditions of Renewal

Mr. GRAYDEN, to the Minister for Mines:

- (1) Have iron ore and prospecting development companies previously been granted renewal of occupancy rights to temporary reserves for iron ore before having submitted to the Minister evidence sufficient to establish to his satisfaction that iron ore exists on such temporary reserves in payable quantities?
- (2) If so, on what basis have such renewals been granted?
- (3) Will he enumerate in detail the manner in which the companies operating the Hamersley, Mt. Newman, Goldsworthy and Robe River projects complied with Article 14 of the terms and conditions attaching to the temporary reserves to which they held occupancy rights?
- (4) (a) When were the companies operating the Hamersley, Mt. Newman, Goldsworthy and Robe River projects granted mining leases over the areas

the subject of such projects and for how many years prior to the granting of such mineral leases were such areas secured to such companies or their associates by way of occupancy rights to temporary reserves;

- (b) If in any case mineral leases have not been granted, for how long have the companies concerned held occupancy rights to temporary reserves over the areas the subject of their particular proposed project?

Mr. MAY replied:

- (1) and (2) Renewals of occupancy rights over temporary reserves for iron ore were granted after consideration of the supporting information submitted with each application for such renewal.

- (3) For the Member's information the conditions of rights of occupancy of temporary reserves for iron ore have varied from time to time and condition 14 has not always related to the discovery of iron ore in payable quantities. It is assumed, however, that this is the information requested.

With regard to the Hamersley project, regular quarterly reports were provided which were supported by annual reports. These reports contained geological maps, drilling results, estimates of ore reserves and results of metallurgical tests.

In respect of the Mt. Newman project, detailed progress reports and quarterly summaries of operations were provided. The information in these reports demonstrated that a large body of high grade hematite existed.

The Mt. Goldsworthy ore body had been drilled by the Mines Department in 1960 and was known to contain payable quantities of iron ore when it was submitted for tender in 1961. Results of further work carried out by the Mt. Goldsworthy mining associates were conveyed regularly to the Mines Department by means of quarterly, annual and detailed interim progress reports.

The Robe project is based on limonite deposits that exist on isolated, flat-topped hills. As all three dimensions of the ore bodies are usually discernible, calculation of reserves can be made from cliff sections, supported by drilling where necessary. As a result, the initial estimates of ore reserves were quickly made.

In their annual report for 1963 the holders of the rights of occupancy to the temporary reserves estimated that Mt. Enid deposits contained 150 million tons of limonite averaging about 57% iron, whilst deposits upstream in the Robe River gorge were estimated to contain a further 500 million tons of similar material.

- (4) (a) (i) Hamersley was granted its mineral lease on the 29th June, 1966, after holding temporary reserves since August, 1963.
- (ii) Mt. Newman was granted its mineral lease on the 25th October, 1967, after holding some temporary reserves since July, 1964 and others since April, 1965.
- (iii) Mt. Goldsworthy was granted its mineral lease on the 10th May, 1965, after holding temporary reserves since March, 1962.
- (b) The mineral lease for the Robe River project is in the process of being granted and the temporary reserves in connection with this project have been held since April, 1962, but the company's agreement with the State was executed on the 18th November, 1964.

7. BUNBURY AND FORRESTFIELD RAILWAY WORKSHOPS

Rolling Stock Repairs and Modifications

Mr. WILLIAMS, to the Minister for Railways:

- (1) How many wagons, vans, etc., have been repaired and/or modified at Bunbury workshops during the years 1968-69, 1969-70 and 1970-71?
- (2) How many wagons, etc., which would have normally been repaired at Forrestfield have been sent to Bunbury for repairs, modifications, etc., during the last 12 months?
- (3) (a) What is the capacity of the wagon repair section at Forrestfield;
- (b) is this being used to capacity at present;
- (c) if not what are the reasons?
- (4) (a) Is the rivetting section of Forrestfield depot being fully used during normal working hours;
- (b) if not what are the reasons?

- (5) Are men being employed at overtime rates to perform rivetting at Forrestfield because other workmen will not tolerate the noise level during normal working hours?
- (6) As the wagon shop at Bunbury does not create a hazard by way of noise to other workmen why is it not possible to keep this section at Bunbury fully engaged and thus obviate the necessity of transfers and/or resignations?

Mr. BERTRAM replied:

- (1) 1968-69—5,532 wagons and vans.
1969-70—5,452 wagons and vans.
1970-71—7,402 wagons and vans.
- (2) Not any record is maintained of wagons carded to Bunbury from Forrestfield, but FD wagons are sent to Bunbury for attention by boilermakers, likewise QS and QA wagons for cradle plate attention, and some GH wagons for door stanchion modifications. 89 FD wagons have been attended to at Bunbury during the past twelve months and approximately 50% would have been carded from Forrestfield.
- (3) (a) This is dependent upon the nature and extent of work required on each individual wagon.
Average daily output including wagons undergoing heavy repairs—
Narrow gauge: 38 singles
Standard gauge: 16 bogies.
- (b) Yes, during normal working hours.
- (c) Answered by (b).
- (4) (a) and (b) There is no specific rivetting section at Forrestfield; it is only a spasmodic requirement in general wagon maintenance and is of insufficient proportions to consider transfer of the work to Bunbury.
- (5) Yes, when necessary.
- (6) Rivetting at overtime rates at Forrestfield is confined to standard gauge stock and is of minor proportions only.

8. BUNBURY RAILWAY WORKSHOPS

Transfers, Resignations, and Work Undertaken

Mr. WILLIAMS, to the Minister for Railways:

- (1) How many men, in each classification, at Bunbury W.A.G.R. workshops, have been requested to transfer or resign?

- (2) In each classification, what workshops staff will be retained?
- (3) What maintenance, repair and modification work is to be carried out at Bunbury after dieselisation?

Mr. BERTRAM replied:

- (1) (a) No workshops staff at Bunbury have been requested to resign at this stage.

- (b) No workshops staff at Bunbury have been requested to transfer at this stage, but as a surplus of staff exists, all workshops staff as under (excepting diesel maintainers) have been written to seeking volunteers, in the first instance, to transfer to positions at other localities.

Diesel maintainers—four.

Fitters—seven.

Fitters assistants—twelve.

Boilermakers—six.

Boilermakers assistants—four.

Sub-Foreman office assistant—one.

Fuelman—one.

Labourers—five.

If insufficient staff volunteer, selection will be made in conjunction with Union representatives.

- (2) Diesel maintainers—four.
Fitters assistants—four.
Boilermakers—three.
Boilermakers assistants—three.
Labourers—three.
- (3) (i) Trip servicing of main line diesel locomotives.
- (ii) Schedule maintenance of shunting locomotives will continue to be performed.

9. BUNBURY RAILWAY WORKSHOPS

Transfers and Resignations

Mr. WILLIAMS, to the Minister for Railways:

- (1) What offers of housing have been made to the men and their families, who are to be transferred from W.A.G.R. workshops at Bunbury, also the location and size of homes offered?
- (2) How many of these men have—
 - (a) less than five years service;
 - (b) less than 10 years and more than five years service;
 - (c) less than 15 years and more than 10 years service;
 - (d) less than 20 years and more than 15 years service;
 - (e) more than 20 years service?

- (3) Should any of these men have to resign as suggested, what is the situation regarding their privileges, i.e., long service leave, superannuation, annual leave, etc.?
- (4) Would the department agree to pay out in a lump sum the value of the accumulated benefits to which these men are entitled, should they have to resign because of the anticipated moves?

Mr. BERTRAM replied:

- (1) Two departmental properties are available at present, one at Wexcombe consisting of two bedrooms, lounge and kitchen and another at Willagee comprising two bedrooms, lounge-dining room and kitchen. These have been offered to all 36 present staff.
- (2) The information requested regarding the total of 36 workshop staff at present at Bunbury is as follows:—
 - (a) Six.
 - (b) Seven.
 - (c) One.
 - (d) Three.
 - (e) Nineteen.
- (3) Those concerned will receive payment for all accrued and pro rata annual leave and long service leave. Provisions of the State Superannuation Act do not permit a person who ceases Government employment to remain a contributor. If an employee has been a contributor for not less than ten years, he may elect to receive payment in the form of a lump sum comprising of his own contributions plus the notional State share, or an equivalent pension based on actuarial calculation. A contributor with less than ten years membership of the fund will be refunded his contributions.
- (4) Answered by (3).

10.

RAILWAYS

Locomotives: Sand

Mr. WILLIAMS, to the Minister for Railways:

- (1) Is it intended that the sand to be used for locomotives in the Bunbury area will be dried in metropolitan area and transported to Bunbury from Perth?
- (2) Is not this considered to be going to the extreme in efforts of centralisation?

Mr. BERTRAM replied:

- (1) Yes.
- (2) This arrangement will ensure standard quality. The labour requirement for sand drying at Bunbury would approximate two man days a week.

11.

EDUCATION

School Grounds: Improvements

Mr. RUSHTON, to the Minister for Education:

- (1) How much was allowed in last year's State budget for school ground developments (reticulation, bores, earth moving, etc.) including provision of subsidy, assistance to parents and citizens' associations, for these purposes?
- (2) How much was spent on these items?
- (3) Will he advise under the headings—
 - (a) approved;
 - (b) deferred; and
 - (c) disallowed,

the name of the school or parents and citizens' association making the application, and the amount involved?

Mr. J. T. TONKIN replied:

- (1) \$350,000.
- (2) \$219,381.
- (3) (a) 152.

Wembley.
Kendenup.
Wattle Grove.
Kalamunda.
Rangeway.
Castletown.
Sorrento.
North Balga.
Wirrabirra.
Cloverdale.
Gairdner.
Yarloop.
North Scarborough.
McKay Street.
West Swan.
Jurien Bay.
Bungaree.
Booragoon.
Bateman.
Kelmscott.
Belmay.
Koorilla.
Badgingarra.
North Lake.
Ashfield.
Ashfield (2nd project).
Merredin S.H.
Scarborough S.H.
Graylands.
Wilson.
Chapman Valley.
Karratha J.H.
Yokine.
Goomalling J.H.
Carnarvon.
Esperance S.H.
Geraldton S.H.
Geraldton S.H. (2nd project).
Boddington J.H.

Albany S.H.
Bunbury S.H.
Northam S.H.
Pinjarra S.H.
Margaret River.
McKay Street.
High Wycombe.
Norseman J.H.
Geraldton.
Bentley S.H.
Swanbourne S.H.
Fremantle Tech.
Kent Street H.S.
Whiteside.
Bicton.
Bruce Rock J.H.
Toodyay J.H.
Carlisle Tech.
Claremont Tech.
John Curtin S.H.
John Curtin S.H. (2nd project).
John Curtin S.H. (3rd project).
Parkerville.
Leederville.
Rossmoyne S.H.
Condingup.
Swan West.
Willagee.
Mt. Lawley Tech.
Yale.
Bluff Point.
Winterfold.
Thornlie.
Tuart Hill S.H.
Armadale.
Hampton.
Eastern Hills H.
Exmouth J.H.
Narrogin.
Mt. Hampton.
Swan View.
Westfield Park.
Belmont S.H.
Broome.
Balga.
Balga (2nd project).
Esperance S.H. (2nd project).
Marble Bar.
Deanmore.
Cranbrook.
Binnu.
Harvey Agric. H.
Mosman Deaf.
Mt. Lawley S.H.
Fitzroy Crossing.
Riverton.
Mt. Hawthorn.
Balcatta.
Thornlie.
Carlisle.
Mt. Pleasant.
Cannington S.H.
Attadale.
Mt. Margaret Mission.
Belmay Jr. Primary.
Brunswick.
Kununurra.
East Cannington.
Karratha.
Harvey Agric.

Badgingarra.
 Bateman.
 North Balga.
 Kapinara.
 Dunsborough.
 Carey Park.
 Mandurah.
 Balcatta S.H.
 Kojonup J.H.
 Hamilton Hill.
 Orelia.
 Karrinyup.
 Lynwood.
 Wilson Park.
 Beckenham.
 Castletown.
 Marmion.
 Cannington.
 Kalumburu Mission.
 Bluff Point.
 North Balga.
 McKay Street.
 South Fremantle S.H.
 Bridgetown.
 Cooke Point.
 Lancelin.
 Mullewa J.H.
 Kwinana S.H.
 Redcliffe Aeronautical Annexe.
 Binnu.
 Swanbourne S.H. (2nd project).
 Mundaring.
 City Beach.
 Neerigin Brook.
 Walliston.
 Harvey Agric. H.S.
 Denmark Agric. Jr. H.
 Denmark Agric. Jr. H. (2nd project).
 Gnowangerup Agric.
 Greenmount.
 Booragoon (2nd project).
 Jurien Bay.
 Takara.

- (b) 39.
 Yale.
 Yale (2nd. project).
 Blirralee.
 Karawatha.
 Marble Bar.
 Port Hedland.
 Port Hedland (2nd project).
 Cooke Point.
 Roebourne.
 Meekatharra.
 Hampton S.H.
 Scarborough North.
 Neerigen Brook.
 Westfield Park.
 Lesmurdie.
 Wongan Hills.
 Margaret River S.H.
 Kalamunda S.H.
 Wembley Tech.
 Gibbs Street.
 Narrogin Agric.
 Fremantle Tech.
 Maylands Jnr. Primary.
 Rossmoyne S.H.
 Kalamunda.
 Mt. Lawley S.H.

Kapinara.
 Lancelin.
 Leederville.
 Mt. Hawthorn.
 Anzac Terrace.
 Coolbellup.
 Orelia.
 Winterfold.
 High Wycombe.
 Koorilla.
 Beachlands.
 Leederville.
 Spearwood.

(c) Nil.

12. WESTERN AUSTRALIAN INSTITUTE OF TECHNOLOGY

Engineering Students

Mr. RUSHTON, to the Treasurer:

When does the Government intend to move the Western Australian Institute of Technology engineering students, now located at Perth Technical College centre, to the Institute campus at Bentley?

Mr. T. D. EVANS replied:

The Western Australian Institute of Technology in its current submission to the Commonwealth Advisory Committee on advanced education for the triennium 1973-75 is making provision for the progressive movement of engineering students from the Terrace site to Bentley starting with first-year students in 1973. Subject to the support of the C.A.C.A.E. it is hoped that the complete transfer to the Bentley site will be effected by 1976.

13. CRUISING YACHT CLUB

Rockingham: Site

Mr. RUSHTON, to the Minister for Town Planning:

- (1) Has a final decision been made for the siting of the new Cruising Yacht Club at Rockingham?
- (2) If "Yes" what is the description of the site?
- (3) If "No" when will the result of the present deliberations be available?

Mr. GRAHAM replied:

- (1) No.
- (2) Answered by (1).
- (3) Discussions are continuing with the Department of Lands and Surveys which is the controlling authority for the subject land. It is hoped that a decision will be reached shortly.

14. JUNIOR FARMERS EXTENSION OFFICERS

Posting to Regional Centres

Mr. W. A. MANNING, to the Minister for Education:

- (1) Has he given consideration to posting junior farmers extension officers to regional centres where they would be in closer association with activities?
- (2) If so, what is the result?
- (3) If not, will he do so?

Mr. J. T. TONKIN replied:

- (1) to (3) The Junior Farmers Movement Council has thoroughly investigated this matter. The evidence indicates clearly that regional posting of extension officers would not be in the best interests of junior farmer members. The following reasons are listed—

- (a) Extension officers are involved in educational and group development as well as consulting with individuals and clubs and aiding in leadership development. For this they need the facilities of the central office and the collaboration of other extension staff.
- (b) If the few extension officers at present employed were to be posted to country centres, their special skills would be available to a relatively few junior farmers. At present they can be used more effectively throughout the State, and particularly wherever they are most required.
- (c) To provide close country contact between the extension officers and the majority of junior farmers would require that at least three times as many officers be employed as at present. In addition these would need office and secretarial facilities in order to be effective.

15. MIDLAND JUNCTION ABATTOIR

Meat Inspection and Transport

Mr. MOILER, to the Minister for Health:

- (1) What was the number of sheep and lambs, excluding those for export, inspected at the Midland abattoir during the month of October, 1970?
- (2) What is the total number of meat or health inspectors at present employed at the Midland abattoir by the Public Health Department?

- (3) How many sheep and lambs were condemned by officers of his department at the Midland abattoir during the month of October, 1970?
- (4) Are the requirements of the Meat Transport Regulations being complied with by all persons transporting carcasses from the meat market, metropolitan markets, West Perth?
- (5) If not, what action is being taken to implement these requirements?

Mr. DAVIES replied:

- (1) 48,304.
- (2) Fourteen.
- (3) 323.
- (4) No.
- (5) The affected local authority has been requested to apply the regulations.

16.

TOWN PLANNING

Beechboro Area: Urban Use

Mr. MOILER, to the Minister for Town Planning:

- (1) Would he ascertain whether the Metropolitan Region Planning Authority considers there are any reasons, other than its present zoning as rural, why the area in Beechboro area of approximately 12,000 acres and situated within the Swan Shire south of Gnan-gara Pine Plantation should not be developed for urban use?
- (2) If there are reasons, other than present zoning, would he list these reasons?

Mr. GRAHAM replied:

- (1) and (2) The Metropolitan Region Planning Authority is at present considering all comments that have been made on its corridor plan proposals. The report which the authority will subsequently submit to me will specifically include its views on the submission by the Shire of Swan relating to the land south of the Gnan-gara pine plantation.

17.

GASCOYNE RIVER DAM

Use of Nuclear Energy

Mr. COURT, to the Minister for the North-West:

- (1) Have representations been made in recent months by the Carnarvon Shire Council or other organisations or individuals to have the use of the U.S.A. "Flow Share" techniques (peaceful uses of nuclear energy) studied as a means of getting a major dam or water holding facility constructed on the Gascoyne River?

- (2) If so, what Government decision or Government representations have been made?

Mr. MAY replied:

- (1) Yes.
- (2) The Government considers that the time has not yet been reached when it can seriously consider the use of nuclear energy to create a water storage basin at Carnarvon. However, it will bear in mind the possibility of using nuclear energy when the time seems propitious.

18. STATE ELECTRICITY COMMISSION

Trade Unions: Discussions

Mr. COURT, to the Minister for Electricity:

- (1) What is the latest position in the discussions between the Government, State Electricity Commission and Municipal Officers' Association including the related study that is being undertaken?
- (2) Are the interests and future of any local union and its members likely to be prejudiced by current discussions or threatened industrial action?
- (3) When is finality expected?

Mr. JAMIESON replied:

- (1) Cabinet's decision has been passed on to the State Electricity Commission.
- (2) It is not possible to assess any likely effect at this stage.
- (3) This week.

19. POLICE

A.L.P. Request for Inquiry

Mr. COURT, to the Premier:

- (1) Has a decision been made by the Government on the A.L.P. State executive demand for an inquiry into police activities on certain occasions?
- (2) Are not these demands inconsistent with the facts and circumstances of the occasions in question and could endanger the morale of the Western Australian police force which has earned the respect of the Western Australian public for its handling of some difficult situations?
- (3) In regard to the occasions complained of by the A.L.P. State executive, what films are to be examined by the Government?

Mr. J. T. TONKIN replied:

- (1) Yes.
- (2) The demands by the State Executive were in good faith and based upon versions of what took place given by persons who were present.

Requests for inquiry into the police force when it is subject to criticism do not necessarily endanger the morale of the force and in certain circumstances an inquiry could result in strengthening the morale.

- (3) One film only was shown to Ministers by a police sergeant. It was a record of incidents at the airport and at the hotel where the Springboks were accommodated.

20. DEPARTMENT OF AGRICULTURE

Cadetships: University Courses

Mr. MENSAROS, to the Minister for Agriculture:

- (1) How many cadetships have been awarded for university courses and subsequent service in the Department of Agriculture (tabulated according to major study subjects) in each of the years 1960 to 1971?
- (2) How many of these cadets finished their respective study courses?
- (3) How many entered the service of the department?
- (4) How many genuine job vacancies occurred during each of the years 1964 to 1971 in the department for graduate applicants (including cadets) with equal qualification to that of the cadets if they successfully completed their studies?

Mr. DAVIES (for Mr. H. D. Evans) replied:

- (1) to (3) Schedule of figures is as follows:—

AGRICULTURAL SCIENCE:

Year	(1) Number of Cadetships Awarded	(2) Number of Cadets from Column (1) Completed Course	(3) Number of Cadets from Column (2) Appointed to Department	(4) Still Studying at University
1960	6	1	1	—
1961	12	8	8	—
1962	9	4	4	—
1963	10	7	7	—
1964	11	7	7	—
1965	12	9	9	1
1966	10	8	8	—
1967	10	5	5	1
1968	11	3	3	6
1969	13	2	2	7
1970	9	—	—	8
1971	2	—	—	2
	115	54	54	25

VETERINARY SCIENCE:

Year	(1) Number of Cadetships Awarded	(2) Number of Cadets from Column (1) Completed Course	(3) Number of Cadets from Column (2) Appointed to Department	(4) Still Studying at University
1960	4	2	2	—
1961	5	3	3	—
1962	5	3	3	—
1963	4	3	3	—
1964	5	5	5	—
1965	6	4	4	—
1966	7	2	2	3
1967	6	2	2	3
1968	6	—	—	5
1969	—	—	—	7
1970	4	—	—	4
1971	4	—	—	4
	64	24	24	20

- (4) Job vacancies as at 30th June in each of the years 1964-1971 for graduate applicants (including cadets) with equal qualification to that of the cadets if they successfully completed their studies, as follows:—

Year	Agricultural Science	Veterinary Science	Total
1964	18	—	18
1965	14	1	15
1966	8	4	12
1967	9	4	13
1968	9	4	13
1969	12	5	17
1970	4	1	5
1971	7	—	7

21. GOVERNMENT DEPARTMENTS

Cadetships

Mr. MENSAROS, to the Premier:

Under the auspices of which departments are cadetships awarded, meaning under "cadetship" any form of scholarship which pays for or towards the studies of applicants and agrees and/or compels them to serve for a number of years in the department after completing their studies?

Mr. J. T. TONKIN replied:

Departments—

Agriculture.
Child Welfare.
Corrections.
Crown Law.
Office of Titles.
Fisheries and Fauna.
Forests.
Lands and Surveys.
Mental Health Services.
Metropolitan Water Supply Board.
Mines.
Native Welfare.
Public Health.
Public Works.
State Housing Commission.
State Taxation.
Town Planning.

22. TEACHERS

Shortage, and Vacancies

Mr. MENSAROS, to the Minister for Education:

- (1) Is there any shortage of qualified teachers available for employment to fill vacancies which at present exist in the department?
- (2) If so, does this shortage exist in—
 - (a) primary;
 - (b) secondary;
 - (c) technical;
 - (d) teachers' education,

and what is the approximate number of vacancies which cannot be filled (shown according to main subjects) in each of (a) to (d)?

Mr. J. T. TONKIN replied:

(1) Yes.

- (2) The shortage is a general one throughout the department but the most urgent need is for specialist teachers in secondary schools.

Approximately six vacancies are unfilled at present but it is hoped to fill these before schools re-open for the third school term.

QUESTIONS (7): WITHOUT NOTICE

1.

TRANSPORT

Annual Report and P.R.T.S. Report

Mr. MAY (Minister for Mines): With your permission, Mr. Speaker, I would like to supply the answer to a question asked by the Deputy Leader of the Opposition on Thursday, the 26th August, last, which was postponed. The question was as follows:—

- (1) Has he completed his study of the Annual Report of the Director-General of Transport for the year ended 30th June, 1971, and the various recommendations implicit in the report itself or made independently thereof although mentioned in the report?
- (2) If not, when does he expect to finalise his study?
- (3) If he has completed his study—
 - (a) which of the recommendations are to be acted upon;
 - (b) which are not to be acted upon and for what reasons;
 - (c) what statutory changes are involved?
- (4) (a) What action is in progress and proposed for the P.R.T.S. report;
- (b) if a decision has not been made, when will one be made?

The answer is—

- (1) to (4) Study of the Annual Report of the Director-General of Transport is not completed by familiarising oneself with its contents but involves consideration of the various recommendations in relation to many matters of which the financial feasibility is a very important consideration. A Cabinet

steering committee has been engaged in studying the report of the Director-General of Transport and the P.R.T.S. report, and has not yet completed its work.

2. BUDGET

Date of Introduction

Mr. DAVID BRAND, to the Premier: Is he in a position to confirm the date on which he will introduce the Budget?

Mr. J. T. TONKIN replied:

The Treasurer has just informed me that the Loan Estimates will be introduced on the 14th, and the Revenue Estimates on the 16th, of this month.

3. POLICE

A.L.P. Request for Inquiry

Mr. COURT, to the Premier:

This question arises from the answer given to the third part of question 19 on the notice paper, in which he said—

One film only was shown to Ministers by a police sergeant. It was a record of incidents at the airport and at the hotel where the Springboks were accommodated.

My question is: Was this a private film, or was it an official police or other departmental film?

Mr. J. T. TONKIN replied:

To the best of my knowledge it was a private film.

4. FLUORIDATION OF WATER SUPPLIES

Correctness of Press Report

Mr. COURT, to the Premier:

- (1) Has he seen the article in the *Sunday Independent*, of the 5th September, under the heading "Fluoride or not? Tonkin will do it his way"?
- (2) Is the report correct, and in particular the comment that "The Premier, Mr. John Tonkin, has decided to ignore scientific advice and go ahead with his plan to defluoridate Perth's water supplies"?
- (3) Also, if the report is correct would he clarify what is meant by "he would wait for 'propitious circumstances' "?

I apologise to the Premier for not giving more notice of this question.

Mr. J. T. TONKIN replied:

(1) No.

(2) and (3) Answered by (1).

Mr. Court: I will send you a copy.

5. KWINANA-BALGA POWER LINE

Decision on Route

Mr. THOMPSON, to the Premier:

Was he correctly reported on A.B.C. radio news on the 2nd September, 1971, saying that the final decision on the proposal to build high tension power lines through the Darling Range will be made by Cabinet and that the State Electricity Commission was working on another course of action over the power lines? If the report is correct, will he say when the decision will be announced? Will he also state what the other course of action was to which he referred in the statement reported in the radio news? If not, why not?

Mr. J. T. TONKIN replied:

I thank the honourable member for adequate notice of this question, the answer to which is as follows:—

That part of the report which refers to the ultimate decision on the power lines resting with Cabinet is correct. I do not recall making a statement that the State Electricity Commission was working on another course of action as the fact of the matter is that the commission as such is still having inquiries made about various aspects relative to the proposal to build high tension power lines through the Darling Range.

6. FITZGERALD RIVER RESERVE

Road Construction

Mr. RUSHTON, to the Minister for Fisheries and Fauna:

Relating to the road constructed into the Fitzgerald River Fauna and Flora Reserve, will he advise—

- (1) Did any person or firm apply for permission to build a road into the reserve?
- (2) If "Yes," who made the application and what was the department's decision?
- (3) If "No," what facts are known about this road?

Mr. DAVIES replied:

- (1) to (3) I had no notice of this question and I could hardly hear it. I believe the honourable member asked whether an individual person made application to build a road into the reserve.

Mr. Rushton: Or firm.

Mr. DAVIES: As I understand it, a firm made an application, but through the Mines or Lands Department. I have nothing further to say about this matter at present other than that a Crown Law Department opinion is being sought concerning whether or not the proper procedures were adopted and the firm has acted within its rights. If I did not hear the question correctly, will the honourable member please place it on the notice paper and I will try to be more accurate.

7. BINGO

Legalising: Government Decision

Mr. RUSHTON, to the Minister representing the Chief Secretary.

- (1) Is the Government considering legalising the playing of Bingo?
- (2) If "Yes," under what terms?
- (3) When is a decision by the Government expected on this matter?

Mr. TAYLOR replied:

- (1) to (3) The Chief Secretary is in another place and, as I have no knowledge of this matter, I ask that the question be placed on the notice paper.

PAY-ROLL TAX ASSESSMENT BILL

Second Reading

Debate resumed from the 26th August.

SIR DAVID BRAND (Greenough—Leader of the Opposition) [5.02 p.m.]: I was anticipating that the road maintenance Bill would be dealt with first as suggested by the Premier when we adjourned the week before last.

The SPEAKER: You may have sighted a bad No. 1.

Sir DAVID BRAND: The introduction of this Bill by the Treasurer was, I think, rather skimpy, if I might use that word. He did not give us much detail about this very important measure, important simply because in the long run it resulted from many negotiations which took place between the Commonwealth and the States over many years, and discussions regarding the States' request for a growth tax of one kind or another. It is fair enough to say this legislation is simply a transfer from the Commonwealth to the State of a right to impose another tax which, up to this point, was constitutionally forbidden.

However, the Bill as we have heard it introduced is a taxing measure and I believe it will be the first of many such Bills which will be introduced in this House over the next few weeks. Quite apart from sharp increases in hospital charges and increased water rates, the Bill will be, as I have said, only the first of many designed

to impose new taxes or to increase charges already made. I have drawn on my imagination to some extent having read in the Press some of the statements by the Premier and, indeed, by the Treasurer.

For a Government whose Premier pledged to keep taxes and charges down, and who had undertaken to honour his promises without increasing the taxes already imposed on the taxpayers of this country, this Bill could be considered only as a real slap in the face for those who really believed that if Labor became the Government they could expect—and rightly so—no such shabby treatment.

Over the 12 years of our Government, each year in tiresome repetition the now Premier attacked any attempt to increase the taxing measures. He never stopped referring to the receipt duty we had introduced some time previously. Unfortunately that measure was declared invalid by a decision of the High Court and it was considered by the then Opposition to be a charge which could not be justified upon the ordinary people.

Although the Bill before us was introduced by the Treasurer as if it did not mean a great deal, it contains many provisions which could have been explained with much more detail. The Treasurer began by referring to the history of the pay-roll tax and said it resulted from a decision made at the Premiers' Conference. My mind goes back over the many years during which the Premier of each State, irrespective of his political colour, made a definite appeal to the Prime Minister and to the Treasurer of the Federal Government for some relief by way of certain rights to tax within his State and to be handed the right by the Commonwealth to implement growth taxes.

I went along with this principle because, little by little, as a result of decisions of the High Court and several other decisions made constitutionally, the field which was being left to the States for the raising of their own domestic financial requirements was very small indeed. On the other hand, as members of this House would know, the States, because of the domestic nature of the legislation and because they were dealing with the people directly, were in a position where direct requests were made for schools and hospitals. As a result of growth, and particularly in this State, as a result of the development of the mining industry and many new towns, it was an urgent matter that some right for the State should be provided to increase the amount of money which would be available to the State Treasurer.

Whatever may be said in justification of the Bill, I consider that a pay-roll tax is a harsh measure which, whilst it was administered by the Commonwealth Government, was attacked again and again as an inequitable, harsh, discriminatory, and inflationary tax. I can recall that on a

number of occasions motions were taken to the Federal Conference of the Liberal Party. I have read of action by most political parties in taking to their Federal bodies and direct to the Federal Government a request for the abolition of the pay-roll tax, mainly because it was claimed to be an inequitable tax. It was claimed to be discriminatory inasmuch as it fell very heavily on areas of dense population; and in many ways I believe it was not a fair tax.

However, as a result of the approaches made by the present Premiers at the last Premiers' Conference, the Prime Minister decided he would take action and offer them a growth tax. This pay-roll tax was a very unpopular one, and it is one which I believe the Commonwealth was glad to be rid of.

The first offer made by the Prime Minister would have advantaged the States very little for the simple reason that the offer was made merely to change over the pay-roll tax at a rate of $2\frac{1}{2}$ per cent. It seemed to me that the actual tax would bring no further money to the States but simply relieve the Commonwealth Government of a difficult tax, and certainly one which did not have the general support of the people.

As members are no doubt aware, it was introduced some 30 years ago, the object being to raise sufficient money to meet child endowment demands, and right from that time the answer of the Federal Treasurer to any request was that whilst child endowment payments remained it could not do without the income derived from the pay-roll tax.

I could understand the attitude of the Premiers in finally accepting the offer of the Prime Minister, because it did seem an opportunity to take over a tax. I am not altogether certain that it was the sort of tax that each of the State Treasurers required or thought he might obtain. In many respects it is not a growth tax. It is just another tax which could be altered in each State—and that was very important because each State perhaps had different views as to the percentage rate which should be applied.

However it was very clear that the Premiers got together with a view to a decision to increase by 1 per cent. the tax they were about to take over. The effect of this increase can only be that this tax will become more unpopular and more inequitable and, I think, more unfair from the taxpayers' point of view.

The whole tenor of the Premiers' Conference was to move towards anti-inflationary measures and yet, without any doubt, the pay-roll tax with an increase of 1 per cent. to $3\frac{1}{2}$ per cent. must be inflationary because it is quite evident that any tax of this nature is passed on. It goes without saying that the employers

could hardly absorb such an increase in the tax, and therefore over the next year I am sure the pay-roll tax will have an inflationary effect along with other taxes which will be introduced.

As the Treasurer advised us that the level at which employers will have to pay will not be altered, the pay-roll level at which employers will be taxed is \$20,800 and there was no intention to alter that in any way. I am not very pleased that such a decision was made simply because it is difficult enough for the taxpayers to face up to an increase of 1 per cent. which represents in total a very large sum of money to be paid by the taxpayers of this country and of this State.

We await the Budget with interest, especially in view of the many warnings issued by the Premier and, to the extent he has a say, the Treasurer. We await this document to see the added tax burdens and the increased cost of living which must result from such measures as we are debating at the moment.

I believe that having finalised the arrangement and come to a satisfactory agreement the Prime Minister must have heaved a sigh of relief as the Premiers went off with the tax about which he had had so many requests, and which was proving so very difficult.

The object of the States for many years has been to derive a growth tax; perhaps one which not only grew with the population, but grew with the ever-improving and strengthening economy of this State and this country.

For many years conferences have been held between Treasurers and Premiers, and between Under-Treasurers and senior officers of both the Federal and State Governments, but no satisfactory solution has been found. I believe the States and the Commonwealth honestly attempted to ascertain whether there were any other means by which the States could be armed with the right to raise more of their own revenue through taxation. The decision arrived at was that only two measures seemed to fit the bill. The first, of course, was clear and obvious: a bigger share for the States of the percentage increase in the income tax revenue of this country. The alternative was that which the Treasurers of the States finally accepted.

I very much regret that the receipt duty which had been imposed by most States was declared invalid as a result of a High Court ruling. We can no longer challenge that decision, and we can no longer debate the issue to any advantage. However, the receipts tax was indeed a growth tax and it was spread right across the board, from the point of view of those people who pay tax. I consider that if the Constitution is amended—as referred to by the Prime Minister quite recently—this is the sort of tax which could

well return to the States. We will see this type of tax in evidence if the constitutional problems can be resolved.

Mr. T. D. Evans: I would be pleased to join with the Leader of the Opposition in seeking such an amendment to the Constitution.

Sir DAVID BRAND: I have no doubt that the Treasurer would support such a move because as the years go by and the financial difficulties of the State increase much more than simply handing over, as a right, the pay-roll tax so that the State will derive a few more million dollars to meet rising costs and increases in salaries and wages will have to be done. The few million dollars which the States will derive from the pay-roll tax—this State in particular—will certainly not go very far towards resolving the problems confronting the Treasurers or the Premiers.

I was glad to read that the Premier held out for some formula which would give an improved percentage share of the income tax. There is no doubt that this is the only solution to the problem which we in this State face. I recall my visit to Canada where a different system operates. Although that system has been quoted as being the solution to the difficulty of Federation, I must admit that whenever I visited State Parliaments and talked to the Premiers I found that the Premiers complained about the amount of money which they were not receiving, which money they claimed should be part of their States' income. The system under which they operate has been formulated over many years, and that system gave the States a share of the income tax as a right.

The Federal Government laid down certain conditions when it decided to pass over the pay-roll tax to the States. The first condition was that there would be a reduction in the Commonwealth financial assistance grants equal to the amount the Commonwealth would have collected in the State had it continued to levy pay-roll tax. It was for that reason I said earlier there would be very little advantage from the first offer of the Prime Minister. I gather that after some discussion, and amendment, an arrangement better than that originally offered was arrived at. However, it seems to me that nothing very much could have been resolved by simply passing the pay-roll tax over to the States.

I was wondering, when he replies to this debate, whether the Treasurer would give us a little more information concerning the machinery which will operate, not only this year but in the future. I think that is most important because the decision certainly must have some effect on the formula arrived at during the last conference when the five-year agreement was worked out.

A second condition attaching to the transfer of pay-roll tax is that the Commonwealth is to meet the cost of exempting from the imposition of a State pay-roll tax the nonbusiness activities of local authorities. I suppose that is the least the Commonwealth could have done. No doubt members were pleased to note that local government will benefit from the transfer.

I am pleased to see that the State Government decided not only to exempt local government nonbusiness activities from pay-roll tax but also to exempt the whole of their transactions. That is only as it should be. The dire circumstances in which most local authorities—certainly country local authorities—find themselves justifies the exemptions, particularly in areas where it is very difficult to collect the ordinary rates. I do not suppose the pay-roll tax exemption will amount to much in those circumstances; nevertheless it is an incentive and an encouragement for the local authorities to carry on until such time as relief can be granted to them.

A third condition imposed by the Commonwealth is that the Commonwealth will meet the additional administrative costs incurred by the States in levying their own pay-roll taxes. That condition is fair enough. A fourth condition is that the Commonwealth authorities, which are currently subject to Commonwealth pay-roll tax, will continue to pay the tax to the States after the takeover. Although that might not amount to a great deal at the present time, as the State grows, and as the departments and the instrumentalities of the Commonwealth Government become larger and stronger, the concession could mean quite a deal to the States.

When I refer to the States generally, I am thinking particularly of the 1,000,000 people who live in Western Australia. However, we must bear in mind that the States of Victoria and New South Wales and, to some extent, Queensland, have really benefited as a result of the decision regarding the handing over of pay-roll tax to the States.

The fifth condition is that the States will guarantee the statistician's continued confidential access to pay-roll tax returns for the purposes of his statistical collections. That seems to be a common-sense condition because it is through that avenue that the basic information and statistics regarding population, wage levels, and percentage increases are readily available to the Commonwealth. That applies even if only from the point of view of working out the amount of finance which would be made available under the requirements of the formula which has regard for wage and population increases.

Apart from those conditions, and speaking broadly, the States will be free to apply such rates and conditions as they deem necessary and as they see fit from

time to time. I imagine it will be some time before the States increase the pay-roll tax further. However, under the provisions of the legislation, the States are free to differentiate as between themselves.

The Bill provides the machinery which has become necessary because of the changeover to State control. Some of the conditions were not necessary in the legislation previously operated by the Commonwealth. When outlining the various provisions of the Bill, the Treasurer pointed out that as far as possible the measure which he introduced—the Pay-roll Tax Assessment Bill—was as near as possible the same as the legislation which operated Federally. A special committee of officers had been set up to ensure that no great differences existed in the legislation brought forward by the various States.

Although the Bill before us is rather large, and provides for the changeover, it is not very much different from the legislation which has been operated by the Commonwealth for many years. Provision had to be included to cover the itinerant workers who move from one State to another. That problem was overcome simply by providing for the State in which the wages were paid to collect the tax. Provision has also been made for a business which might have a number of branches in different States throughout Australia. Apart from those provisions, there seem to be very few changes in the legislation and for that reason it ought to work in the way anticipated.

Another exemption included, apart from that for local authorities, conforms with the existing Commonwealth law. I refer to charitable, religious, benevolent, educational, and consular organisations. Those bodies have enjoyed exemptions from most taxing legislation over the years.

The Treasurer also mentioned the fact that there was a difference of opinion between the States as to whether State departments and instrumentalities should be taxed. At first sight, I believe it was a good decision to impose pay-roll tax on State departments and instrumentalities, in the same way as the tax applies to everyone else.

Mr. T. D. Evans: The only State in doubt is Queensland.

Sir DAVID BRAND: I understand that Queensland, as mentioned by the Treasurer, is the odd man out, as it were. However, I understand that State is considering the matter further and it appears that all the States in the Commonwealth might well include their own departments and instrumentalities.

Quite apart from the requirement of statistics, it is important to ensure that when the Treasurer outlines his Estimates

to the Commonwealth each year he should include all amounts which are paid out in this State.

Mr. T. D. Evans: All amounts are taken into account.

Sir DAVID BRAND: It seems to me that the inclusion of all amounts paid out could mean the difference of a few hundred or a few thousand dollars. I am referring, of course, to the inclusion of expenditure by Government departments and instrumentalities.

As one would expect, the Bill provides a commencing date. The date which has been mentioned by the Treasurer is the 1st September; but, here again, there are machinery measures which provide for any unforeseen delay, and this difficulty could be overcome. I am sure that as a result of the measure having been introduced here early in September the Treasurer can anticipate that by the end of the month this legislation could become law. He has pointed out that any delay beyond the commencing date means we will lose revenue. I do not suppose the taxpayers are very concerned about that but it is natural that the Treasurer would like to reap the benefit of the newly found tax. For every month the decision is delayed local authorities will not be able to enjoy the concession and the benefit that such a concession can bring them.

The Treasurer stated—

There is one other matter which, although it is not part of the Bill before members, may be of interest to them.

The Treasurer referred to the incentive which the Commonwealth provided in order to encourage export. I understand this incentive is in the form of a rebate of the pay-roll tax to exporters who achieve a given level of export. However, there is a query as to whether this concession will be given on the basis of the present 2½ per cent. charge or whether it will apply to the increased charge of 3½ per cent. I imagine not a great deal of thought has been given to this matter but it is important not only to the exporters but also to the State Treasury; not that the State Treasury would be expected to give any concession in this regard because, owing to the national need to encourage a greater level of export, the principle seems to have been accepted by the Federal Government, and it is certainly through our exports that we enjoy a stable economy and look forward to improved living conditions in the future.

I hope the Treasurer can give us a little more information on this matter because no reference has been made to it—perhaps because it is not included in the legislation. However, it is an associated matter and, as we are debating the principle, I am sure members would like to hear from him in this regard.

The Treasurer of Victoria has already introduced his Budget and I understand he has introduced a Bill which sets up the pay-roll tax assessment law in that State. I have not read his speech nor the speeches of other members in regard to this legislation in order to ascertain the reaction to it but I gather it was not very well received in Victoria.

Along with the Pay-roll Tax Assessment Bill the Treasurer introduced the Pay-roll Tax Bill. The latter Bill is a very small one which is closely related to the major Bill. It simply sets out the proposed rate which will apply to taxable wages and the date from which it is proposed to operate the tax. It also gives some very important information; that is, the sum of money that is to be raised in the first year—which is three-quarters of a year. That sum is \$6,300,000. In a full year the Treasurer anticipates the tax will produce \$8,400,000.

The Treasurer did not tell the House, of the amount which would be given to local government authorities in this State. Because of the interest that has been shown in local government during this difficult period, I think members would be interested in some examples of what shires throughout the State will receive.

No-one could become excited about the introduction of any taxing measure. Certainly, no-one who has had the experience of seeking at every opportunity to have the pay-roll tax repealed or abolished could vigorously support such legislation, but I must admit that had I found myself in Canberra as the Premier and Treasurer I might well have come to the same decision. It was a unanimous decision of all the Premiers, so it is Australia-wide, and there was an urgent need to take advantage of any offer of this kind that was made by the Commonwealth. With some reluctance, therefore, I support the Bill.

If there was ever any possibility of the pay-roll tax under Federal law being abolished, there is certainly none now that it has been passed over to the States.

Mr. J. T. Tonkin: How far ahead are you looking?

Sir DAVID BRAND: I just want to live from year to year, or from three years to three years. I cannot say. But, bearing in mind the Premier's statements from time to time and the varied decisions he has reached in a very short period, I can only conclude that when it comes to finance and estimating the taxation that is necessary to deal with deficits the Premier's experience has been one of glorious uncertainty.

The fact that the States have taken over this tax does not make it any more acceptable. I hope that whether we belong to the Labor Party, the Liberal Party, or any other party we shall seek to devise a tax that is fairer and more equitable and that can be applied over the whole

field of taxation to employers and employees, to people who are in business, and to people working in other jobs.

No doubt the Treasurer will give more details about the sums of money which the State will receive from pay-roll tax and the estimates of what the tax will bring in in the future. To some extent the tax will produce increasing revenue.

As they left Canberra the Premier and the Treasurer must have felt reasonably pleased at the Prime Minister's very generous treatment of them and the special allocations of money he was prepared to make, following some protest. Having regard to the generous treatment which Mr. McMahon meted out to the Premiers and Treasurers when they were in Canberra complaining about their large deficits, and having regard to the fact that this tax will bring in \$8,000,000 or \$9,000,000 in one year, the Premier must have felt rather pleased. Although he made some rather rash statements about the deficits after his return from Canberra, he must have felt, deep down, "This is quite a relief to me."

This is a very large sum of money. I have not been able to draw out the estimate of the deficit, but whatever that estimate was it will be very substantially reduced by the sums of money which will come from the pay-roll tax and Commonwealth sources.

I will have something further to say during the Budget debate about this tax but I remind the House that this is the first of a number of taxing measures which will be introduced by a Premier who was ever ready to be critical of any taxing measures. No doubt he will have the same reasons as we had for introducing taxing measures, but I must mention that we did not make such generous and extravagant promises when we went before the people.

MR. E. L. YOUNG (Wembley) [5.42 p.m.]: I listened with interest to some of the comments of the Leader of the Opposition. I also listened with interest to some of the questions he put to the Treasurer, to which I hope the Treasurer will have some answers later on. During the course of my address I will also have one or two questions to put to the Treasurer.

I have read the Bill in reasonable detail and I have read some of the background to it. I have also read the Treasurer's second reading speech, and I am left feeling somewhat disheartened that we must now consider the possibility of passing legislation to continue the imposition of pay-roll tax. Quite clearly, it is not the sort of tax of which one can be enamoured at any time.

As pointed out by the Leader of the Opposition, pay-roll tax in the Commonwealth sphere came about in 1941, when

there was an urgent necessity to raise sufficient funds to finance the child endowment scheme. When reading the second reading speeches in the *Hansard* of the Commonwealth at that time, one immediately gets the impression that members were not discussing the pay-roll tax at all but simply discussing the fact that child endowment was a very good thing. No-one gave very much thought to what they were giving birth to. Because pay-roll tax was intended to finance child endowment, it was received with enthusiasm by the then Leader of the Opposition, the late John Curtin.

Pay-roll tax became another one of those taxes that have remained with us forever more, and with the passage of this legislation I am sure we will have a tax that will remain with us for some time, as the Leader of the Opposition pointed out. For whatever purpose it is imposed, a tax seems to remain forever. The years may have condemned this particular tax, but age does not seem to have wearied it at all.

The Commonwealth may have wished to divest itself of pay-roll tax. Henry II is supposed to have said of Thomas A Becket, "Who will rid me of this turbulent priest?" I can imagine successive Prime Ministers saying the same thing about pay-roll tax. I am sure no tax is popular but this one may be the most unpopular of all.

For a start, pay-roll tax is a tax on expenditure, not on income, and it therefore has no reflection on ability to pay. It is an inflationary tax because one inevitably builds into one's Budget an amount to cover things such as this. It is an unfair tax in that it weighs heavily on highly labour intensive industries. It is a tax on the creation of employment and it adds salt to the wound whenever a wage increase comes about.

Therefore, one can scarcely say that anybody—including the Treasurer—has any love for pay-roll tax. The measure comes before this House as a result of an agreement between the Commonwealth and the States.

The States were asking for a tax which would replace the receipts duties lost to them as a result of High Court decisions. They were also seeking a growth tax which would grow roughly in proportion to the economic growth of the States.

I wish firstly to look at some of the conditions of the agreement and perhaps to pose a number of questions to the Treasurer as I go along. The Leader of the Opposition read the first agreement, and I will do the same for continuity of what I am saying. The first condition reported in the second reading speech of the Treasurer is that there will be a reduction in the Commonwealth financial assistance grants equal to the amount the

Commonwealth would have collected in the State had it continued to levy the pay-roll tax.

One of the questions I wish to pose to the Treasurer is this: Will this amount be based on a base-year figure? In other words, will the Commonwealth say it would have collected so much in a particular base year had it continued in the pay-roll tax field and, therefore, it will deduct that amount from the State's financial assistance grants as the years go by? Or will the Commonwealth make an assessment year by year of what it would have collected and strike that amount off the financial assistance grants as the years go by? For the purpose of my speech I will assume that the deduction will be a figure which will have regard, year by year, for the amount the Commonwealth would have raised had it continued in this field.

This really means that the Commonwealth will reduce the financial assistance grants to the States by the amount the Commonwealth would have collected had it remained in the field at the rate of 2½ per cent., which means that the extra 1 per cent. is the profit factor to the State.

It can be said that this is a growth tax inasmuch as it will grow with wages and with the economy; but it is beyond me how anyone in his wildest fancy could say that the Commonwealth is handing the tax over to the States. In effect, all the Commonwealth has done is to say to the States, "You go ahead and make yourselves unpopular by imposing a tax at a profit to you of 1 per cent. of taxable wages—which appears to the public to be a State tax of 3½ per cent.—while we sit back and wash our hands of it."

I can understand why the Commonwealth did not simply impose an additional 1 per cent. on top of the existing rate and hand it over to the States by way of financial assistance grants, because the States had to have an opportunity to add whatever percentage they wished. It would seem to me that had the States agreed, or been able to agree, to the continued levying of the tax at a rate of 3½ per cent. *ad infinitum*, it would have been a much better idea for the Commonwealth simply to increase the rate to 3½ per cent. and to add an equivalent amount to the financial assistance grants and so avoid the situation with which we are now confronted, which could be described as "much ado about nothing."

If the Commonwealth had taken a base year—say, 1969-70—and said, "We will deduct what was raised in that year from all future grants," it could be said that the tax might be a form of real growth tax, because everything raised above that figure would be a net profit to the States.

The second condition of the agreement is that the Commonwealth is to meet the cost of exempting from the imposition of

a State pay-roll tax the nonbusiness activities of local authorities. My second question to the Treasurer is this: Will he say whether this exemption will be struck at the rate of $2\frac{1}{2}$ per cent.—in other words, the amount the Commonwealth would have received had it remained in the field—or whether the Commonwealth will reimburse the States at the rate of $3\frac{1}{2}$ per cent.—in other words, the amount the State is missing out on by the exemption of local authorities?

Mr. T. D. Evans: Would you rephrase your question for me?

Mr. R. L. YOUNG: Yes, I will put it another way. When the Commonwealth makes good the cost of exempting local government authorities—

Mr. T. D. Evans: In relation to nonbusiness activities?

Mr. R. L. YOUNG: Yes; that is the greater part of the amount the Commonwealth will make good. Will the Commonwealth make good that cost of exemption at the rate of $2\frac{1}{2}$ per cent. or at the rate of $3\frac{1}{2}$ per cent.—which, in other words, is the amount the State is missing out on? It is good, of course, that local authorities are to be exempted from pay-roll tax under this legislation. It is also good that the State has given an extra yard or an extra mile, as it were, and exempted the business activities of local authorities.

On the surface it would appear that the Commonwealth is footing the bill for the exemption. But when we consider the agreement between the States and the Commonwealth what is really happening is that the Commonwealth is to pay to the States a sum equal to the amount the States would have received but for the exemption at the rate of $2\frac{1}{2}$ per cent.—I will assume that is the correct rate for the purpose of my argument. However, on the other hand, the Commonwealth is to deduct from the financial assistance grants to the States the amount the Commonwealth would have received had it continued in the pay-roll tax field; in other words, it will make almost a direct claim back from the financial assistance grants because had it remained in the pay-roll tax field it would have imposed a tax on those authorities. So when one first reads the agreement it would appear that the Commonwealth is providing quite a hand-out.

Mr. T. D. Evans: We are led to believe by the Prime Minister that the sum involved for Australia as a whole is \$10,000,000.

Mr. R. L. YOUNG: But it is still a case of in on one hand and out on the other.

The third condition is that the Commonwealth is to meet the additional administrative costs incurred by the States in levying their own pay-roll taxes. I can only say "So it should," considering it will receive five-sevenths of the money.

The fourth condition is that Commonwealth authorities which are currently subject to Commonwealth pay-roll tax are to continue to pay the tax to the States after the takeover. That is really similar to the second condition. It will be a case of the Commonwealth paying the tax to the States as a straight-out imposition of pay-roll tax on Commonwealth authorities, and then taking it back again through the medium of the financial assistance grants by virtue of the fact that the Commonwealth would have received that tax had it remained in the field.

Condition No. 5 is that the States are to guarantee the statistician's continued confidential access to pay-roll tax returns for the purposes of his statistical collections. It is fitting that the statistician should have access to the returns for many reasons. One of the reasons I am interested in ensuring that the statistician continues to have that right is that in a couple of years' time we will be able to work out how much we have not got out of the pay-roll tax.

The net result to the State is a gain of 1 per cent. on net taxable wages. This is estimated to produce to the State the amount of \$8,400,000 in a full year, which represents an increase of 2.33 per cent. of the income of the State based on 1970-71 figures. It is therefore not a tax which will set the world on fire and it is not a growth tax in the true sense of the word. It is not a tax which is truly the dominion of the State because the Commonwealth has five out of seven fingers in the pie and, as I pointed out clearly in my maiden speech in this House, the simple handing over—or the part-handing over as is the case in this instance—of the pay-roll tax to the States is not the answer to the financial problems of the Premiers and Treasurers of the States. In fact, any benefit to the State comes not from the Commonwealth but from the taxpayers of the State.

The Leader of the Opposition raised a question with the Treasurer in respect of pay-roll tax rebates for export incentive, and he asked whether rebates would be made at a rate of 2.5 per cent. or 3.5 per cent. I would like to go further and point out to members that division II of the Commonwealth Act provides for certain rebates where exporters increase their export incomes in any year. In his second reading speech the Treasurer said that the Commonwealth would continue to provide an incentive out of its own resources. I am wondering whether the Treasurer can tell us how it will be done.

It seems to me that the Commonwealth and the States now have some joint "customers." We now have a mass of taxpayers upon whom the States are to impose a tax and, on the other hand, those taxpayers will receive certain rebates from

the Commonwealth. Therefore, I think now is the time to let taxpayers know clearly where they stand and to let them know how they should go about making a claim for a rebate. Perhaps a joint communication from the Commonwealth and the States would be good public relations and would ensure that the taxpayers understand their position.

I wish now to deal briefly with a couple of matters in connection with the Bill. I will mention firstly the matter of objections and appeals. The Bill provides for the reference to the Supreme Court of disputes arising out of decisions on objections. The Commonwealth legislation provides for references or disputes of this nature to be heard by a board of review, with the board having the power to refer questions of law to the High Court. The Federal Commissioner of Taxation and any employer may appeal to the High Court in regard to any decision of the board.

The Commonwealth Income Tax Assessment Act contains similar provisions whereby taxpayers may make reference to a board of review if they do not wish to have their disputes treated as an appeal and sent directly to the High Court. The boards of review in the income taxation field hear many disputes year in and year out.

I will explain to members what is a board of review. It is simply an easy way to have disputes heard in reasonably unsophisticated but very competent circumstances by men trained to understand the ins and outs of any objection. The board usually consists of a senior departmental officer who has had many years' experience of appeals and objections in the department, a practising solicitor who is similarly trained and experienced, and an accountant who is practising in the taxation field. The nature of the board is such that costs are kept to a minimum. If a person wishes to have a dispute heard by the board he simply forwards \$2 to the Commissioner of Taxation and requests that his dispute be treated as a reference to the board of review, and the commissioner will then refer it to the board. The board will hear the case when it gets around to that particular State.

It is easy for a taxpayer to appear before the board. If he wishes he may appear with a Queen's Counsel, or he may appear with his tax agent. I wish to recommend to the Treasurer that he consider setting up a State board of review to hear appeals or references of this nature. The State has now reached the stage where it has a State Commissioner of Taxation and I think it would be highly desirable if a State taxation board of review were established so that taxpayers would not have to incur the expense of appearing in the Supreme Court every time they have a dispute with the commissioner.

I wish also to deal in some depth during the Committee stage with a suggestion for an amendment which, briefly stated, is to provide for a case where the commissioner makes an assessment under the Act. I shall not refer to it as an amended assessment, because under the Act it is simply termed as an assessment. Under the proposal I am putting forward, where a taxpayer receives a notice of his assessment he will be given full information by the commissioner as to how the calculation and amount payable have been arrived at. I do this, because in the field of income tax one sometimes experiences considerable difficulty in extracting information from the commissioner as to what exactly one is contesting, or what form an objection can take. I will deal with that aspect more deeply in the Committee stage.

The only other comment I wish to make is in respect of penalties. When I mention defaults by taxpayers I shall be very brief, and I shall not go into detail. Briefly, if a person fails to furnish a return; refuses to give evidence to the commissioner when required; makes a false return in any material particular; or contravenes the Act in any way, whereby no other provision for a penalty has been made, he is subject to a maximum penalty of \$1,000. Where a taxpayer obstructs or hinders an officer in the carrying out of his duties under any section of the Act, he is also subject to a maximum penalty of \$1,000. Similarly, where a taxpayer fails to keep proper books he is subject to a maximum penalty of \$1,000. In respect of the first four offences I have mentioned, which I grouped together, the Commonwealth provides for a minimum penalty of \$4, and a maximum penalty of \$200; in respect of the fifth offence, the Commonwealth provides a minimum penalty of \$2, and a maximum of \$100; and in respect of the sixth offence, the Commonwealth provides a maximum penalty of \$200.

I note that under section 29 of the Interpretation Act the penalties I have referred to are deemed to be the maximum penalties, but I think it is going too far, even in these inflationary times, to provide for penalties as great as \$1,000.

Mr. T. D. Evans: These are the maximum.

Mr. R. L. YOUNG: Yes, I have pointed that out. I accept the fact that it is desirable to dissuade taxpayers from breaking the law, particularly taxation laws, but I think the maximum penalty of \$200 provided under the Commonwealth Act is quite sufficient.

To summarise, I am not enamoured of the tax, and I do not think anybody can say this is a good tax. The Leader of the Opposition and I have asked a number of questions of the Treasurer to which I am sure he will reply adequately. I leave the matter at that, and say in conclusion that

I support the Bill but I do so with a great deal of hesitation on behalf of the Western Australian taxpayers.

MR. COURT (Nedlands—Deputy Leader of the Opposition) [6.04 p.m.]: The introduction of the Bill before us is not one of the happy occasions of this Parliament. It is made all the more unhappy and all the more difficult to deal with by virtue of the fact that we are getting this taxation measure before the Budget has been introduced. It is much easier to consider matters of this kind when one looks at the total financial situation put forward by the Government.

Mr. T. D. Evans: It would not be the first time that has been done in this Parliament.

Mr. COURT: The Treasurer should pause for a minute; I am just making an observation. This is not a good practice, regardless of who adopts it—whether it be adopted by the Federal Government or by this State Government, or whether it be adopted by a Liberal-Country Party Government or a Labor Government. In fact, I have heard objections from both sides of the House to this sort of practice, because that makes it very difficult for one to consider in detail what is being done in a Bill of this kind.

The Treasurer, in one of his comments, referred to the fact that more details would be given when he introduced the Budget. That is hardly fair to the Opposition or to the people who have a direct interest in the financial measures of any Government; and there are many people outside Parliament who have a very direct interest in what the Government seeks to do by way of financial measures.

If the Treasurer's speech is to be taken at its face value—I take it he probably wants us to, or at least we are entitled to assume that is what he wants—then I say quite categorically that the concept of a growth tax, which is a matter that has been much publicised, is in fact a phoney.

Mr. T. D. Evans: That was the Prime Minister's label.

Mr. COURT: I have heard plenty of references from State authorities that this is a growth tax. I am one who has always advocated that the State should have greater access to growth taxes. As my leader has stated, it is unfortunate the receipts duty has proved to be unconstitutional, because it did have the redeeming feature of, firstly, being easy to collect and, secondly, having a wide spread. The incidence of the tax was so widely spread and so small in its impact on the everyday life of the people that a considerable amount of money could be collected on a genuine growth basis, without people being put to any great hardship.

I well recall the instances when members of the Labor Party were on this side of the House and referred to the receipts duty. They said the tax would be passed on to the working man, to the consumer and the like; and they said that with tears in their eyes. However, in the final analysis the impact of the receipts duty was very slight when compared with the tax, the subject of the Bill before us; in fact, the receipts duty was far more equitable than the pay-roll tax will ever be.

My leader has referred to the origin of the pay-roll tax. When it was introduced people accepted it grudgingly, because it would give effect to Government policy and would assist in a social question, but like so many of these taxes which are related to a specific item at the start, it is not long before that goes into discard and they become almost incomprehensible in the total financial scheme. I refer to another such tax; that is, the tax on fuel. Many years ago that was introduced and it was said it would have a very specific and direct effect on roads, but it was not long before this tax was merged into the total financial structure of the Commonwealth and now the amount which comes back and is identifiable as road money is comparatively small.

I sincerely hope that when he replies the Treasurer can give much more background information about the total concept of the pay-roll tax and its transfer to the States than he gave when he introduced the Bill; otherwise he will have to stand condemned as having drawn the "short straw" in this matter.

Whichever way we look at the pay-roll tax, it has always been an unpopular tax and it will always be unpopular. Let me hasten to add that I have yet to find a tax which is not unpopular. As I said, the pay-roll tax has always been unpopular and it is an essential part of inflationary machinery. The very nature of it makes it such. It is rarely absorbed and rarely can be because of the nature of it. I would say we would be battling to find any employer who did not regard the tax as part of his direct labour costs. In fact, in many respects he would be acting quite improperly if he did not. It is essentially a part of direct labour costs just as are workers' compensation and a number of other fringe costs directly related to the wage structure.

Another disadvantage of this tax when it is classed as a growth tax is that if we have an efficient economy here, and if we develop in this State as we should develop on a capital intensive basis because of huge natural resources, huge areas, and a capital intensive type of development, it follows that our wage structure should grow at a slower rate than the total economy.

This in itself, of course, is a matter which we cannot ignore because in this State we are desperately looking for taxes—income, revenue, call it what we like—which will grow in keeping with the demands of an expanding economy. If this tax grows in keeping with the economy, or in tempo with the economy, we must have a very inefficient State; in other words, our productivity is not achieving the results it must achieve if we are to have a prosperous and secure economy and be able to pass on the benefits to the community.

Western Australia, more than any other State, should be in this position because this is the very nature of the type of development programme to which we are committed. I want to make another point which is that one of the other reasons this tax is an inequitable and anomalous one is that the greatest impact is on the people who are the most labour intensive. It follows as night follows day because it is a pay-roll tax and it is also a fact of life in industry and commerce that the labour intensive industries are the less profitable industries. This is another reason for harnessing ourselves to capital intensive, highly mechanised, automated development when attacking our natural resources; and we cannot ignore the fact that industries with the biggest labour intensive are normally the more precarious and more susceptible to economic trends and they are the ones which in this State we need to look after.

I am not advocating that we have a form of taxation which encourages the excessive employment of labour. Some countries do. They have taxes which are removed from certain pay-rolls to encourage employment in these spheres, but I am not suggesting we get involved in this complex type of machinery because the history of economics has revealed that it does not work.

So we must consider this tax as a straightout tax on our pay-roll and therefore when we have labour intensive industries, in most cases these industries are the less profitable and are the ones which are the hardest hit. Now we are to add to their burden. I refer to industries involved in such spheres as clothes making, food processing, and footwear manufacture. These are the industries which inevitably are more labour intensive than are the industries which are involved with our natural resources. Those natural resource industries have the maximum of mechanisation and automation and the minimum of labour.

This is the time when we as a Parliament should look at these matters because I hope that, regardless of which party is in power, we will start right now to find ways and means to get rid of the pay-roll tax. I am not going to oppose the Bill because I realise the predicament in which the Government finds itself and I realise

that arrangements have been made with the other States and the Commonwealth in respect of this. However, I want it to be clearly understood that I for one do not like the tax. I do not think we have arranged a very good deal.

When we are in the political business we must get used to changes of situations at a rather dramatic rate. While my leader was talking about the pledge made by the Premier, I was thinking of what the Premier would have said had he still been the Leader of the Opposition.

Mr. Nalder: I am sure it would have been very interesting.

Mr. COURT: He would have commenced his speech by saying, "The Premier has been taken for a ride by the Commonwealth." I think that would have been his opening sentence.

Mr. Nalder: He would have been frothing at the mouth.

Mr. COURT: He would have been so upset about the poor taxpayers and industries—we would almost believe him after the first one and three-quarter hours. He would have had the time of his life on this measure.

The Premier smiles as if to say, "You know I am the Premier now, not the Leader of the Opposition, and when I go to Canberra I take what I can get, and do not ask too many questions or get too technical."

Sitting suspended from 6.15 to 7.30 p.m.

Mr. COURT: I had reached the stage where I was referring to the anomalies and the inequities of this type of tax, and the greatly changed attitude of the Government to that which it adopted when it was in Opposition.

There are a number of specific queries I want to address to the Treasurer in the hope that he can answer them at the same time as he answers the questions put forward by my leader, and by the member for Wembley. I believe the Opposition, and Parliament generally, are entitled to explanations concerning the queries raised.

Firstly, I would like the Treasurer to clarify whether our interpretation is correct; namely, that the only real net cash gain to the State from the imposition of this tax at 3½ per cent. will, in fact, be the amount that comes from the 1 per cent.—and I presume, of course, that amount will be less the additional exemption which the Government has given to local authorities—over and above the amount which was taken by the Commonwealth Government.

That is the crucial point; because, having read the official Press statements at the time, and since the decision was made at Canberra. I have never been quite clear as to what the States will gain beyond having the acrimony of collecting an unpopular tax, five-sevenths of which will go to the Commonwealth. Admittedly, the

Commonwealth accepts some costs but in round terms the Commonwealth will get most of the tax and we will get all the blame. If I am wrong I would like the situation clarified because nothing has been said here, or in any of the Eastern States, which gives a different impression.

When in Melbourne recently I read the comments of the Premier of Victoria (Sir Henry Bolte). He referred to this particular tax when about to introduce his Budget and he seemed to be trying to make it plain to the people that the only gain to their State would be the extra 1 per cent. which had been imposed. This is a crucial matter and I would like to know whether the real net cash gain to this State is only in the terms of 1 per cent. less the extra concession the State Government has made to the local authorities.

I would like the Treasurer to explain also just how the revenue from this tax will grow for the Commonwealth and the State. As fast as this tax grows the Commonwealth's five-sevenths share will grow, and whatever is added to the formula will be taken out. So there will be no net gain. The only part which can grow for the State is the two-sevenths share less adjustments such as those to which I have referred regarding local authorities.

Another point on which I would like the Treasurer to be specific is this: Does the amount which the Commonwealth has agreed to accept as the cost of administering and collecting this tax represent an adequate amount for collecting and administering the whole of the tax at the $3\frac{1}{2}$ per cent. rate, or only the five-sevenths proportion? One utterance has given the impression that the Commonwealth will only stand the cost of collecting its share on what appears to be a fairly generous basis. I ask: Will the Commonwealth stand the whole cost of the collection and the administration of the tax?

The next point was raised by the member for Wembley and I believe it can be of tremendous importance to a State which is struggling to get into the export market. I refer to the question of export rebate. If one reads the Treasurer's speech literally, the reference to export rebates means that the companies in the export business will continue to get the rebates. Export industries are allowed a Commonwealth tax rebate in respect of the $2\frac{1}{2}$ per cent. tax.

I assume, from the Treasurer's comments, that he is drawing a sharp line between $2\frac{1}{2}$ per cent. and 1 per cent. in respect of the additional tax. In other words, no export rebate will be earned by the companies in Western Australia, or in the other States, on the 1 per cent. portion in regard to extra export effort. It may be that in his remarks the Treasurer was trying to convey that the Commonwealth will, in fact, accept this as a further inducement.

It is logical that it should be accepted by the Commonwealth, because it is the nation which benefits from exports. It is true that we get the benefit of local industry which generates exports, but in the final analysis it is the nation which is chasing export trade because it is a crucial factor in our solvency abroad. The Commonwealth has always borne this cost. It has been a token gesture to some companies, and to others it has not meant very much. To some companies it has been like a little carrot, to induce them to export. I would like to know from the Treasurer whether, in fact, the Commonwealth is accepting this responsibility with respect to the 1 per cent.; and, if it is not, whether representations were made by the State Government and rejected by the Commonwealth. Does the Government propose to take up the matter with the Commonwealth?

The next point on which I wish to touch is the question of exemptions. Under the old Commonwealth administration there were a number of exemptions. There was a basic exemption and in this case it is dealt with in clause 9 on page 10 of the Bill. As I read the provision it has been left at the figure included by the Commonwealth in 1957. In terms of money values that is a long time ago. At that time it was fixed at \$20,800 per annum. It is shown in two forms: one on a monthly basis and one on a per annum basis. The two forms provide for different situations in assessing and collecting the tax. However, it seems to me to be rather strange that no change has been made in this field.

I gather that in the early days certain companies were exempted because they had few employees and the cost of collecting the tax was too high. The collection of the tax required a considerable amount of administrative machinery which the people concerned did not have. Also, very few employees were covered by the figure of \$20,800 per annum.

If I read the legislation aright the amount has not been changed. If one considers the movement in salaries and wages in the period between 1957 and 1971—even if one considers only the movement in parliamentary salaries—one will get some idea of the changes that have taken place. If an amount of \$20,800 was considered a reasonable figure 14 years ago surely a revised figure is necessary now. I mention this point because it would exempt a considerable number of firms which would be irked and inconvenienced by this requirement, which firms I believe are entitled to this consideration for a number of reasons.

I would like an explanation from the Treasurer as to why there has been no change in this figure, if I read the Bill correctly. If we look at the figure of \$20,000—\$20,800 to be precise—we find it is not even the salary of one Premier; it is only a little more than the salary of one

Under-Treasurer; it is not quite the salary of two members of Parliament; and in an ordinary type of firm it is probably the salary of one senior and four others. As members can imagine, this is a tiny firm indeed.

Perhaps the Treasurer is concerned that some of the people who have been traditionally exempt may grow bigger and not remember to contribute to the revenue. They may change from, say, a wages and salary bill of \$20,000 a year to \$100,000 a year in the ordinary course of growth but may overlook the fact that they have to line up for pay-roll tax.

I suggest a simple system could be adopted whereby everybody has to be registered and exempted. Those exempted could report at regular intervals of three or six months to the department on changes in the wage and salary structure in approximate terms if they have not, in the meantime, become regular contributors because of the change into a different category of operation.

Mr. T. D. Evans: The position would be difficult to enforce.

Mr. COURT: It would be no more difficult than under the old system of granting exemption.

Mr. T. D. Evans: The beauty of the tax is that the machinery is reasonably easy in terms of collection. If we write in sophisticated sanctions requiring people to report and, if they do not report, thus requiring inspectors to investigate, it becomes clumsy and less attractive as a taxing measure.

Mr. COURT: I am not suggesting it should be done in this way but that it could be, if the Treasurer is fearful that some people may overlook the fact that they have graduated to a size when they should pay the tax. Although I do not suggest it should be done in this way, this method would at least provide a check post. Normally we rely on people understanding the law—and they have a responsibility to understand the law—and in addition, we have inspectors who have their own methods of catching up on people who change their status but forget to line up to pay tax.

I sincerely put this to the Government; it is a matter which could have been looked at. It looks to me as though the whole of the previous machinery has substantially been brought forward into the new era. I do not level any blame for this, because most of the gremlins have been ironed out in the administration of pay-roll tax over a number of years. Every smart trick has been thought out; the department has dealt with them; and the law has been amended. It would be unwise not to take advantage of this. However, in a period of change this could be the hour to look at this suggestion.

The next point I want to consider is the question of taxing Government instrumentalities. I do not oppose the fact that the Government has decided to seek extra revenue but it is important that Parliament understands that, in doing it this way, there will be an impost on the W.A.G.R., the S.E.C., the State Shipping Service, and the Water Board—in fact, on all Government services. Somewhere along the line this will continue to be reflected as a charge.

The Minister may say that Government instrumentalities have been paying this for a long time. Perhaps he may remind me that on many occasions I have objected to the State Government, through its instrumentalities, having to pay this sort of thing in times of Commonwealth administration. Whilst I do not suggest this practice be changed and it is not unreasonable for it to be reflected in the cost of the S.E.C. and other services, I think it as well for this Parliament to understand that we will be imposing a further burden on some services which are already accepting very heavy costs.

Instrumentalities such as the S.E.C. are getting the full blast of wage and other cost increases and, on top of this, will be the extra 1 per cent. charged to them in the same way as it is charged to everybody else. As long as we understand that we will be imposing a further straightout tax on some of these enterprises, this is fair enough.

The member for Wembley has asked the Treasurer to convey to the House details in respect of exemptions granted to local authorities. I have no doubt this has been accurately assessed, although I sensed from the Treasurer's speech that he is inclined to avoid this until the Budget is brought down. In view of the fact that we are being asked to pass this Bill ahead of the Budget, it is fair enough to know what is the cost to the Government both in respect of the general operations of local authorities and also of their trading concerns.

The member for Wembley also referred to penalties. I agree with him; there certainly seems to be a sudden change of heart in connection with penalties. Under the old legislation I think the minimum penalty was \$4 and the maximum \$200. Now we find a figure of \$1,000. Admittedly this is the maximum penalty that can be imposed, but it seems rather strange that we should change this penalty so severely—five times in fact for the maximum penalty—when we have done nothing about the minimum exemption. Here again, I think some explanation is necessary.

It may also be wise to remind the House, because the Treasurer has not done so, of the types of penalty to be imposed under this legislation in respect of defaults. Some of these look mighty severe. In fact, if there were to be a Select Committee into hire purchase and other charges, one

would expect this to be the first measure submitted for study, because some of the penalties to be imposed, if one does not understand how the proposals work, are just plain vicious.

It must be noted that the commissioner is to be given some discretionary power. When dealing with a tax or excise of this kind it has become customary in the various Parliaments to give extraordinary powers to those administering the laws. For example, if we look at clause 4(8) on page 7 of the Bill we find that any delegate who is acting for the commissioner will have all the powers of the commissioner or "that this provision may operate, as the case may be, upon the opinion, belief, or state of mind of that delegate acting as such." If we were to include these words in any other legislation there would be real ructions around this place. However, it has become almost customary now to have some of these far-reaching provisions in taxing laws. I often wonder whether we have looked at them sufficiently. Of course, these provisions are intended mainly to catch the crooks and it is difficult to legislate in any other way.

Mr. T. D. Evans: The Deputy Leader of the Opposition well knows it is a canon of construction in taxing legislation that any doubt or ambiguity in the legislation is to be construed against the taxing authority in favour of the taxpayer. This is probably the reason.

Mr. COURT: I wish the Treasurer were right.

Mr. T. D. Evans: It is the normal canon of construction.

Mr. COURT: I don't care what the canon is. I will tell the Treasurer the practice and the law. Let us look at the Income Tax Assessment Act under which the commissioner is not bound by his letters. The commissioner could write and say, "It is all right" and tomorrow he could sue and say, "Slips-no-go." There is also the diabolical clause where if it is a device—

Mr. T. D. Evans: Section 260 is the one to which the Deputy Leader of the Opposition is referring.

Mr. COURT: —regardless of what the law is, it is a device.

Mr. T. D. Evans: That is a specific legislative provision.

Mr. COURT: It is the way the law is framed in taxing legislation, particularly legislation dealing with excise and customs where Parliaments have given extraordinary powers because the part of the law in question is really being framed to deal with a lot of crooks and not for the average citizen who wants to pay fair and reasonable dues.

I wanted to remind the House of these facts because it will be no good looking at the legislation later on when a constituent

is up before the beak. I shall remind members now of the extremely heavy penalties for late payment of tax. There are several stages. If one is 14 days late, one pays 10 per cent. per annum. If one pays a little later, one pays 10 per cent. flat. However, if a person becomes involved in the offences under the Act he gets into a situation where he cannot only be fined but called on to pay double tax. This is part and parcel of this type of law, but I think it is the duty of the Government and the Opposition to make sure it is thoroughly understood by the Parliament that this type of legislation is being passed by us.

Clause 35 contains a list of offences. Clause 36 specifies the additional taxes that are payable in certain cases. Paragraph (b) of subclause (1) reads—

(1) Notwithstanding anything contained in section 35 of this Act, any employer who . . .

(b) furnishes a return to the Commissioner, but fails or neglects to include in that return all of the taxable wages required by this Act to be included in that return shall be liable to pay by way of additional tax double the amount of the difference between the pay-roll tax properly payable and the pay-roll tax payable upon the basis of the return furnished . . .

Then comes that lovely saving clause which reads—

or the amount of two dollars, whichever is the greater,

Mr. T. D. Evans: That is not unique to this particular legislation.

Mr. COURT: No. I make the point that it is not unique in taxing law. It is not unique to have a provision such as the one on page 7, where the delegate's state of mind has to be accepted. It is something that cannot be defined. If it is something the delegate has just dreamed up, it has to be accepted. That sort of thing is accepted in this kind of law when people deliberately set out to evade the law, but not only have the penalties been stepped up five times; we also have the other provisions about double taxation and the penalties for late payments. The double taxation refers to late returns, whereas the other provisions are more directly related to late payments.

There is one other thing that is absent from this Bill. I thought it would have been an occasion for the Government to show some interest. I refer to the question of decentralised industry. If it is competent for the Federal Government to grant exemptions in respect of export promotion—which, in the early days, worked very successfully and provided an inducement for export promotion—surely it would

have been practical and of value to hold out some inducement to decentralised industries.

The Government has made the promotion of decentralised industry an important part of its policy and has been taking certain action in an endeavour to convey to the public that it wants to attract industry to areas outside the metropolitan area. That is also the policy of this side, so we do not deplore or criticise it. But surely this is an occasion on which it would be practicable to give to people who establish industries in areas outside the metropolitan area a rebate for the salaries they actually pay in those decentralised areas.

On the surface, it might appear that this suggestion would generate some administrative problems. I do not think it would because it is very easy to identify the origin of the salaries and wages, and where they are paid. The degree of manipulation that could take place would be comparatively small and easy to determine.

I would rather see an absolute power given to the commissioner to decide whether a portion of the salaries and wages was attributable to decentralised activity, instead of making it an arguable matter. When one starts to draw a line as to whether a third, a quarter, or a half of the directors' salaries is attributable to Albany, Geraldton, or Port Hedland, it becomes impossible without discretionary powers to the commissioner. But it would have been a gesture of sincerity of purpose to hold out a carrot to people who want to establish industries outside the metropolitan area.

In conclusion, might I say I never thought I would stand up in this State Parliament and vote in favour of a pay-roll tax Bill, because I have been one of the foremost and most forthright campaigners against pay-roll tax. I intend to remain that way because I believe it is an anomalous and iniquitous tax which penalises the people who can least afford it. But because of the change of policy at Federal level, and because other States have agreed to go along with it, millions of dollars could be lost to the State if we did not take this action.

I hope we will all apply ourselves to the task of seeing how quickly we can get rid of this tax and put something else in its place. I believe there is scope for rethinking the matter of Commonwealth finances. It cannot be achieved piecemeal, with a dummy in the baby's mouth now and something else next year. There will have to be a complete rethinking of the matter. I cannot see why the States cannot be tied to the economic growth of this nation when they generate so much of the wealth on their own initiative. We are drifting more and more to a central

type of thinking in Canberra, not only amongst Government people but also amongst parliamentarians.

If we are not careful we will finish up with the same situation as prevails in America. In America the Government—if one thinks of the President and his Ministers as the Government—is trying to give power back to the States with fewer strings. That is how the Federal system is intended to work. However, the American Government has run into trouble with the Federal politicians, who want to hang on to the centralised power in America. If we are not careful we will have the same situation in Australia—while we in the States are trying to get more finance in order to fulfil our responsibilities, it will be the elected Federal members we are actually bucking. That will be a sorry day for all the States but particularly for Western Australia because of the programme of development we have ahead for the next 50 years.

I am not very keen about pay-roll tax but, in the light of all the circumstances, and in the hope that the Minister will see fit to give us much more information in reply than he gave when he introduced the Bill, and more information than has been given in the official statements, I propose to support the Bill.

MR. NALDER (Katanning) [7.57 p.m.]: I rise to take part in this debate on the measure which proposes an additional tax on a section of the people of this State to the tune of \$8,000,000. I am rather taken aback when I think that no tax measure that has been introduced into this House has received so little criticism. This Bill has not even created a ripple in this House nor has it stirred the Press a great deal. When the proposal in regard to pay-roll tax was agreed to by the State Premiers and Treasurers, I think the President of the Chamber of Commerce or the Chamber of Manufactures made the comment that he did not give it much of a blessing.

I do not view this matter with the optimism of the Deputy Leader of the Opposition, who thinks there is a possibility of getting rid of this tax. The Commonwealth has imposed the tax for many years, and I think the Commonwealth Treasurer was as pleased as Punch to be able to get rid of this very unsavoury tax for which the Commonwealth has been criticised for so long. In view of the fact that the Commonwealth gave so many concessions with it, I think the Commonwealth was pleased to hand it over to the States so that the criticism would be levelled at the States rather than at the Commonwealth.

I do not know whether it is a matter of credit to the Premier and his Ministers, but as regards practically all the legislation so far introduced it seems to me they seem to be endeavouring to say as little

as possible. As regards this Bill, we require a great deal of information. A number of questions have already been asked, and I hope they will be answered. I think considerably less would be said in Parliament if as much information as possible were given to members when measures of this kind are introduced. When Bills of this nature are introduced, all possible details should be given.

I feel the Commonwealth was very happy indeed in being able to kid the Premiers and the Treasurers of the various States to take over this legislation. First of all, I could not see an advantage to the State except for the increased tax of 1 per cent. When one studies the considerations in this legislation, it is obvious that the Commonwealth was not happy with the criticism it received as a result of the legislation and it was pleased to hand it over to the States.

From the information that is available, it appears that the transfer of this tax from the Commonwealth to the States was subject to certain conditions. I think these conditions are of interest. The President of the Local Government Association in the Press this morning praised the Premier for his generosity to local authorities. It is obvious the Commonwealth laid down these conditions before the Premiers agreed—

Mr. T. D. Evans: Only as it concerns exempting the nonbusiness activities of local government authorities.

Mr. NALDER: That is very clear to me. I wish to make these comments about the conditions laid down by the Commonwealth. These conditions indicate to me that the Commonwealth is very happy and rather excited about getting rid of this tax. The first condition reads as follows:—

A reduction in the Commonwealth financial assistance grants equal to the amount the Commonwealth would have collected in the State had it continued to levy pay-roll tax.

So looking at the first condition it would seem the States were not going to get any advantage from it except they were at liberty to increase the percentage. They had agreed to this even before they left Canberra. The second condition laid down by the Commonwealth was—

The Commonwealth to meet the cost of exempting from the imposition of a State pay-roll tax, the non-business activities of local authorities.

I would like the Treasurer to give some indication of how this will work. I think it would be advantageous to know what exemptions apply and where the local authorities are obliged to pay tax.

Mr. T. D. Evans: The local authorities would not be obliged to pay any tax at all.

Mr. NALDER: At all?

Mr. T. D. Evans: They would be completely exempt.

Mr. NALDER: It says, "the nonbusiness activities of local authorities." So I take it the local authorities are entirely exempt in everything they do.

Mr. T. D. Evans: This is the point. The Commonwealth only granted exemption as far as nonlegislation—

Mr. NALDER: Nonbusiness you mean.

Mr. T. D. Evans: Nonbusiness, and this legislation grants exemption to all local authorities.

Mr. NALDER: So there is no condition at all applicable to local authorities. Whatever they do, or whatever they might run—

Mr. T. D. Evans: Baths for instance. They must operate within the provisions of the Local Government Act.

Mr. Court: They must pay pay-roll tax.

Mr. NALDER: This is what I want to make clear. They have a total exemption?

Mr. T. D. Evans: Yes.

Mr. Court: I think the Treasurer should explain: the Commonwealth is only standing the cost of the nonbusiness activities.

Mr. T. D. Evans: And the State to meet the rest.

Mr. NALDER: The next provision is as follows:—

The Commonwealth to meet the additional administrative costs incurred by the States in levying their own pay-roll taxes.

I take it as far as the Treasury is concerned it will be necessary to increase the staff to carry out the activities produced by this Bill, and on that basis the Commonwealth will be prepared to make compensating finance available to the State. I take it this is not only on an annual basis but that it will continue as the costs increase, so that the Commonwealth will meet the added expense. The fourth condition is—

Commonwealth authorities which are currently subject to Commonwealth pay-roll tax, to continue to pay the tax to the States after the take-over.

I think members will be interested to have some indication of the Commonwealth departments or authorities which are involved in the tax in this State. I know it has already been stated that as far as State authorities are concerned this situation will continue. The State Electricity Commission has been mentioned as have one or two other authorities. I am interested in cases such as the Midland Junction Abattoir and Robb Jetty; whether they are to be affected in the same way. It means all authorities will be obliged to pay this tax.

Mr. T. D. Evans: The only exemptions are as provided in the Bill.

Mr. NALDER: The next condition is—

The States to guarantee the statistician's continued confidential access to pay-roll tax returns for purposes of his statistical collections.

I do not think anybody can oppose this exemption. It is very important that the statistician be able to get all possible information because the results of his work is everyone's concern, and therefore I see no opposition to this proposal in the legislation.

I think the Bill also provides for a total exemption to those who work for charitable organisations. I take it that this applies to private schools whose concern is education, and to all those who work for people in the community who are deprived one way or another. I take it all these authorities are exempt from paying this tax.

Mr. T. D. Evans: This list of exemptions is the list that applied under the Commonwealth legislation.

Mr. NALDER: This is important information. I am very interested in the point made by the Treasurer when he introduced the legislation, to which reference has already been made; that is in regard to export. This does not apply to businesses in the State which take part in export activities to the advantage of the State and no doubt also to the advantage of the Commonwealth. The State does not enter this field at all but the Commonwealth does and this is a separate situation altogether. I take it that the Commonwealth will legislate to allow and encourage those in industry to take part in exporting activities and in so doing will offer assistance to them—possibly similar to what is being done today. This of course, will depend entirely on the circumstances that exist at the time, and in these activities I would say it is entirely up to the Commonwealth to decide how important it is to continue to press for export.

The Deputy Leader of the Opposition made a very valuable point about decentralisation. I support very strongly any proposal which encourages industry to go into the country or away from the metropolitan area. It is important that we decentralise as much as possible because of the information coming to us from many countries throughout the world which have experienced this situation. I think we should take full advantage of this information in legislation of this kind.

I say that although there has been very little interest—possibly not even a ripple of interest—in this legislation. I believe it is necessary. I have no objection to the introduction of the measure because it seems the States have accepted that there is an advantage to be gained from it. It also seems to me that industry has accepted the tax, or else we would have heard strong voices in opposition from one end of the State to the other. But that has not

been the case; the tax has been accepted, and apparently industry is prepared to continue with it.

Mr. Court: They are not happy about it.

Mr. NALDER: I am interested to hear that interjection because in the past groups of people who were not happy with legislation have been most outspoken about it.

Mr. O'Neil: They have been paying this tax for some time.

Mr. NALDER: Yes, I know. The honourable member is not telling me anything new. However, the fact remains that the States have accepted the tax and increased it by 1 per cent. The people have apparently accepted the tax and they are prepared to pay it. As no loud opposition has come from any section of the community it appears that this measure has been accepted, and on that basis I support the Bill.

MR. T. D. EVANS (Kalgoorlie—Treasurer) [8.12 p.m.]: I would like to thank the Leader of the Opposition, the Deputy Leader of the Opposition, the Leader of the Country Party, and the member for Wembley for their contributions to this debate. It appears from the comments that have been made that pay-roll tax has been labelled as one which has a great deal of vice and little virtue associated with it. I think it is true to say that the Government has not been guilty of singing the praises of this particular tax. I think it is also true to say that often necessity makes beggars of us all.

As I listened to the Leader of the Opposition I could not help but think that if it were possible for me to pierce the inner sanctums of his mind, and if circumstances had been such that on the 17th June it was he who attended Canberra in the role of Premier of this State, I would say that he would have come to the same conclusion as the Premier of Western Australia, along with other State Premiers. In other words, I think perhaps the Leader of the Opposition—and I say this with goodwill—thought, "there but for the grace of God go I."

Sir David Brand: Did I not say so?

Mr. T. D. EVANS: Yes. The Leader of the Opposition referred to this tax as being previously constitutionally forbidden to the States. This is not quite correct. As the Leader of the Opposition may well remember, at one time in recent years the Premier of Victoria (Sir Henry Bolte) threatened to impose his own pay-roll tax and let it run alongside that levied by the Commonwealth.

Mr. Court: That did not get him very far, you know. The then Prime Minister said to him, "Anything you collect I will take away from you."

Mr. T. D. EVANS: I do not think that has any relevance. I think it is true to say that in recent years—and the Leader of the Opposition would know that this is so—the Premiers had sought from the Prime Minister a provision to the States of a growth tax. I would think also that it is true to say that immediately prior to the last State election pay-roll tax was not contemplated either by the present Leader of the Opposition or by the present Premier as something which could be really an issue in State finances. Therefore I feel it would be unfair to say that this Government did not mention pay-roll tax, or that when it mentioned it was reluctant to increase taxes it had in mind pay-roll tax, because that would not have been the case. It certainly would not have been the case if the present Opposition had been returned as the Government.

Sir David Brand: I did not say anything about pay-roll tax not being mentioned during the election.

Mr. Court: He just said that your leader said he was going to give all these Father Christmas gifts without increasing taxes.

Mr. T. D. EVANS: He certainly did not have in mind pay-roll tax when he said that. The Leader of the Opposition referred to the tax as an inequitable and a harsh tax and he also referred to it as an unpopular tax. As I said, I do not think the Government has been guilty of singing the praises of this particular tax.

As I listened to the debate I was amused to hear the difference in motives attributed to the Prime Minister and his Federal Treasurer. At one point the Leader of the Opposition—and I do not know whether or not he was being facetious; he might well have been—referred to the generosity of the Prime Minister.

Mr. Court: We were quoting the words of your Premier.

Mr. T. D. EVANS: Then again he said—and I think I am using his words—that he was sure the Prime Minister heaved a sigh of relief when the States finally agreed to take over this tax.

Sir David Brand: I think he did, because he got out of it lightly.

Mr. T. D. EVANS: Let us look at the question of whether the Prime Minister was in fact generous.

Mr. Court: You got a record figure from him.

Mr. T. D. EVANS: The Prime Minister's first offer to the States was on the basis that the States would levy the tax at the existing rate of 2½ per cent. and the Commonwealth would reimburse the States for exempting local government only in terms of nonbusiness activities. That was rejected out of hand by the States because, as has been evidenced in this debate, there was no incentive at all for the States to take over the tax under those terms. So

the Prime Minister and his Treasurer departed to have speech with their Treasury officers. In a short time they returned and made another offer only slightly more attractive—but not sufficiently attractive for the States to swallow the bait.

So the Prime Minister and his Treasurer once again retreated to the Treasury offices and again, I believe, had speech with their senior officials and returned for the third time. As a result of the third offer, I feel the States were probably in a position where they realised this was as far as the Prime Minister would go. It is an interesting exercise to contemplate what would have happened had the States, in fact, said "No," for the third time—whether the Prime Minister and his Treasurer again would have retreated and come back with something a little more attractive.

Sir David Brand: Why didn't you try?

Mr. T. D. EVANS: However, when the third offer was revealed the majority of the Premiers indicated that it was thought that was as far as the Prime Minister would go and so it became inevitable that the other Premiers who had not expressed any opinion at all had to fall into line. So this tax became inevitable.

Mr. Nalder: It sounds as though the Commonwealth does not change its tactics from year to year.

Mr. T. D. EVANS: Did the honourable member say "tactics" or "taxes"?

Sir David Brand: They decided a bird in the hand was worth two in the bush.

Mr. T. D. EVANS: I might mention that it was during the absence of the Prime Minister and his Treasurer on one of the three occasions to which I have referred that the Premiers agreed that if they did in fact accept the tax they would immediately have to increase the rate. To my knowledge at no stage prior to the States agreeing to accept the tax did the Prime Minister know that the States had, in fact, agreed to increase the tax by 1 per cent.

Mr. Court: If you did not contemplate increasing the tax, what would have been the net result in taking it over?

Mr. T. D. EVANS: It would have been of no advantage to the States at all, and the Deputy Leader of the Opposition knows that. The Leader of the Opposition, like many other members who have spoken to the debate, has asked a question in relation to the formula laid down under the Financial Agreement Act. This brings me back to the basis of the third, and what was the final offer made by the Prime Minister. The terms of the offer are known. They have been referred to here this evening, but no reference has been made to the amount of \$22,700,000. It was this amount which finally formed the bait that the Premiers swallowed. The amount of

\$20,000,000, under the terms of the formula, would be deducted from the aggregate of the States' financial grants which correspond with the pay-roll tax that would normally be collected by the Commonwealth had it continued to levy the tax. In other words, the \$20,000,000 was something that was being handed back to the States as a result of the operation of the formula, and the \$2,700,000 was to operate as compensation in favour of the four less populous States for fractions in the breakup of the \$20,000,000 under the operation of the formula.

The member for Wembley's question is apposite here and is the same question as that asked by the Leader of the Opposition. The member for Wembley asked whether, in calculating the amount to be collected by any one State, the Commonwealth is to receive the compensating amount of pay-roll tax it would have collected had it continued to levy the tax, and whether the Commonwealth would adopt a base-year figure or would strike a new figure for each year. The answer to that question is that the 1971-72 figure is to be the base figure. However, this has to be written into the Financial Agreement and into the formula and naturally the figure will change according to the formula from year to year during the balance of the period the formula will operate.

Mr. R. L. Young: Does that mean that that figure is being deducted—

Mr. T. D. EVANS: It means that that figure would grow as the formula grows, but it will not grow in strict proportion to the growth of the pay-roll tax as it is collected.

Sir David Brand: What do you mean by saying that the formula grows?

Mr. T. D. EVANS: The Leader of the Opposition knows the formula better than I do.

Sir David Brand: I do not think the formula grows.

Mr. T. D. EVANS: The States' grant will grow as the formula grows. I wish sometimes that the formula would grow.

Sir David Brand: Formulas do not grow.

Mr. T. D. EVANS: The Leader of the Opposition would agree with me that if the formula in favour of Western Australia would in fact grow it would be to our advantage. He knows the two limbs of the formula to which I refer.

Mr. Court: The formula does not change, but the amount of money you get changes.

Mr. T. D. EVANS: I am merely putting to the Leader of the Opposition the point that at times he would have hoped the formula itself could have grown or changed. It is the operation of the formula which results in a changed amount of Commonwealth grant to the States.

Mr. Court: I am sorry to be worrying you about this, but I do not understand your explanation about the \$20,000,000 plus \$2,700,000. Are the fractions related to compensation for lack of growth?

Sir David Brand: In the four smaller States.

Mr. T. D. EVANS: The \$2,700,000 is to compensate the four less populous States under the terms relating to the breakup of the \$20,000,000. This amount was to be broken up in favour of the States in proportion to the pay-roll tax that had been collected from those particular States by the Commonwealth. The amount was to be shared in this proportion by all States. However, having looked at this figure, the Prime Minister himself indicated that the four less populous States would still be disadvantaged and his officers said that by writing in another \$2,700,000 in proportion to the grant to each State under the formula operating there would still be some form of equity between all States.

The Leader of the Opposition said he was grateful that local authorities were to be exempted. He raised a query about the Commonwealth tax rebate being an incentive at the prescribed level in regard to export goods. I recall that, in fact, each speaker who has participated in this debate dwelt upon this question. I agree that the need to offer this incentive to encourage and promote the volume of growth of exports is indeed a national responsibility, and therefore I think I share the view with all members of this Chamber that the responsibility for providing this necessary incentive lies with the Commonwealth Government.

When the Prime Minister made his offer to continue the export incentive it was made in the absence of any knowledge on his part that the States would, in fact, increase the rate of pay-roll tax. I did mention that, to my knowledge, not at any time up to the stage where the States said that they would agree to accept the pay-roll tax did the Prime Minister or his Treasurer know that the States would increase the rate of tax. Therefore his offer, on the part of the Commonwealth, to continue the export incentive was made against the understanding that the tax would be levied by the States at the rate of 2½ per cent. There is no reference to export incentive in our State laws.

Since the acceptance of the offer by the States, the taxation officials of each State have visited Canberra on several occasions to have consultations with their Commonwealth counterparts. My inquiries with the Commissioner of Taxation on a State taxation level reveal that at no stage during any of these consultations between the Commonwealth and State taxation officers has the question of export incentive been raised by the Commonwealth. Naturally the States were concerned about ironing out machinery matters relevant to the pay-roll tax legislation.

Whilst on this point, as was mentioned by the member for Wembley, one of the participants asked what would be the position, when the Commonwealth bowed out of this tax in Western Australia, of those exporters who had previously enjoyed the export incentive. I shall ask the Premier to seek some clarification from the Prime Minister on this matter.

As yet the Commonwealth has not introduced its legislation; but it would seem to me that rightly speaking when the Commonwealth does withdraw from the field of pay-roll tax in relation to the States and in offering an incentive to exporters within this State, this could very well be referred to as a reimbursement of tax. I feel it could well be covered by the term "bounty," or a bounty to cover exports. If that is so it will no doubt be the subject of legislation by the Commonwealth.

Mr. Court: Do I take it the State Government will not make any concession at all for exports, because none is included in the measure before us?

Mr. T. D. EVANS: No concession is provided in the measure. In referring to the appeal provisions of the legislation the member for Wembley suggested the setting up of a board of review to assist taxpayers to avoid the expense of orthodox legal appeals to the orthodox legal tribunals, similar to the board of review machinery that is available under the Commonwealth income tax legislation. In the light of the experience of the legislation before us it might well be that in time consideration will be given to his suggestion.

Sir David Brand: You have not told us what is the total sum to go to the local authorities.

Mr. T. D. EVANS: Several speakers have asked a similar question, and I intend to answer it. I will not do a "Bill Hegney" on the Leader of the Opposition. The member for Wembley touched upon the question of penalties, as did the Deputy Leader of the Opposition. My only comment in this regard is that it is hoped when this legislation is passed—I sincerely hope it will be—it will operate as good legislation, reasonably free of amendments within a reasonable period in the future. I feel it is a bad feature to introduce legislation one year, and then to have it back the next year for review or amendment. Usually the history of such legislation takes on a pattern of a series of amendments.

Whilst the penalties proposed do appear to be harsh they are, indeed, the maximum. We hope that tribunals before which alleged offences against this legislation come up for determination will apply the Gilbertian principle of trying to make the punishment fit the crime. Nevertheless, experience has probably

shown that the provisions made under the Commonwealth legislation may, on occasions, have been completely inadequate.

The Deputy Leader of the Opposition spoke about the Bill being introduced out of context with the Budget, and he expressed some criticism in this regard. I agree that in normal circumstances it is desirable to introduce the Budget and to lay before the House the full taxing programme as well as the other programmes of the Government associated with the Budget, before introducing the taxing measures; but as I indicated when I introduced the second reading, we have to consider the operation of this legislation in unison with each of the other States. We have to have regard for the commencing date of the operation of the prospective Commonwealth legislation.

The Commonwealth has decreed that its legislation will come into operation on a date to be proclaimed, and the Prime Minister has indicated that if each and every State passes its legislation and has it ready to operate on the 1st September this year then the Commonwealth will prescribe that date as the date of cessation of Commonwealth taxation in this field. So it was necessary for Western Australia to introduce the measure before us as soon as the draft was available, and in this respect no time was wasted.

Mr. Nalder: When this legislation is passed, does it mean that it will operate in each State on a different date, or will they all operate from the 1st September?

Mr. T. D. EVANS: The position appears to be this: If any State does not have legislation available by the 30th September, to operate from the 1st September, the Commonwealth will continue to levy this tax within all States, because constitutionally it cannot levy the tax in one State and not in the others. It will continue to levy the tax at the existing rate within the States and the Territories of Australia, but it has agreed to reimburse the States—but only at the existing rate of $2\frac{1}{2}$ per cent. In that regard local authorities will also be disadvantaged, and they will not benefit from any exemptions at all.

Mr. Nalder: I take it that it is expected each and every State will have passed its legislation by the 30th September.

Mr. T. D. EVANS: It is hoped that will be the position. In the interests of the revenue of each of the States it is hoped that will be so. The Deputy Leader of the Opposition asked whether the construction of the Opposition in relation to the terms of the net cash gain to the State was correct. He said it was his view that the only net cash gain would be the amount which comes from the increased rate of 1 per cent., less the concession extended to local authorities by way of exemption on all business and other activities. The answer is "Yes," subject to

the operation of the amount of \$22,700,000 to which I have made reference. That would be the correct construction.

I think it would be appropriate for me to answer the questions which members have asked but not necessarily *seriatim*. They deal with the specific revenue to be derived. The total amount estimated to be collected by the State Taxation Department for 1971-72 and in the succeeding years, based on the estimates made by the Commonwealth—obviously at this point of time we must base the estimates on the experience of the Commonwealth—and also on the analysis of the tax paid in 1970-71 by our State is a sum of \$27,300,000.

This represents, of course, only nine-tenths of the collections as the earliest date from which the legislation could take effect is the 1st September this year. I am quite sure members realise that the practice pursuant to pay-roll legislation is that at the end of the month when the employer makes up his monthly wages he submits a return and pays tax according to that return at the end of the month, in respect of wages for the full month. So if this legislation is passed by the end of September this year it will operate on wages payable since the 1st September. On a full year on the foregoing basis, \$36,400,000 would be expected.

I was asked how the amount of \$6,300,000—representing nine months' collection—and \$8,400,000—for a full year's collection—were calculated. In calculating the amount of \$6,300,000—the additional benefit to State revenue in 1971-72—the offset in cost to the Budget of the higher rate of pay-roll tax payable by Government departments and authorities financed from the Consolidated Revenue Fund had to be taken into account; and an analysis of the estimated net gain to revenue is as follows:—

From Government authorities of all kinds \$500,000.

From Commonwealth authorities \$100,000.

From other taxpayers \$5,700,000.

I was also asked the cost of exempting the business activities of local authorities from pay-roll tax at the rate of 3½ per cent. It has been estimated this would amount to \$40,000 per annum.

The total exemption under the operation of this legislation, as distinct from the Commonwealth legislation, in favour of local authorities would be \$840,000 per annum; but this figure would not, in fact, represent a saving of \$840,000 to the local authorities because they are already paying tax to the Commonwealth at the rate of 2½ per cent. So the actual amount the local authorities will no longer have to contribute to the Commonwealth at the rate of 3½ per cent. would be \$840,000. A

quick calculation of the actual saving to local authorities generally would be something like \$600,000.

Mr. Nalder: What additional amount would be available in a full year by the increase of the 1 per cent.?

Mr. T. D. EVANS: The additional amount for a full year would be \$8,400,000.

Mr. Nalder: For the additional 1 per cent.?

Mr. T. D. EVANS: Yes; and \$6,300,000 would be expected for the nine months of this financial year.

Mr. Court: Do I take it from the figures you have given us that out of this \$840,000 the local authorities will save, the Commonwealth is footing the bill for \$600,000?

Mr. T. D. EVANS: No. The amount the local authorities are now paying to the Commonwealth would be in the vicinity of \$600,000. This will represent the actual saving to local authorities.

Mr. Court: If they pay 3½ per cent. like the S.E.C., they would pay \$840,000.

Mr. T. D. EVANS: That is right.

Mr. Court: The Commonwealth is going to take up the chit for \$600,000 because the Commonwealth will reimburse you.

Mr. T. D. EVANS: The Commonwealth will exempt the States for the nonbusiness activities—

Mr. Court: What proportion of the \$600,000 will you have to take the chit up for yourself? It could be \$50,000.

Mr. T. D. EVANS: The cost of exempting the business activities of local authorities I have given. At 3½ per cent. it is \$40,000 per annum.

The Leader of the Country Party asked what extra staff will be required to collect this tax. He indicated that the Commonwealth had assured the States that the cost of implementing the scheme by the States will be borne by the Commonwealth. I am advised that an additional staff of five persons will be required in Western Australia, comprising two male clerks, one female clerk, and two typists. With the use of computers and the other tax records available, it is considered that in the reasonably foreseeable future no escalation in the growth of the staff required to collect the tax will occur.

Sir David Brand: Don't you think more staff will be employed in supervising and so on?

Mr. T. D. EVANS: I think the Leader of the Opposition will realise that the resources of the existing department can be utilised for this purpose. It is not as if we are setting up a completely new department which was the experience of the Leader of the Opposition.

Mr. Court: You have still not answered my question. What will the Commonwealth reimburse you for administering and collecting, and will this cover the total administration on the 3½ per cent. basis?

Mr. T. D. EVANS: The Commonwealth has assured the States that the cost of administering the scheme will be borne by the Commonwealth and it has sought information from the States as to the reasonable needs of acquisition of new staff for this purpose. Western Australia has indicated that a new staff of five will be required—and that no escalation in growth of this number of staff will be necessary in the reasonably foreseeable future.

Sir David Brand: I hope the number has not been underestimated.

Mr. Court: I hope you do not fall for the three-card trick and seal off the needs for all time because the Commonwealth can seize on that estimation. You will be locked in with it.

Mr. T. D. EVANS: I am assured by the commissioner that this number will be adequate and sufficient for the reasonably foreseeable future having regard for the fact that these officers can have recourse to the existing resources of the department.

Mr. Court: Someone still has to pay.

Mr. T. D. EVANS: The Deputy Leader of the Opposition spoke quite fully and at some little length on the commencing level both under Commonwealth legislation and under the proposed State legislation. He indicated that the sum of \$20,800 had been set some years ago and therefore, because of changing money values, this amount should have been lifted. There is logic in what he says, but a loss of revenue is also involved.

Immediately upon the Commonwealth indicating that this tax was to be available and that any demand or request by the States for the right to reintroduce an income tax would not be contemplated, it became inevitable to the States that they would have to increase the rate of the pay-roll tax and that decision to increase the rate was made having regard for the existing Commonwealth legislation.

If this State was to say, "Yes, we agree; we will lift this figure because it is no longer a reasonable figure having regard for today's money values, but we will have a look at the list of exemptions under the Commonwealth legislation because we feel this should be widened and be more generous," then the position would be that the tax to be collected under those terms would not be attractive at all, and would be completely insufficient. It would hasten the day when the States would come back and review the legislation and increase the rate to 4 per cent.

I hope the States will not have to do this in the reasonably near future. I also hope that better and brighter days are ahead for the State of Western Australia. Ours is the great State and we are still a growth State. In unison with the Deputy Leader of the Opposition I hope we can rethink the problem at a State and Commonwealth level, and that the time is not too far distant when the Commonwealth and the States can sit down at grass level and understand the problems of the States so that the States will have access to a true growth tax. This is a difficult tax to pass on to the consumer without adding to the cost-plus inflation. I agree with other speakers that a pay-roll tax is not a perfect growth tax.

The reason for retaining the figure of \$20,800 is in the interests of revenue. Another valid reason for that figure is we have endeavoured to keep the present measure as close as possible, in substance and in form and necessary procedure, to that under which the Commonwealth has operated. Also, we wish to cause as little inconvenience and confusion as possible to the taxpayers who have become accustomed to the operation of the Commonwealth legislation.

Mr. Nalder: Does the Treasurer know why the Commonwealth fixed \$20,800 as the figure of exemption?

Mr. T. D. EVANS: No, I do not know. At the time it was believed to be a reasonable figure at which to exempt small businesses. It is no doubt true that if we took into account the money value prevailing at the time it would be logical to say that we should now augment that amount and so lift the rate to exempt a wide field of similar taxpayers.

Mr. Court: In the course of your negotiations did you discuss this figure? Was an estimate made of the loss to revenue? If the Treasurer's party is consistent this is the first thing he would have attacked, because this is the type of attack your party is making on the Commonwealth Government in respect of the Income Tax Assessment Act. You claim that too much tax is being paid by the people in the lower scale, and that with the effluxion of time more people were automatically brought into the tax, and fewer were being exempted, every year.

Mr. T. D. EVANS: I thought I answered the Deputy Leader of the Opposition and I do not want to weary the House by repeating my argument.

Mr. Court: The Treasurer just dismissed my query because he wants revenue.

Mr. T. D. EVANS: I think I have explained why, at this particular time, no change has been made in the commencing rate.

Sir David Brand: Has any other State changed that level?

Mr. T. D. EVANS: No; I understand the legislation introduced in each State will be similar, with the possible exception of Queensland which may, or may not, tax its own Government departments and instrumentalities. I am advised that in respect of all other provisions the legislation introduced by each State will be similar.

Mr. Court: The South Australian Government has accepted an amendment from its Legislative Council. That was announced on the radio on Friday.

Mr. T. D. EVANS: The Leader of the Opposition made a valid point when he referred to this State, at least, deciding to tax Government departments and instrumentalities. He said he thought it desirable that the actual true expenditure by each department and instrumentality should be shown when the Consolidated Revenue Fund relating to the various Government departments is examined by the Commonwealth Secretary to the Treasury for the purpose of assessing the return to the State under the formula.

Other speakers have agreed that there is need to maintain good faith with the Commonwealth by providing the Commonwealth Statistician with accurate figures of pay-rolls—both in the private and public sector. As the Leader of the Opposition said and I think the Leader of the Country Party shared his view, accurate figures would be essential in the interests of the State's revenue when the Commonwealth-State Financial Agreement is under consideration.

The SPEAKER: The Treasurer has less than five minutes left in which to speak.

Mr. Court: Does the Treasurer have time to comment on the question of decentralisation?

Mr. T. D. EVANS: Yes, I will speak briefly on that point. I ask other members who have raised queries to allow me to give preference to this matter.

The SPEAKER: The Treasurer has only another two minutes.

Mr. T. D. EVANS: I would indicate to the Deputy Leader of the Opposition that some consideration was given to decentralisation. However, we had to bear in mind that the States agreed to try to present uniform legislation on this occasion. No agreement was reached on this point between the various States.

I assure the Deputy Leader of the Opposition that I think it is a very worthwhile suggestion. I agree that while this may generate administrative difficulties, that consideration should not act as a bar to offering an incentive to industry to move beyond the metropolitan area. When, and if, this legislation is again amended—and if I have the opportunity—I will give consideration to a provision as suggested. I commend the Bill to the House.

Question put and passed.

Bill read a second time.

In Committee

The Chairman of Committees (Mr. Norton) in the Chair; Mr. T. D. Evans (Treasurer) in charge of the Bill.

The CHAIRMAN: A typographical error occurs in clause 4, line 24, on page 6 of the Bill. The reference to subsection (8) should be to subsection (7). The error will be amended in the normal way by the Clerk.

Clauses 1 to 8 put and passed.

Clause 9: General exemption—

Mr. COURT: I was not very impressed with the explanation the Treasurer gave in respect of the basic exemptions. I would have thought that when there is to be a change like this the States should have looked at the basic exemptions, particularly as I understand this provision has not been changed since 1957. I do not put that date forward as authoritative, because I am speaking largely from memory. I think the Treasurer will find that 1957 is correct, but it would bear verification.

The Treasurer wants to put up the penalties from \$200 maximum to \$1,000, which is an increase of five times the present penalty, but to make no change at all in respect of basic exemptions. After all, the provision is intended to deal with a group of businesses which are small in the numbers of their employees. Usually they are small businesses physically as well as in numbers of employees. In most cases there is very little administration. If 1957 was the year in which the figure, measured in terms of \$1,733.33 per month or \$20,800 per annum, was included, undoubtedly it was related to the size of the business—particularly the number of employees—and a decision was made that businesses of this size should be exempt.

In 1971 we find that wages have gone up by a tremendous amount but we are still using the same base figure. In other words, the wage structure will become higher every year and more and more people will drop out of the exemption category. We will reach a situation in 10 years' time where no-one, except perhaps a one-man business, will be exempt. If this is the intention let us be told.

The Treasurer has not answered my specific question as to whether the States, when they examined the new legislation, in fact did get down to dealing with this question to see whether they could get a reaction from the Commonwealth. At that point of time the Commonwealth was obviously in the mood to get rid of this tax and to write something into the formula which would help the States to swallow the pill of the pay-roll tax being a State tax. Therefore, I believe we are entitled to some explanation. If, in fact, the matter was not considered by the Treasurers and their officers, we should be told and given some assurance that the matter will be reopened.

I merely invite the attention of the Committee to this situation. If a business was exempted in 1957 because it had an annual pay-roll of \$20,800, in round figures it could have had 10 employees. Today any business with six or more employees would be battling to get exemption. This is the difference. I assume it was the intention in 1957 that a business with a given number of employees was to be exempted. It is reasonable for the same business to be exempted today. It only adds to the administrative machinery if we fetter these little businesses. Usually they are the ones that are late with their returns and, invariably, they are the ones that make mistakes with their returns. Often it is hard to get them to pay on time. For this reason people who administer the tax often like to get rid of some of these people.

I consider we are entitled to some further explanation. I do not accept the categorical statement by the Treasurer as to the reason for leaving exemption at this level; namely, to get as much tax as possible.

Mr. T. D. EVANS: My understanding is that the Commonwealth will continue to levy this tax in its own Territories. Reference is already made in the existing Commonwealth legislation to taxpayers in Australia as a whole; no reference is made to a taxpayer within a State or to one within a Territory. Therefore amending legislation on the part of the Commonwealth will be required to enable it to continue to levy this taxation within its own Territories. I understand it is the intention of the Commonwealth to continue to use the figure of \$20,800.

I understand, too, it was the desire of the States that the legislation, as presented, should be as uniform as possible. The idea was that it should be uniform when introduced and it was hoped that it would be as close as possible to being uniform when and if the legislation were passed.

Sir David Brand: The Commonwealth had to make some amendments to the legislation.

Mr. T. D. EVANS: Yes, but I understand the Commonwealth will not amend the figure of \$20,800, which is the line which determines whether a taxpayer who is paying pay-roll tax in excess of this amount, is to become taxable or not.

Sir David Brand: Was this point raised by the Commonwealth?

Mr. T. D. EVANS: The argument of the Deputy Leader of the Opposition would be valid if, in fact, the Commonwealth determined that when the legislation was re-enacted or amended, it would augment this amount. The Commonwealth has no desire or intention of doing that.

Mr. COURT: The Treasurer still persists with a stubbornness that makes me suspicious, although I hate to say that.

He still persists to refuse to answer whether this was negotiated. This is what I want to know. Of course the Commonwealth left the legislation as it was, because it has to raise this tax in the A.C.T.

Mr. T. D. EVANS: The Commonwealth will, by necessity, have to introduce new legislation.

Mr. COURT: In the meantime the Commonwealth has given notice it will retain the pay-roll tax in the A.C.T. and the Northern Territory and will not put it up. The Commonwealth will not have a rate of 3½ per cent.

I want to know whether this was raised as a specific issue, because if the Labor Party is true to the principles it has enunciated in respect of the Income Tax Assessment Act of the Commonwealth, this should have been the first thing examined.

While on this clause, let me see whether I can have greater success with another matter. I do not know whether the Treasurer's attention has been drawn to what I will say. For some reason, which I cannot recall from the days when I was involved professionally, the Commonwealth has always granted an exemption. The form used is Form 3, which probably the Treasurer has seen. Half way down the form there is an item in block capitals, "exempt payments." These are payments made to ex-employees for holidays or long service leave as a consequence of termination of employment. Perhaps I can explain that when anyone leaves the employ of another, if that person has accumulated long service leave or annual leave, it is customary to deal with this in a global payment. Instead of paying the full amount of income tax the individual pays income tax on only 5 per cent.; he does not pay income tax of 5 per cent. but income tax on 5 per cent.

It has always been the custom in the Commonwealth administration — and I assume there was some policy reason for this — to grant this exemption. There is no reference at all in our legislation to this item.

The Treasurer's advisers will be able to bring him up to date on this matter quicker than I can, but if I recall correctly there is no reference in the Commonwealth legislation to this specific exemption, yet it has always been granted by the commissioner and it is, in fact, printed on the form. In view of the fact that we are now dealing with the exemptions clause, will the Treasurer give us an assurance that this procedure will continue? If he has not studied the matter, he may wish to postpone this particular clause.

I would not like the matter to be overlooked at this stage because it has been traditional for the Commonwealth to allow it on Form 3. On this particular amount of

holiday pay and long service leave pay one does not pay pay-roll tax. This becomes increasingly important with the increase from 2½ per cent. to 3½ per cent. I do not think people realise how much 3½ per cent. amounts to on a wages bill. If the arbitration court increases wages by 3½ per cent. it becomes headline news. We are not talking about peanuts when we talk about 3½ per cent. on a pay-roll. I would like the Minister's comments on this matter.

Mr. T. D. EVANS: I give the Deputy Leader of the Opposition an assurance that I will have this point examined. I think the spirit of this legislation, the procedure to be adopted, the actual provisions, and the letter of the law are as close as possible to those contained in the Commonwealth legislation. I cannot give the Deputy Leader of the Opposition the assurance he seeks because I am not absolutely sure about this matter. However, I will have it examined and if there is any doubt this provision can be reconsidered in Committee. I think his doubt is probably unfounded but the point will be covered and the Deputy Leader of the Opposition will be advised.

Sir DAVID BRAND: I think the point made by the Deputy Leader of the Opposition in respect of this matter is vital. This is an important factor.

Mr. T. D. Evans: That is not doubted.

Sir DAVID BRAND: This provision establishes the starting point from which the tax is paid. The Treasurer has said that the Commonwealth adhered to \$20,800 as the starting point for the payment of pay-roll tax, and I presume for that reason all the States have accepted that level. However, the States have seen fit to increase the percentage by 1 per cent. As the whole matter was being reviewed and established as a State measure, it seems to me there was no reason why the point which the Deputy Leader of the Opposition has made should not have been considered, because the base figure was established as far back as 1957.

If the present Premier had been on this side, I am sure he would have taken this point, purely on the basis of equity, fairness, and justice to small firms—not large ones—to enable them to carry on. It must be remembered that the States have said they would adhere to this base figure of \$20,800 for the payment of pay-roll tax, and that figure would cover very few employees. The percentage of tax has been increased by 1 per cent. and one does not have to think very deeply to appreciate that a very unfair and inequitable position would arise. The new base figure should have been reviewed right at the starting point in the light of present circumstances and the changing value of money.

Clause put and passed.

Clauses 10 to 17 put and passed.

Clause 18: Assessments—

Mr. R. L. YOUNG: During the second reading debate I gave an indication that I intended to move an amendment to clause 18 in respect of the problem that arises when a person has been taxed and he considers he has been taxed unfairly.

Under this Bill a person is not issued with an assessment. It is a self-assessing measure. In other words, at the end of a month a person fills in a form and sends it to the commissioner together with his remittance, and that is the end of it unless the commissioner, on investigation or as a result of some discrepancy he finds in the return, decides to issue an assessment. Under normal taxing measures, that assessment would be called an amended assessment, but under this Bill it will simply be an assessment. Under clause 18, where the commissioner finds that further tax has to be paid, he is empowered to issue an assessment to the taxpayer. Subclause (6) of clause 18 reads—

As soon as conveniently may be after an assessment is made under this section, the Commissioner shall cause notice in writing of the assessment and of the pay-roll tax, further tax or additional tax to be served on the employer liable to pay it.

In other words, the commissioner has to issue a notice of assessment.

I propose to move an amendment—which I shall put in a moment—because I have seen similar problems occur under other taxing legislation. I refer specifically to the Income Tax Assessment Act, whereby the commissioner may issue an amended assessment without necessarily giving any reason for the issuing of the assessment or any detailed calculation of the manner in which he arrived at the amended assessment. It is incumbent upon the taxpayer to make objection to the amended assessment within 60 days. In this Bill I think the taxpayer has 42 days in which to lodge an objection.

Under the Income Tax Assessment Act it often happens that a person has to lodge an objection to an assessment without knowing the details of the basis upon which the assessment has been made. One case that comes to mind is the Federal income tax matter in *re McClelland versus The Federal Commissioner of Taxation*. The taxpayer was assessed on a purported surplus on the sale of real estate. The taxpayer's solicitors wrote asking for information as to how the surplus had been computed. In the absence of a reply within the 60 days allowed, the solicitors lodged an objection in general terms, and before the High Court the commissioner claimed that the taxpayer was precluded from challenging the quantum of the

surplus taxed. Mr. Justice Windeyer, whilst upholding the taxpayer's claim that the surplus was not assessable, made some trenchant comments on the attitude of the commissioner. And well he might, because it is not usual for a commissioner to refuse to answer. On many occasions the answers that are given are in very vague terms and there is no requirement under this Bill for the commissioner to give any details of his calculation. Therefore, I move an amendment—

Page 22, line 32—Insert after the word "it" the words "and such notice shall contain the Commissioner's calculation of the assessment and of the pay-roll tax, further tax or additional tax."

Mr. T. D. EVANS: The member for Wembley has moved an amendment to add certain words after the word "it." The Government raises no objection at all to this proposed amendment.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 19 to 24 put and passed.

Clause 25: Liquidator to give notice—

Mr. COURT: I want again to raise this question of the penalties. At the end of this particular clause we have, "Penalty: One thousand dollars." This occurs in the Bill with monotonous regularity.

The Treasurer has treated with complete indifference our request for some review of the exemption levels of \$20,800. However, in respect of the penalties, these have jumped up a mere five times! Before I move an amendment, can he give any information why there was this big jump, bearing in mind all the normal penalties for late return, late payment of tax, and offences which are dealt with in the traditional way by taxing measures? There are some rather severe penalties imposed already. If tax is paid 14 days late there is an increase of 10 per cent. per annum. After this the increase goes up to 10 per cent. flat and then up to 25 per cent. If a taxpayer commits an offence under one of the later sections he may run into double tax. We accept all these things in our taxing measures but with these special penalties I believe we are entitled to some further explanation.

Mr. T. D. EVANS: This particular clause which has attracted the attention of the Deputy Leader of the Opposition relates to the obligation on liquidators of companies in the process of being wound up to give notice. The penalty attaches to the liquidator on his failure to comply with the provisions of the section. I am sure the Deputy Leader of the Opposition, possibly more so than any other member in this Chamber, would have regard for the fact that the obligations reposing in the liquidator of a company are extremely onerous and extremely

serious. For instance, in the interests of the shareholders, the liquidator is required to be aboveboard in every regard. This is a principle of company law. The business community requires that a liquidator of a company shall act, not only in good faith but also with accuracy. I feel it is fitting that any taxing legislation should also require such a liquidator to act in the same manner.

When speaking the Deputy Leader of the Opposition said these measures are not unique; that they are typical of taxing measures because they have to be designed to catch the bad boys—and I am using the phrase he used. I am unable to explain to him whether the Commonwealth has advised the States to go along with these terms to introduce these penalties because of its own experience, but I am advised the Commonwealth will provide penalties of this calibre as far as possible when introducing its own legislation.

Mr. COURT: The Treasurer feels that if he keeps saying this over and over again we will eventually believe it. We are not impressed. I would have thought the Treasurer would know these things because he knew he had to bring this Bill to the House. I am not differentiating between liquidators or other people—I picked on clause 25 because this is the standard penalty, \$1,000.

Mr. T. D. EVANS: This is the maximum penalty, of course.

Mr. COURT: I know under the old law it was \$4 minimum and \$200 maximum.

Mr. T. D. EVANS: Would you not regard those sums as being completely impractical these days?

Mr. COURT: I will agree with the Treasurer on one condition: that he goes back to the figure of \$20,800 and agrees it is reasonable for that to be increased. If the Treasurer will adjust that figure proportionately, I will agree with the clause.

Mr. T. D. EVANS: One figure affects the revenue; the other does not.

Mr. O'Connor: What percentage increase is this?

Mr. COURT: Five hundred per cent. I was hoping the Treasurer would tell us from his experience why he found this penalty necessary. I am working on this assumption, and I consider it is not a bad inference for a layman to draw. If a magistrate saw a piece of legislation in 1970 in which the maximum penalty for an offence is \$200, and in 1971, looking at the same legislation he sees the maximum penalty is \$1,000, he would probably say, "The Government wants me to get tough." This would be a natural reaction

Mr. T. D. Evans: You are speaking of two different Governments. This would be a valid point if it was the same Government.

Mr. COURT: The Treasurer's argument collapses. This is the same legislation. Now he seeks to impose on us a different point of view. He says, "This has nothing to do with the \$200, this has to do with our Government's thinking. We do not deal in the little stuff; we want higher penalties. We want a penalty of \$1,000 now."

Mr. T. D. Evans: As a maximum penalty; not as the penalty.

Mr. COURT: The Treasurer cannot escape the argument I have put forward. We on this side of the Chamber want to find out why this steep rise has taken place. If it is just that the Government wants to go for the high jump and write in \$1,000, let it tell us so.

Mr. T. D. Evans: This is not only for this State; it is each of the other States and the Commonwealth.

Mr. COURT: I went along with the Treasurer in trying to help him. We have been fairly patient with him since he took over his job because he is new to it and it is not a popular job. I went along with him on the basis that certain things were written into this Bill and which most people, looking at it for the first time, would regard as harsh. I was assisting the Treasurer by explaining earlier these are not unusual penalties in this type of law such as where we are dealing with excises and income taxes. In such cases we need to have tough provisions. We accept this, but we feel the specific penalties of \$1,000 are too severe and, in fact, quite vicious. Admittedly, the commissioner may, if he feels there is a special case, waive the other provisions. That authority is usually given to him and in my experience commissioners have usually used it with good sense.

High penalties for offences under the Act and for double taxation, etc., protect the revenue of the State; but this is a straightout penalty for this particular offence and I believe we are entitled to know the reason. If the Treasurer has no better explanation than the fact that the States have agreed to include the penalty of \$1,000, then I am not satisfied and I would like the penalty to be reduced by at least one half. Can the Treasurer give us an explanation for the fixing of the penalty at \$1,000? There must have been some discussions.

Mr. Jamieson: I think you are procrastinating.

The CHAIRMAN: The question is that the clause stand as printed.

Mr. Court: Cannot we obtain an explanation from the Treasurer, Mr. Chair-

man? Clause 41: Public officer of company—

Mr. COURT: I wish to ask the Treasurer whether he is prepared to report progress at this stage in order to enable him to think about some of the matters which have been raised so that he may give us a better explanation before we conclude the Committee stage. Some of us might wish to move amendments in the light of his explanation. I would like to feel that the Government—even at this late stage—would be prepared to consider some amendments surrounding the point I raised about decentralisation. It would not take much imagination to write in such an amendment. I understand from the "grape vine" that one of the other States intends to do so. I would like to feel that the Treasurer will report progress because we are somewhat restricted at the third reading stage and I think these matters should be fully considered here instead of in another place.

The CHAIRMAN: The question is that the clause stand as printed.

Mr. Court: We do not even get an explanation from the Treasurer!

Clause put and passed.

Clauses 42 to 49 put and passed.

Clause 50: Regulations—

Progress

Mr. COURT: To test the feeling of the Committee, I move—

That the Chairman do now report progress and ask leave to sit again.

I cannot comment on that, otherwise I would do so.

Motion put and a division taken with the following result:—

Ayes—19

Mr. Blaikie	Mr. Reid
Sir David Brand	Mr. Ridge
Mr. Court	Mr. Runciman
Mr. Gayfer	Mr. Rushton
Mr. Lewis	Mr. Stephens
Mr. W. A. Manning	Mr. Thompson
Mr. Mensarous	Mr. Williams
Mr. Nalder	Mr. R. L. Young
Mr. O'Connor	Mr. I. W. Manning
Mr. O'Neil	(Teller)

Noes—19

Mr. Bateman	Mr. Hartrey
Mr. Bertram	Mr. Jamieson
Mr. Bickerton	Mr. Jones
Mr. Brady	Mr. McIver
Mr. Brown	Mr. Moller
Mr. Cook	Mr. Taylor
Mr. Davies	Mr. Toms
Mr. H. D. Evans	Mr. J. T. Tonkin
Mr. T. D. Evans	Mr. Harman
Mr. Fletcher	(Teller)

Pairs

Ayes	Noes
Mr. Hutchinson	Mr. Sewell
Mr. McPharlin	Mr. A. R. Tonkin
Dr. Dadour	Mr. Burke
Mr. W. G. Young	Mr. Graham
Mr. Coyne	Mr. May
Mr. Grayden	Mr. Lapham

The CHAIRMAN: The voting being equal, I give my vote with the Noes.

Motion thus negatived.

Clause put and passed.

Clauses 26 to 40 put and passed.

Committee Resumed

Mr. T. D. EVANS: As members are aware, there are only two days per week available for Government business. Already one of those days has gone this week and we are still on the one piece of legislation. As indicated, there is an urgent need to have this legislation passed by both Houses of Parliament before the end of this month. So the reason the Government would not accept an adjournment at this time is to try to hasten the passage of the legislation. I will give the Deputy Leader of the Opposition an undertaking that I will have his points examined and will provide him with a written report.

Mr. O'Neil: What about the third reading tomorrow?

Mr. T. D. EVANS: The Bill will have to be held over at the stage where the House agrees to the adoption of the Committee's report. So at this stage the Bill will not pass through the third reading, because an amendment has already been accepted by the Committee.

Mr. O'CONNOR: It is a pity the Treasurer has adopted this attitude and has gone ahead and said the Bill will go through the third reading.

Mr. T. D. Evans: The Treasurer did not say that.

Mr. O'CONNOR: Members should have an opportunity to know what the Bill is about when it is passing through the various stages in this Chamber.

Mr. Jamieson: If you give the Treasurer a chance he will tell you.

Mr. O'CONNOR: If the Treasurer wants to speak he can if he so desires at this particular point. When we were the Government and a Bill was brought before the Chamber we did everything we possibly could to let the Opposition know what it was about.

Mr. Jamieson: Show me where you accepted, even once, an amendment to a Government Bill.

Mr. O'CONNOR: I accepted an amendment by the honourable member on the police Bill; do not let the honourable member tell me I did not.

Mr. Jamieson: It was not one of these Bills.

Sir David Brand: It was a major amendment, too.

Mr. O'CONNOR: Yes, it was.

The CHAIRMAN: I point out that we are dealing with the regulations.

Mr. O'CONNOR: I am speaking about the same regulation to which the Treasurer was speaking. I am commenting on the point he brought forward and on which you allowed him to speak, Sir, so I think you should allow me to speak on the same

point. It is extremely disappointing that the Treasurer who obviously does not know the details of the Bill, is not prepared to delay it before the third reading goes through.

Clause put and passed.

Title put and passed.

Bill reported with an amendment.

BILLS (2): RETURNED

1. State Electricity Commission Act Amendment Bill.

2. Industrial Arbitration Act Amendment Bill.

Bills returned from the Council without amendment.

PAY-ROLL TAX BILL*Second Reading*

Debate resumed from the 26th August.

SIR DAVID BRAND (Greenough—Leader of the Opposition) [9.44 p.m.]: You will recall, Sir, that I have already made reference to this Bill which is a very important part of the whole attempt to establish pay-roll tax in this State. It is the actual Bill which sets out, first of all, the percentage of taxation the Government intends to impose, and the date from which it will apply; namely, the 1st September.

Already I have referred to \$6,300,000, the amount expected to be collected for three-quarters of the year by way of pay-roll taxation. For the full year the Government hopes to collect \$8,400,000. To me this would seem to be a rough estimate and it may well be that a greater amount of tax will be collected. I do not intend to delay the House any further because, as I have outlined, the measure is closely related to the Pay-roll Tax Assessment Bill that we supported earlier. I therefore support the measure.

MR. T. D. EVANS (Kalgoorlie—Treasurer) [9.46 p.m.]: I thank the Leader of the Opposition for his contribution to the debate on this Bill. Likewise I share his desire not to delay the House and I commend the Bill to members.

Question put and passed.

Bill read a second time.

In Committee

The Chairman of Committees (Mr Norton) in the Chair; Mr. T. D. Evans (Treasurer) in charge of the Bill.

Clause 1 put and passed.

Clause 2: Incorporation of Act—

Mr. COURT: With your indulgence, Mr. Chairman, I would like to make some comments in the hope that the Treasurer

will reply to them, because this particular clause relates the measure to the Pay-roll Tax Assessment Bill. During the debate on that Bill he referred to \$20,000,000 and another \$2,700,000, which amount was related to the four less populous States.

We have not yet been able to comprehend the relationship of the \$20,000,000 the Treasurer kept referring to as being added to the formula for the State pay-roll tax collection, and I was wondering whether he could give us an explanation now because had he not run out of time in answering the second reading debate on the other Bill we were going to follow this up by an interjection to see whether he could give a further explanation as we could not relate the significance of the \$20,000,000 either to the Pay-roll Tax Assessment Bill or the Commonwealth financial reimbursement. If the Treasurer can tell us how the \$20,000,000 was arrived at and where it was built into the formula it will assist us to gain a better understanding of the position. I can only assume that this might be a compensating factor because of the disadvantage the States will suffer in taking over the pay-roll tax so far as the 2½ per cent. rate is concerned.

Mr. T. D. EVANS: The explanation is that which I sought to make. When the Prime Minister and his Treasurer returned on the second occasion to the Cabinet room they assumed that the States' offer to take over the pay-roll tax on the first occasion would have been at the existing rate of 2½ per cent., but that the Commonwealth would reimburse the States for exempting nonbusiness activities of local government authorities. In return, if the States accepted this offer the Commonwealth would reduce the grant to each particular State by an amount commensurate with the pay-roll tax the Commonwealth would normally have received from each State. Of course, this offer was rejected.

The Commonwealth came back and said it was prepared to deduct from the grant of a particular State the amount of pay-roll tax which the Commonwealth would normally receive from that State in a given period, less the State's share of \$20,000,000. The Commonwealth said further that that share was to be determined in accordance with the proportion of the State's share of pay-roll tax received by the Commonwealth, compared with the aggregate amount of pay-roll tax received by the Commonwealth from all States. In other words, this sum of \$20,000,000 must be broken up between the States in the proportion in which the States had paid pay-roll tax to the Commonwealth.

The Prime Minister saw that the application of this formula would react against the interests of the four less populous States. He indicated that if an amount of

\$2,700,000 was added and was broken up between the four less populous States—not in the proportion of the pay-roll tax received, but in the proportion based on the financial grant formula—then a form of equity would be brought about between all States.

In analysing the effects of the pay-roll tax, we find that the additional income we expect to receive in the nine months of this financial year is \$6,300,000; and this amount would have regard for Western Australia's share of the \$22,700,000.

Mr. COURT: We are beginning to see a glimmer of light at the end of the street. It might be clear in the mind of the Treasurer, but not to us.

Mr. J. T. Tonkin: Why is it not? The Treasurer's explanation was clear enough.

Mr. COURT: The Premier was present at the conference, and naturally he had access to the facts and figures.

Mr. J. T. Tonkin: I found the Treasurer's explanation perfectly clear.

Mr. COURT: Accustomed though I am to dealing with figures, I could not make head nor tail of the figures which the Treasurer mentioned in the second reading debate.

Mr. J. T. Tonkin: What is the difficulty?

Mr. COURT: The point I want to make is that we wish to make certain that we understand the position. The Commonwealth offered the pay-roll tax as it is, and the States said they would not agree.

Mr. J. T. Tonkin: The States unanimously rejected that offer.

Mr. COURT: The Commonwealth then came back and offered \$20,000,000, which was really a bait to get the States to enter the field of pay-roll tax; and this has nothing to do with Commonwealth-State financial relations. The Commonwealth offered \$20,000,000, to be split up on the basis of the pay-roll tax paid; and it threw in another \$2,700,000 as a further bait to the four less populous States, to be distributed on the basis of the formula. Somewhere along the line the Commonwealth offered \$22,700,000 for the transference of the pay-roll tax to the States.

Mr. T. D. Evans: That is the position.

Clause put and passed.

Clauses 3 and 4 put and passed.

Title put and passed.

Report

Bill reported, without amendment, and the report adopted.

House adjourned at 9.55 p.m.