

Mr. SPEAKER: It is rather a delicate position and may be taken as a precedent.

Question put and passed.

House adjourned at 10.33 p.m.

Legislative Council,

Wednesday, 26th November, 1924.

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

LEAVE OF ABSENCE.

On motion by Hon. E. Rose, leave of absence for six consecutive sittings granted to Hon. F. E. S. Willmott (South-West) on the ground of ill health.

BILL—PREMIUM BONDS.

Introduced by Hon. A. Lovekin and read a first time.

BILL—INSPECTION OF SCAFFOLDING.

Further Recommittal.

On motion by the Colonial Secretary, Bill further recommitted for the purpose of considering Clause 25 and new clause to stand as Clause 28.

Hon. J. W. Kirwan in the Chair; the Colonial Secretary in charge of the Bill.

Clause 25—Regulations:

The COLONIAL SECRETARY: I move an amendment—

That the following be inserted to stand as Subclause (1).—“The regulations in the schedule of this Act shall have effect and the force of law.”

Amendment put and passed.

The COLONIAL SECRETARY: I move an amendment—

That after “regulation” in line 1 of the clause as printed the words “not inconsistent with the regulations in the schedule” be inserted.

Amendment put and passed; the clause as amended agreed to.

New Clause 28.

The COLONIAL SECRETARY: I move—

That the new clause to stand as Clause 28 be struck out.

Since the fees form part of the regulation in the schedule and are, therefore, part of the Bill, there is no need for the clause.

Motion put and passed.

Bill again reported with further amendments.

BILL—BILLS OF SALE ACT AMENDMENT.

Report of Committee adopted.

BILL—LAND AND INCOME TAX ASSESSMENT AMENDMENT.

Second Reading.

Debate resumed from 20th November.

Hon. H. SEDDON (North-East) [4.40]: In extending my support to the Bill I wish to say a few words on the general principle of taxation, which at present is in need of consideration by both this Chamber and another place. As indicating the policy of the Government, the Bill throws light on the position as it was when they took office. They were returned on a pledge, amongst others, to attend to and put into sound position the finances of the State. Measures like this give us an indication of the lines on which the Government are working. Consequently it is rather amusing to find that the old familiar principle of extending exemptions has been followed in the Bill. The time has come when we should revise our policy in that respect, for, after all, we can only get to a certain point when we render taxation unfair in its incidence. It is interesting to refer to the report of the Taxation Department that has just been placed in the hands of hon. members. In that report, Table F shows that the result of the exemptions granted from time to time has been that the number of persons taxed has steadily decreased. Thus, in 1922 there were 48,399 taxpayers. In 1923 the number was 38,191 and in 1924 it had fallen to 31,986. As to the amount of income taxed, in 1922 it was £14,258,538; in 1923 it was £10,707,890, and in 1924 it was further reduced to £9,142,726. As to the revenue derived from income taxation, we find that in 1922 it was £403,774, in 1923 it had fallen to £342,039, and in 1924

it was £363,726. These figures do not indicate the effect of our exemptions so clearly as does a comparison on the percentage basis. When we take out the ratio between the number of persons paying income taxation and the population during the several years, we find that in 1920 no less than 87.8 per cent. of the people were not paying income tax. In 1921 the percentage of those not paying income tax was 85.5 per cent.; in 1922 it was 88.8 per cent. and in 1923 it was 90.8 per cent. As for those who did pay income tax, the percentage of incomes exempted varied as follows:—In 1921 it was 19.9 per cent.; in 1922 it rose to 33.4 per cent., and in 1923 it was 25.5 per cent. Those figures indicate first, that 91 per cent. of the people are not paying income tax; further, that the amount of income that has been taxed from year to year has steadily decreased, and again, although there have been increases in the incidence of taxation, the amount raised from income taxation has also decreased. When we consider that this State is still carrying an annual deficit—last year it was over £100,000, and from the figures we have there is every indication that it will be increased this year—I think the question of taxation should be considered from the point of view of meeting that position and endeavouring if possible to square the ledger. The effect of our taxation policy for the last two years has been to act adversely, as bearing only on a certain section of the community, and it has also had the effect of reducing the annual incomes available for taxation. We can find confirmation of this from the figures appearing in the tables dealing with dividend duties. These have varied for the past three or four years. Table H shows that the duties collected under the Companies Duty Act and the Dividend Duties Act amounted in 1921 to £244,000. That was the peak year, when prices and the currency were more inflated than they had been for many years. In 1922 the duty collected amounted to £177,000, in 1923 to £189,000, and in 1924 to £216,000. We really collected money for enterprises which were engaged in the development and the increase of the production of the State. In Table I we get an analysis of the companies referred to. The companies which have shown an increase in their contributions to duties are trading and manufacturing companies, which increased from £72,331 in 1919 to £121,000 in 1923, and £134,000 in 1924. Banking increased in somewhat the same proportion, namely, from £9,955 in 1919 to £20,793 in 1924. Shipping also increased from £2,556 to £8,532. It will be seen that the industries which showed the greatest improvement were those that were able to take advantage of our economic system and pass on the charges to other industries. Those which showed a very serious decline in contribution to dividend duties were the mining industry and various smaller industries.

I have quoted these figures to emphasise the fact that our taxation policy is not altogether tending in the right direction, namely, that of encouraging State industries and production. It is interesting to note that those whose personal incomes increased over these years were those engaged in the following occupations: pastoralists, financiers, hotelkeepers, brewers, boot manufacturers and retail soft goods stores. In these cases the occupations are those of people who are able to pass on their charges. The pastoralists are in the fortunate position that they have practically a monopoly of the world's wool trade. Another defect that is shown from time to time is the effect on the capital investments in the State's enterprises. Other members have stressed the point that industries are penalised by the fact that other concerns which have their manufacturing bases in the other States are exploiting our markets to the detriment of our local manufacturers. Mr. Holmes referred to the effect of the present schedule of charges on live stock upon pastoralists, dairymen and others who are raising stock. It should be laid down as a principle that the capital of the concern should not be imperilled by the taxation policy. We have cases from time to time where it has been found necessary to use working capital in order to meet the taxation charges. There have also been cases in which loss of capital due to trade reverses has not been allowed for. I congratulate the Government upon taking a step in the right direction by recognising the principle that capital should not be taxed until that capital has actually been returned. The recognition of this principle will create confidence amongst those people who are desirous of investing their money in this State. It is to be put into practice in the case of the mining industry, and after it has been tried there it may possibly be extended. It is a new departure, upon which the Government may be congratulated. I am pleased they had the courage to take the important step of introducing this new principle. Another point is the incidence of taxation with regard to occupations. It may be interesting to members to note that in France the principle is adopted in the case of personal taxation of taking into consideration how a man spends his money. If a man invests a certain amount of his money each year out of his income in enterprises in France, his rate of taxation is lower than in the case of the man who merely spends his money in an extravagant or wasteful manner. This is a thrifty idea that will commend itself to other legislatures. Then again whereas our dividend duties on companies in Western Australia amount to 6¼ per cent., plus the supertax, which brings it up to 7 or 7½ per cent., the totalisator tax is only in the region of 6 per cent. So far as we can gather, the individual who is living on the community has to pay no higher tax than the man who

by his efforts is improving the welfare of the State. If we could alter the principle of taxation so that a man could be taxed on his contribution to the commonwealth we should be doing something to encourage development and production, in which all the people would share. There could be a principle of a graduated tax so that it might fall heaviest on the parasitic or non-productive incomes, and lighter on those which are used for the development of the State. This would be a step in the right direction. The policy with regard to exemptions is unsound from the standpoint of citizenship. We are all partakers of the benefits of Government activities. Even the youngest worker in the community is sharing in those benefits. Consequently there is a logical argument why everyone who is earning a wage, no matter how small, should pay some small contribution towards the State's finances. This would not press unduly hard if it were recognised as a general principle. If the office boy who was making a few shillings a week realised that he was contributing two or three shillings a year to the revenue of the State, and assisting to carry the burdens of the community and taking some responsibility in the government of the country, a sense of citizenship would be engendered in his mind which would be all to the good and the benefit of the community as a whole. The whole trend of power seems to be working gradually towards those who are engaged in everyday occupations. If we are going to transfer that power we should also transfer with it that sense of responsibility which makes for sound administration and Government. The recognition of this principle is sound. Whilst exemptions are granted from the best of motives and with the idea of relieving those who are hardly pressed, it also operates to the extent that those who are lethargic and thriftless and improvident often escape the penalties of direct taxation, whereas those who are enterprising and thrifty, and trying to press on with the development of the State, have to bear an undue share of the burden. In the latter case the more successful they are the more heavy is the burden that is placed upon them. Seeing that we have a deficit to face from year to year, there are reasonable grounds for extending the principle of taxation to cover every worker. The present Government are representing that section of the community that is engaged in carrying on the occupations of the State. As they have the responsibility of looking after their interests they can therefore well claim that they should receive that support and have shown to them that loyal sense of responsibility which is associated with those who are elected to office. I suggest that after this Bill has been dealt with, possibly when the House is in recess, it may be advisable to appoint a committee to go into the ques-

tion of taxation generally. The time is ripe for that. Possibly such a committee could get together data and information, and make recommendations that would be of value to the Government. The suggestion put forward by Mr. Lovekin of a stamp tax may be worthy of consideration. It is a new departure, but if something along these lines was introduced it might enable us to remedy many of the anomalies that exist under the present system of taxation, and to correct the position that has arisen in consequence. I intend to support this Bill. I also commend to the Government the suggestion of reconsidering the incidence of taxation, from the point of view of revising the exemptions that have been granted from time to time.

The COLONIAL SECRETARY (Hon. J. M. Drew—Central—in reply) [4.56]: It is difficult to make oneself intelligible in connection with a Bill of this nature, but I will do my best. With regard to the deletion of the exemption in respect to the £50 in the case of town blocks and the £250 in the case of land used for pastoral, agricultural, or horticultural development, it has been stated that the cost of collection would not warrant the withdrawal of the exemptions. I assure members that the cost will not be increased in consequence of the passage of the Bill as it stands. There is an agreement between the State and Commonwealth Governments in reference to the cost of collections, and this cost will be neither increased nor decreased by any amendment to the existing law. The repeal of the exemption will simplify the work of the department, and save much correspondence. There is also an impression that if a man has a block of land worth £5 he will be called upon to pay only 5d. by way of taxation, if the land is unimproved. That is not so. There is a minimum charge of 2s. 6d. That amount has to be paid no matter what the value of the land may be. In reference to the method of assessing the value of stock, one member wants to know the meaning of appropriate schedule value as prescribed. This means the value as determined by the State Commissioner of Taxation at the inception of taxation in 1908. There were several conferences with pastoralists, I understand, and a schedule of values was fixed for the various districts. It has been in operation for 16 years, and must have given satisfaction. If it had not done so there would have been a protest, and a refusal to recognise it. There has, however, been no refusal to that effect. I may say that the schedule was not supported by any practical authority. It could have been resisted, but it has been accepted by the pastoralists and has proved satisfactory. The Government now wish to obtain statutory power for its imposition under this Bill. There is some opposition to it at the present

time and I am given to understand that the cause of the opposition is that a few taxpayers wish to adopt a cash basis of assessment in order to gain monetary consideration under the Federal law. It was stated during the course of the debate that men of wealth were leaving the country. There is no evidence of men of means transferring their money elsewhere. The taxation officers state that the position is just the reverse, that there is evidence of men coming from the Eastern States with capital and taking up land at prices considerably in excess of those previously paid for land in this State. Amongst them are many South Australian farmers.

Hon. A. Lovekin: If the Commissioner says that, he does not know what he is talking about.

The COLONIAL SECRETARY: The statement is based on taxation returns. The Commissioner has reliable information at his command and he knows the inner working of the whole of the commercial and industrial life of the community. Therefore he should be able to arrive at a satisfactory conclusion on this question. I have not taken any pains to verify his assertion, and I do not see why I should not take for granted what he has told me.

Hon. J. W. Kirwan: That statement is not borne out by his own official figures.

The COLONIAL SECRETARY: Many new companies have been established in the State with their head offices in the Eastern States. Figures have been quoted from the 1920-21 reports of the Taxation Department, but they do not confirm the statement that wealthy people are leaving the State. The financial year ended 30th June, 1920, was abnormal so far as profits were concerned. The assessments showed a record. The amount of tax payable was £430,023. In that year many companies declared large dividends and large profits were also made by business houses. In those circumstances it is not fair to compare the year 1920-21 with the two following years. There is another reason why the amount of taxation shows a falling off, and it is that numerous taxpayers have formed their businesses into limited liability companies. Why? In order to get the benefit of reduced taxation under the Dividend Duties Act. The position can be briefly explained: The maximum rate of tax plus super tax is, for individuals, 4s. 5½d., whereas the maximum for companies is a flat rate of 1s. 5¼d., including super tax. Consequently business men have realised that it is to their advantage to form themselves into limited liability companies.

Hon. A. Lovekin: It does not work out in that way.

The COLONIAL SECRETARY: It seems to me to be reasonable. Individuals can be taxed up to 4s. 5½d., whereas the maximum for companies is 1s. 5¼d. In

this way many businesses formed into companies are escaping the high tax.

Hon. A. Lovekin: Moonshine!

The COLONIAL SECRETARY: In addition many taxpayers, including farmers, have entered into partnerships with the object of distributing profits, and to obtain the advantage of a lower rate of taxation. It is the custom now-a-days, for the purpose of evading high taxation, for farmers to take their sons into partnership and by reason of that fact the income of the Taxation Department is seriously affected. It is alleged that in the preparation of taxation returns uniformity has not been brought about. An agreement has been entered into between the Commonwealth and the State Governments with this end in view, and an effort has been made to achieve the desired aim. There has been some measure of success from the State standpoint, but there is one continuing obstacle—and it is that the Federal Government are gradually increasing their exemptions. They are also altering their methods of taxation, and it is impossible in many directions for the State Government to fall into line and adopt the Commonwealth procedure. Ours is recognised as the simplest method of taxation in the Commonwealth, whilst the Commonwealth is recognised as the most complicated not only in Australia, but in the British Empire. Effect has been given in Clauses 10 and 11 of the Bill now before the House to the provisions of the agreement. Clause 10 adopts the Federal method of dealing with appeals. With regard to the definition of dividends, it is said to be unfair, where the total income of the taxpayer reaches £1,960, to include shares issued out of the accumulated profits of the company, which have already paid tax. It is alleged that this is merely a book-keeping transaction. That is not a clear statement of the position. In law a company is a legal entity, separate and distinct from shareholders who comprise the company. I think that is generally recognised. If a man acquires 10,000 fully paid £1 shares in a company that is the amount of his capital interest in the company. Should the company accumulate profits and decide to give the shareholder the benefit of them by issuing additional shares, and apply the accumulated profits in reduction of the liabilities on such shares, surely it cannot be contended that the additional shares do not represent additional capital of the shareholders. The individual gets an additional amount of capital by reason of his being a shareholder, and when that profit is paid out of the capital of the company, it should be treated as income to the shareholder. It is true that the courts have ruled that shares, including bonus shares issued to shareholders, are not income, but that ruling has been based on the particular law that is under consideration.

Hon. J. A. Greig: Do you not think that co-operative companies are different from ordinary companies?

The COLONIAL SECRETARY: I do not. For instance, in the case of the Crown versus the Swan Brewery, the Privy Council ruled that under the provisions of the Dividend Duties Act additional shares paid were the accumulated profits of the company, and were dividends to the shareholders, and were therefore taxable. This shows that everything depends upon the nature of the statute. It would not be fair to allow a shareholder in a company to escape taxation because the accumulated profits were distributed to him by way of bonus shares instead of cash.

Hon. A. Lovekin: But the profits have already paid taxation.

The COLONIAL SECRETARY: I understand that, but this is a tax that is required from the shareholders who have enjoyed the benefit of the income. The individual has transferred his dividends to the capital of the company and has been given more shares. If he had desired to secure more shares he would have had to find capital from his own banking account in order to purchase them.

Hon. A. Lovekin: It is capital all the time.

The COLONIAL SECRETARY: With regard to the penalty for the late payment of the tax, last year the Federal penalty was altered from 10 per cent. to 10 per cent. per annum. That alteration has considerably increased the work of the Department, and has made it difficult to collect the amount of the penalty due when a payment has been made. From time to time the Taxation Department has been obliged to have recourse to law in order to secure money owing. Under such a system as obtains in regard to the Federal law, the court would have to compute the penalty at the date of its decision. This brings the court into the matter and makes it a sort of taxation office. If the penalty is not paid, then the Taxation Department has to add the amount to the computed debt. That means more work for the department. Then again delay occurs when the taxpayers go along to pay that which is overdue. The cashier has to make a calculation each time and the taxpayer has to wait. Under the State law the tax can be accepted and a receipt given in a few minutes. There is no need for any calculation that requires time to work out. Furthermore, the 10 per cent. penalty ensures prompt payment at due date. Each taxpayer is allowed a month from the due date in which to make payment without incurring a penalty. Cases arise where taxpayers require an extension of time in which to pay, or to be permitted to pay in instalments. If the request be reasonable, it is granted, and no penalty is inflicted. That system has worked well in the past. With

regard to the deduction of calls made by mining companies, this has been deleted, for the reason that if a shareholder in a mining company is to get exemption from income tax on the dividends received, until the dividends equal the amount of the paid-up capital on his shares, he cannot expect to get the calls allowed twice over and as a deduction from other income. I have no wish to delay the House further because I desire to see the Bill pass the second reading stage and taken through its various remaining stages with expedition. Yesterday I received the following minute from the Premier—

It is very important that the Bill should be kept forward and a decision obtained one way or the other. Our revenue is going to suffer very badly unless we can complete this legislation speedily. Will you please use every endeavour to secure finality.

That note was the result of a minute addressed to Mr. Collier by the State Commissioner of Taxation on the 20th November, 1924.

Hon. A. Lovekin: Where is the tax Bill?

The COLONIAL SECRETARY: The State Commissioner of Taxation, Mr. E. A. Black, wrote to the Premier under date 20th November—

As the amendments to the Federal Income Tax Acts have been passed and I am now ready to go on assessing for the current year, I desire to point out that unless the amendments to the State Land and Income Tax Assessment Act, now before Parliament, and the Bill to reimpose the rate of land and income tax, are passed within the next few days, it will not be possible for me to issue the requisite number of Federal and State income assessments and State land tax assessments to enable me to collect the estimates of State taxation revenue before the 30th June next.

Mr. Lovekin will observe that Mr. Black mentions the tax Bill.

Hon. A. Lovekin: We have not yet got the Bill.

The COLONIAL SECRETARY: I shall do my best to see that it is submitted to Parliament.

Hon. A. Lovekin: Obviously we cannot go on with one until we get the other Bill.

The COLONIAL SECRETARY: Mr. Black says it is necessary that both should be submitted.

Hon. A. Lovekin: They must be considered together.

The COLONIAL SECRETARY: Mr. Black adds—

Already the revenue from income tax to date is considerably below the amount that was collected for this time last year, and I am afraid the leeway will not be made up unless the Bill to amend the

Land and Income Tax Assessment Act can be expedited in the Legislative Council.

Hon. A. Lovekin: Produce your tax Bill and we can go ahead. We cannot get on without it.

Question put and passed.

Bill read a second time.

Committee Stage.

The COLONIAL SECRETARY: I move—

That consideration of the Bill in Committee be made an order of the day for the next sitting of the House.

Hon. A. LOVEKIN: I ask the Minister to postpone the Committee stage till later than the next sitting of the House. We know that we shall not receive the tax Bill by to-morrow, and it would be better to postpone this measure until the tax Bill reaches us. One Bill depends upon the other.

Hon. C. F. Baxter: The fixing of the Committee stage for the next sitting of the House is only a matter of form. It can be further postponed.

Hon. A. LOVEKIN: I think it would be better to postpone it till a later date.

Question put and passed.

BILL—NOXIOUS WEEDS.

Assembly's Message.

Message from the Assembly disagreeing to one amendment made by the Council and agreeing to one amendment subject to a modification, now considered.

In Committee.

Hon. J. W. Kirwan in the Chair; the Colonial Secretary in charge of the Bill.

Council's amendment No. 4. Clause 21.—Strike out Subclause (2), and insert in lieu thereof a new subclause, as follows:—(2) In the case of sheep the inspector shall keep them in quarantine until shorn or slaughtered unless the Minister, on the recommendation of the Director of Agriculture, exempts them from the provisions of this subsection.

Assembly's modification—Strikes out of the proposed new subclause the words "on the recommendation of the Director of Agriculture."

The COLONIAL SECRETARY: I move—

That the Assembly's modification be agreed to.

Question put and passed; the Assembly's modification agreed to.

Council's amendment No. 1. Clause 7.—Add the following subclause, to stand as Subclause (5): "The amount of such costs and expenses shall be deemed to be rates imposed by the local authority on the said

land for the financial year current when such costs and expenses were incurred, and shall be a charge on such land accordingly, and the provisions of the relative local government Act dealing with the sale and leasing of land for rates shall apply to and in respect of such costs and expenses, and any charge arising thereunder may be enforced in the manner therein provided.

The CHAIRMAN: The Assembly's reasons for disagreeing are—

The amendment provides that the cost and expenses shall be deemed to be rates and shall be a charge on such land accordingly, and the provision of the relative local government Act dealing with the sale and leasing of land for rates shall apply to and in respect of such costs and expenses, and any charge arising thereunder may be enforced in the manner therein provided. The amendment would render the Act valueless. Section 261 of the Road Districts Act, 1919, states that three years' rates must be due to the local authority before it can apply to the court to lease land in default of payment of rates, and Section 266 of the Act provides that the local authority cannot sell land to recover rates and costs until five years have elapsed. The application of these two sections in the amendment proposed by the Legislative Council will enable the owner to defy the instruction of the local authority.

The COLONIAL SECRETARY: I move—

That the Council's amendment be insisted on.

I have consulted the Minister for Agriculture and he is now prepared to accept the amendment.

Hon. J. M. Macfarlane: Has he found out that he was wrong?

The COLONIAL SECRETARY: He is prepared to accept it.

Question put and passed; the Council's amendment insisted on.

Resolution reported, the report adopted and a message accordingly returned to the Assembly.

BILL—TREASURY BILLS ACT AMENDMENT.

Assembly's Message.

Message from the Assembly received and read, notifying that it had agreed to the amendment made by the Council.

BILL—CLOSER SETTLEMENT.

In Committee.

Resumed from the 20th November. Hon. J. W. Kirwan in the Chair; the Colonial Secretary in charge of the Bill.

Clause 3—Inquiries of board:

The CHAIRMAN: Mr. Stewart, on behalf of Mr. Seddon, had moved an amendment—

That the following be added to stand as Subclause 3: "No land shall be declared subject to the Act on which the Agricultural Bank will not make advances to the owner."

The COLONIAL SECRETARY: It is difficult to understand the meaning of the amendment. The personal equation enters into these matters. The owner might be a person to whom the Agricultural Bank would not consider it advisable to make an advance, though the land might warrant an advance. In any case, the Agricultural Bank should not be brought into the matter at all.

Hon. J. J. HOLMES: I think that when we reported progress there was a motion to delete from the amendment the words, "to the owner."

The CHAIRMAN: That was suggested, but was not actually moved.

Hon. H. SEDDON: The words seem to me superfluous, and I move an amendment on the amendment—

That the words "to the owner" be struck out.

Amendment on the amendment put and passed.

Hon. T. MOORE: The subclause is likely to have an undesired effect. In the case of a repurchased estate on which an area has been cleared and advanced to a certain stage, the Agricultural Bank would not advance money simply because the capitalisation was already on the land. The Government's idea is that we should get men with money to come here and purchase improved estates. We cannot go on indefinitely starting men with no money on the land.

Hon. A. BURVILL: Mr. Seddon's idea, I think, is to prevent the repurchasing of any land on which the Agricultural Bank would not be prepared, if necessary, to make advances. If an estate is not sufficiently valuable for the Agricultural Bank to advance on, it should not be bought by the Government.

The COLONIAL SECRETARY: An officer of the Agricultural Bank will be a member of the board. Why advertise to the world that if an estate is repurchased the Agricultural Bank will lend money to anyone who happens to select a block on that estate? At this stage it is desirable to put moneyed men on the land, and not men who will be a constant drain on the Agricultural Bank. I hope the amendment will not be carried.

Hon. H. SEDDON: I do not wish to press the subclause. My only desire is to have a guarantee that any land repurchased by the Government shall be valuable land.

Hon. A. J. H. SAW: The other night the Minister said that necessity made strange bedfellows. The position is most extraordinary. The principle underlying the policy of the late Government was to enable anybody, no matter whether he had capital or not, to get on the land. The object of the present Government, as exemplified by the utterances of the Colonial Secretary, is to give advantages only to the capitalist. The world seems topsy-turvy.

Hon. J. J. HOLMES: If the policy of the present Government is as defined by Mr. Moore, I was quite right in stating on the second reading that the object of the Bill was to take a freehold from one man with capital and give to another man with capital. There is something to recommend the idea of taking freehold from the rich man and giving it to various poor men.

Hon. H. SEDDON: I ask leave to withdraw my amendment.

Amendment by leave withdrawn.

Clause, as previously amended, agreed to.

Clause 4—Board to report to Minister:

Hon. A. LOVEKIN: As the result of a conversation I have had with Mr. Rose, I did not intend to press the amendment I have placed on the Notice Paper. But after the declaration of Government policy, involving a complete change of front, perhaps the limitation of £5,000 might as well go into the clause. The present Government are going to cater for the capitalist, thus reversing the policy of the late Government. My amendment proposes that land before being taken shall be of a value of not less than £5,000. In the wheat areas 1,500 or 1,600 acres of mixed land might easily be worth £5,000 to-day. The holder of that land might be making provision for his sons, and he ought to be allowed to do so. Then there is the Federal exemption permitting a person to hold £5,000 worth of land free of taxation. However, Mr. Rose pointed out to me that some of the land which would probably be repurchased under that measure would be swamp land, and that very little of it would be worth £5,000. Therefore it is perhaps as well to let the clause go as it is, without moving the amendment.

Hon. H. SEDDON: I move an amendment—

That after the word "Minister," in line 5, the following be inserted:—"and shall state in their report what in their opinion is the reasonable use to which the land should be put."

Those words would be a guide to the board.

The COLONIAL SECRETARY: Mr. Seddon's amendment, I think, can do no harm, but it seems unnecessary, and it may create confusion, in view of Mr. Lovekin's amendment to a previous clause requiring the board to have regard to the economic use

of land. Possibly some unintended meaning might be attached to the words Mr. Seddon now proposes to insert.

Hon. J. J. HOLMES: In view of the right of appeal from the board to a higher tribunal, the amendment should go in. If the board set out in their report what they consider is the reasonable use to which the land should be put, the owner might be able to prove to the higher tribunal by expert evidence that the board were wrong, and that the land could not possibly be put to the use which they suggest.

Hon. H. A. STEPHENSON: I support the amendment. If we had a competent board, it should not be difficult for them to state what use the land should be put to.

Hon. A. LOVEKIN: I do not object to the amendment, but it may lead to confusion. We have already inserted in the Bill the words, "Having regard to the economic value of the land," which mean whether the land is suitable for sheep, or wheat, or any other purpose. If an appeal occurs, the question will arise what is reasonable use having regard to the economic value of the land. The insertion of the present amendment might confuse the other position. However, I do not object to the words themselves.

Hon. E. H. ROSE: I fail to see that the present amendment will be of any assistance whatever, in view of the fact that a previous clause provides that one member of the board shall be a practical farmer living in the district in which the land is situated. He would advise the other members of the board whether or not reasonable use was being made of the land.

Hon. V. HAMERSLEY: It is necessary to have some such provision as that suggested. Many people are already looking out for properties liable to forfeiture and the officials of the Lands Department constantly receive reports to the effect that people holding conditional purchase lands are not complying with the improvement conditions. The same thing will happen when the Bill becomes law, and it may be that a number of highly improved properties may be reported upon to the board as not being improved to the degree demanded by the Bill. Anyone directly affected by the proceedings of the board is to be heard and unless such persons are provided with a copy of the report, they will not know what report has been made concerning their properties.

Hon. C. F. BAXTER: The board having inquired into the improvement of a property that has been suggested as suitable for closer settlement will have an idea as to what use should have been made or could be made of the property. That being so I consider the amendment is necessary. The board should be in a position to say what use should be made of the land, and the

owner should be entitled to have the information.

Hon. A. J. H. SAW: The clause can do no harm, if it can do no good. If the board do not report to the Minister concerning the proper use the land should be put to, I should expect the board to be promptly sacked.

The COLONIAL SECRETARY: I had intended to commence my reply with some such reference as that already made by Dr. Saw. It is possible that the amendment will do harm. The Minister will require the board to report to him from all points of view, and if the amendment be agreed to it will limit the report because a specific instruction is implied.

Hon. J. J. HOLMES: The Minister has convinced me of the necessity for the amendment. The board has to report to the Minister that land has not been put to reasonable use. The amendment will place upon the board the responsibility of saying what is "reasonable use."

Hon. H. SEDDON: I do not agree that the amendment will limit the reports by the board. The owner should be considered and he should have an opportunity of knowing what he has to answer.

Amendment put and passed.

Hon. H. SEDDON: I move an amendment—

That in line 15 the words "or application" be struck out.

The amendment is practically consequential. If the owner has a right of appeal he has a right to receive a copy of the board's report. He should not be required to make application for it.

Amendment put and passed; the clause, as amended, agreed to.

Clause 5—agreed to.

Clause 6—Notice to owner:

Hon. C. F. BAXTER: I move an amendment—

That the following be added at the end of Subclause 1:—"Within one month after the service of such notice the owner or any person having any interest in the land as legal or equitable mortgagee may appeal against the decision of the Minister to the Appeal Board as hereinafter constituted. The Appeal Board referred to in this section shall consist of three members, one of whom shall be a Judge of the Supreme Court or Resident Magistrate, another shall be appointed by the Governor, and the third shall be appointed by mutual agreement between the owner and the person or persons having an interest in the land proposed to be acquired as legal or equitable mortgagee."

The amendment is similar to one that was agreed to when a closer settlement Bill was before us last. The board as proposed will

be composed of Government servants who will carry out the policy of whatever Government may be in power. The owner whose property is being dealt with may find his holding brought within the scope of the Bill, and he will have no redress. It is unjust to place property owners in a position of being subject to one body without the right of appeal. My amendment will overcome that difficulty.

Hon. A. LOVEKIN: How will you get over the difficulty if the third member of the appeal board cannot be mutually agreed on between the owner and others having an interest in the land?

Hon. C. F. BAXTER: The same objection could arise where other such boards have been proposed, and I do not think there will be any difficulty.

Hon. J. NICHOLSON: Mr. Baxter's proposal is a good one, but I do not think the amendment goes far enough. There is no provision to indicate how appeals are to be launched, nor are other matters provided for. The question should receive further consideration in order to make the amendment workable.

The COLONIAL SECRETARY: The amendment will bring into existence a second board and this will mean a roundabout way of dealing with properties. I do not think the amendment will operate successfully. We shall come to a deadlock in no time. Suppose the owner and the Government fail to arrive at an agreement for the appointment of a third person, what will be the result? I move—

That further consideration of the clause be postponed.

Hon. J. J. HOLMES: We all agree that there is to be an appeal board. I suggest that the amendment be formally passed, and that at a later stage we recommit it. The difficulty would be overcome by providing that if they fail to agree, the question shall come within the provisions of the Arbitration Act of 1895.

Hon. A. BURVILL: I support the amendment. I have an amendment to Clause 7 framed with exactly the same object, namely, that the owner shall have the right of appeal under the Arbitration Act. I agree that we ought to pass Mr. Baxter's amendment now, and further consider it on recommitment.

Hon. A. LOVEKIN: I think Mr. Holmes' suggestion a good one. Let us pass the amendment pro forma, and give it further consideration on recommitment. In the meantime we shall have secured the sense of the Committee on a number of subsequent amendments to the clause.

The COLONIAL SECRETARY: We should make more progress if we postponed all contentious clauses and considered them at the end of the Bill. Delay is entailed in recommitting the Bill. Let us postpone the

clause and come back to it to-morrow or the next day.

Hon. A. LOVEKIN: If we postpone this clause we shall not be able to discuss Mr. Holmes' amendment to the same clause.

Hon. C. F. BAXTER: It would be unwise to postpone the clause, for there are other proposed amendments to it. If we postpone all contentious clauses, as the Minister suggests, we shall scarcely know where we are.

The COLONIAL SECRETARY: The postponement of contentious clauses has been repeatedly done in the past and has proved quite satisfactory. However, I will withdraw my motion.

Motion (postponement of clause) by leave withdrawn.

Amendment put and passed.

Hon. J. J. HOLMES: I move an amendment—

That in paragraph (i) of Subclause 3 after "land" in line 2 the following be inserted: "Such scheme shall have endorsed thereon the approval of every person having any interest in the land (equitable owner or mortgagor) under any tereed mortgage or encumbrance."

Power is given to the owner to fix the price of the land. But a bank or somebody else may have made advances on the land, notwithstanding which the owner may agree to sell at a price that would not pay off the mortgagee. In order to prevent anything like that, this amendment has been framed by the principal financial institutions of the State. They look on the Bill with alarm; so much so, that if the Bill passes in its present shape some of them having equitable mortgages will not wait for the Government to approach the owner to fix the price, but will immediately foreclose.

Hon. W. H. KITSON: Would you call that a threat?

Hon. J. J. HOLMES: No, it is what any sane business man would do. It is not for the owner to fix the price, but for the man who has advanced the money to develop the property.

Hon. J. NICHOLSON: I point out to Mr. Holmes that the words in brackets ("equitable owner or mortgagor") are meaningless in their context. I have that from the man who drew the amendment. We require to take out the perentheses and make the words read, "as equitable mortgagee or."

Hon. J. J. Holmes: With the permission of the Committee I will modify my amendment accordingly.

Leave given.

Sitting suspended from 6.15 to 7.30 p.m.

Amendment put and passed.

Hon. H. STEWART: I move an amendment—

That in Subclause 3, paragraph 3, the words "from time to time as required by the board" be struck out.

Amendment put and passed.

Hon. H. STEWART: I move a further amendment—

That the following proviso be added to paragraph 3: "Provided that the owner shall have a right of appeal to the appeal board in respect of the requirements of the Board under paragraphs (ii) and (iii)."

The procedure adopted by the board may not be fair to the owner, and it would be reasonable that he should have the right of appeal.

The COLONIAL SECRETARY: If we go on like this there will be no end to appeal boards. The owner has the alternative of offering his land to the Government if he does not agree to the subdivision.

Hon. H. STEWART: One would think we were appointing a series of appeal boards, which is not so. A man may decide in favour of subdividing his land, and he should be in the position to appeal to that end. I merely want to provide reasonable safeguards for him.

Hon. A. LOVEKIN: An appeal is necessary in this case. The board may in an unreasonable manner order the owner to make surveys, and he should have the right of appeal against such an order.

The COLONIAL SECRETARY: Mr. Baxter has an amendment for the establishment of an appeal board consisting of a judge and two other members, so that the owner may go before it when his land is resumed. Mr. Stewart now wants it made possible for the owner to appeal in the event of the subdivision of his land. This sort of thing might be required in every stage of development connected with the measure, and would make the Bill unworkable.

Hon. J. NICHOLSON: The board may hold one view as to what constitutes a reasonable upset price for land, and the owner may hold another. Who is to determine between the two? If we pass a Bill including conditions like this, and giving no voice to the owner by way of appeal or approval, people will be timid about taking up land.

Hon. A. LOVEKIN: The board may tell the owner what price he has to take and what terms. There would be no redress for him.

Hon. H. STEWART: The owner may claim that his land is not utilised, and we have decided that if the decision of the board in this respect is not correct, he shall have the right of appeal. Under Subclause 2 of this clause the owner may within three months notify the board that he intends to subdivide and offer his land for sale. He

then has to carry out the instructions of the board relative to that at his own expense.

Hon. J. J. Holmes: If we put "owner" or "mortgagee" in Mr. Stewart's amendment, will not that suffice?

Hon. H. STEWART: Yes.

Hon. J. NICHOLSON: Would you have any objection to adding to the end of paragraph 3 "with the consent in writing of the owner or mortgagee"?

Hon. H. STEWART: It would be better to insert "provided that the owner or mortgagee shall have the right of appeal."

Hon. J. NICHOLSON: I suggest the addition of the words that I have just quoted.

Hon. J. A. Greig: What would be the result if the owner or mortgagee did not give consent?

Hon. J. NICHOLSON: All that the Government would do would be to declare the land subject to the Act. The Government would take the land under Clause 7. In the case of the subdivision of the land by the method suggested by Mr. Stewart, it would mean that the mortgagee would appeal. If all parties could come to an agreement with regard to a subdivision well and good; if not, the Government would have the right to take the land. It would be better to strike out the whole of the clause, but I am trying to preserve the appeal provision, though it is not necessary to obtain the consent of all the parties.

Hon. H. STEWART: I have a feeling that the House is in sympathy with the proposed amendment to the proviso. If the Committee is in sympathy with the proviso, there is nothing to prevent Mr. Nicholson putting forward his suggested amendment on recomittal, and if it is an improvement on mine, I shall be prepared to withdraw mine in his favour.

The COLONIAL SECRETARY: Members will see that there is further provision for appeal in Clause 8 in connection with any faulty subdivision.

Hon. J. EWING: I can understand the Minister not wanting to have too many appeals, but he would be acting wisely if he agreed to the appeal provided in this case. The owner and the Government will, of course, desire to have the subdivision carried out on scientific lines, and further down the Government are given the right to fix the upset price. A disagreement may arise out of what is a reasonable price, and instead of appealing to a Supreme Court judge, the appeal may be to a resident magistrate, and the difficulty, which might otherwise be of long duration, would be overcome in a short time. The amendment is reasonable and the Minister should agree to it.

Hon. A. LOVEKIN: We might pass the clause now and later, on recomittal, it could easily be altered. We might follow upon the amendment moved by Mr. Baxter to provide that the owner or mortgagee

shall have the right of appeal, but instead of having provision for appeal in four or five places in the Bill, we could set it out in the one clause.

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

Ayes	13
Noes	11

Majority for	2
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Ayes.

Hon. C. F. Baxter	Hon. J. M. Macfarlane
Hon. J. Duffell	Hon. J. Nicholson
Hon. J. Ewing	Hon. G. Potter
Hon. V. Hamersley	Hon. H. A. Stephenson
Hon. E. H. Harris	Hon. H. Stewart
Hon. J. J. Holmes	Hon. J. A. Greig
Hon. A. Lovekin	(Teller.)

Noes.

Hon. J. R. Brown	Hon. T. Moore
Hon. J. M. Drew	Hon. E. Rose
Hon. E. H. Gray	Hon. A. J. H. Saw
Hon. J. W. Hickey	Hon. H. Seddon
Hon. W. H. Kitson	Hon. A. Burvill
Hon. G. W. Miles	(Teller.)

Amendment thus passed.

Hon. J. J. HOLMES: I move an amendment—

That the following be added to Sub-clause 3:—"Provided that if within three months after the date when such land shall have been offered for sale as aforesaid, the owner shall fail to effect a sale of the whole of the said land, then the owner shall be entitled within three months after expiration of last mentioned period to require the Minister administering this Act to purchase at the upset prices approved as aforesaid the said land or so much thereof as shall remain unsold or, alternatively, to require the Minister to discharge the unsold land from being subject to this Act, and the Minister shall repay to the owner all expenses incurred by the latter in connection with the subdivision and offering for sale of such unsold land."

This is similar to an amendment I moved to the previous Closer Settlement Bill, and it was accepted as being equitable. If the owner has been put to all the trouble and expense and no sale results, he should be compensated for that expense.

The COLONIAL SECRETARY: I do not agree with the amendment. The owner undertakes subdivision with his eyes open. He has had the alternative of letting the Government resume it, but he prefers to subdivide. Then he has a right of appeal and, after the board has given its decision, the hon. member desires that the Government should purchase the balance of the land. If the owner takes the responsibility of sub-

dividing his land, he should take the additional responsibility of selling it.

Hon. J. J. HOLMES: We are dealing with an owner who, up to the passing of the measure, understood his position was unsalable unless his land was required for public purposes.

Hon. H. Stewart: Much of the land is under contract for conditional purchase.

Hon. J. J. HOLMES: Quite so, and before the contracts are fulfilled, the Government propose to repudiate them and set up a board to take the land. The owner does not elect to subdivide; he is compelled to do it. He may have appealed against the taking of his land, and failed. He may know that the land is unsuitable for closer settlement and cannot be sold at the prices fixed by the board. The owner may be doing his best with the land.

Hon. E. H. Gray: Then there would be no need to resume it.

Hon. J. J. HOLMES: Most of it will be resumed, because of the owner having done his best, because it is partially improved and looks more attractive than the block next door that would require a good deal of hard work to bring it to the same stage of development. The owner knows the land is unsuitable, and is put to the expense of subdividing and offering it for sale. The homestead may be bought and the adjoining land left. The owner would naturally wish to get out, because the best portion of his land had been taken. He should be in a position to say to the Government, "You have taken so much of my land; take the lot."

Hon. J. NICHOLSON: It must be borne in mind that this is a matter of compulsory resumption, but the owner may suggest a method of subdivision and sale. If the Government compulsorily take land, it is only fair that the owner should be able to ask for payment. The owner could elect to let the Government do as they please and then compensate him. But for some reason or other the owner might think, "I would like to see this land settled, and I am given an alternative of subdivision and sale." If subdivision and sale took place, quite possibly a number of blocks might be left on the owner's hands. Now, who initiated the proceedings? Solely the Government. The owner should not be left with a few blocks after the eyes have been picked out of the subdivided estates. He is not responsible for the position thus created. The Government should be prepared to pay for the whole of the land at the price fixed by their own board. That is the principle of resumption.

Hon. A. BURVILL: If this amendment is carried and the provision for appeal is inserted, the clause will be unworkable. Better leave the Government to cut up the land and sell it. The proposal that the Gov-

ernment should take any residue after subdivisional sale is impracticable.

Hon. J. J. HOLMES: Mr. Burvill is speaking from the aspect of the South-West, where 40 acres suffice for the carrying on of a dairy farm. But take an estate of 10,000 acres, the kind of estate which the Government are trying to get hold of. The owner runs the estate as a sheep farm, considering sheep to be more profitable than wheat. He has built sheep yards, shearing sheds, and other equipment and paraphernalia. The board come along and insist that the estate shall be cut up into 20 blocks at 500 acres each. The block carrying all the equipment and conveniences and appliances will be the one to be left on the owner's hands. What would be the use of that block to him after the other blocks have been sold? Necessarily, a very high price would be put on that particular block, with the result that nobody would buy it. In those circumstances the Government should be compelled to take over the block at the price fixed by the board. Even Mr. Colebatch admitted the equity of that proposition.

Hon. J. EWING: I desire that the Minister should get a workable Bill. There is equity and justice in Mr. Holmes's contentions. The position outlined might mean absolute ruin to the owner. I agree with Mr. Burvill's view. Subclauses 3, 4, and 5 should be deleted. Let the Government buy the estate and take over the whole business of subdivision. I am satisfied that in Western Australia private people cannot cut up land for sale with success. The amendment will produce hundreds of pitfalls and complications. The Minister should go on the question of the reasonable use of land and the fixing of a reasonable price; and the Government should decide, aye or no, whether to buy the land.

The COLONIAL SECRETARY: The position seems not to be clearly understood. The Bill contains no provision for forcing any owner to subdivide and sell his land. Take this case: The Government want to repurchase an estate, but the owner says, "I will subdivide and sell the land provided prices satisfactory to me are obtainable." The Government then say to him, "We don't want you to subdivide; we are prepared to resume under the conditions of the Public Works Act." But the owner insists upon subdividing and selling. The Government then subdivide the land and fix the upset prices. The owner can appeal against those upset prices. But under the amendment he is to be permitted to subdivide and sell, and then come to the Government to take over any residue after the subdivisional sale.

Hon. J. J. HOLMES: The owner does not subdivide, and does not fix prices. It is the board that dictate the subdivision and dictate the prices—which makes all the differ-

ence. If the owner were allowed to subdivide the land and fix the upset prices, my amendment would be unreasonable. But he is not allowed to do those things. The one block carrying all the improvements might be left on his hands, with the result that he would be practically ruined. I feel sure that the Minister does not wish to side-track the issue.

Hon. W. H. KITSON: I cannot agree with Mr. Holmes's contentions. According to my reading of the Bill, the owner may subdivide if he so desires, and if he does not desire to subdivide, the Government will be prepared to purchase the whole estate. In the latter case there can be no complaint on anyone's part. But if, on the other hand, the owner decides that he will subdivide the land, what is to stop him from so arranging matters that the most valuable part of the estate shall be purchased by his friends, whilst the least valuable is left to be purchased by the Government? The amendment would give the owner the right to insist that the Government should purchase any land unsaleable to private persons. That is not a fair position to place the Government in. If the owner has the right to subdivide, or alternatively to insist that the Government shall purchase the whole estate, he should be prepared to abide by his decision at the particular time.

Hon. H. A. STEPHENSON: I agree with Mr. Holmes. If an owner elects to subdivide, he has no opportunity of fixing the price which has to be decided by the board. In every estate there are certain blocks that cannot be disposed of. What would be the position of such an owner under the Bill? The amendment is fair and equitable.

Hon. H. STEWART: I wish to correct an impression that may have been created in the minds of members by the Leader of the House. The Bill does not say that the Government "shall" acquire land on the recommendation of the board; the provision is purely permissive. That makes all the difference in the world. The Government may keep a man stringing on and he may agree, rather than be worried with the delay, to subdivide his property. The board can step in and "may" elect to acquire the property. There is no provision that they "shall" take over the land. There is no free-will choice on the part of the owner. The amendment proposed by Mr. Holmes is justified.

Hon. J. M. MACFARLANE: Clause 7 provides that if an owner fails to notify the board within the requisite period the Government may, by a notice in the "Government Gazette," declare that the land has been taken for the purpose of closer settlement. The owner has the choice of how the land shall be taken from him. I am inclined to agree with the Leader of the House that there is no danger in the clause as it stands.

Hon. A. J. H. SAW: If the owner elects to subdivide his land, after receiving notice that his land is subject to the provisions of the Bill, and he fails to sell, he will suffer some hardship as suggested by Mr. Holmes. I am not sure, however, that the amendment proposed by Mr. Holmes does not go too far, in that it puts an owner in a perfectly safe position so that he will win both ways.

Hon. V. Hamersley: Well, why should he not win!

Hon. A. J. H. SAW: If the owner subdivides with the approval of the board and he fails to sell the whole of his land, he can call upon the Government to purchase the remainder at their own price. On the other hand, if the price secured on the sale of the subdivisions is greater than would have been the case had he elected to sell the property as a whole to the Government, the owner will undoubtedly gain, because in such an event the Government can be forced to come to his assistance and purchase the balance of the property.

Hon. A. Lovekin: He should not lose because he has been evicted!

Hon. A. J. H. SAW: It must be borne in mind that the land concerned is that which has not been used properly. The amendment will place such an owner in an extremely favourable position and at the present time I am not prepared to support the amendment in its entirety, because I recognise the owner has the right of choice.

Hon. C. F. Baxter: He has taken the risk.

Hon. A. LOVEKIN: If a person owns 10,000 acres of land, and has four or five sons, his intention may be to make provision for his sons when they come of age, and the land may not have been put to its full use. The board may propose to acquire the property for closer settlement purposes. The owner may not desire the land to be resumed, nor may he desire compensation. He may, on the other hand, wish to preserve the homestead in which he was born and also to make provision for his sons. Instead of allowing the Government to resume the property, the owner will, seeing that he has to be evicted, elect to subdivide the land so that he may preserve his own home. If portion of the land is sold, surely the owner should not be penalised by having the estate subdivided into lots, the unsold portions of which would be of no use to him. That would not be fair because the man did not desire anything of the sort. Only by being forced did he choose the lesser of two evils, and agree to subdivide the property.

Hon. J. J. HOLMES: Under the Bill the owner of a property has no right to reserve any portion of his holding for himself.

Hon. A. Lovekin: He can acquire it when the property is sold.

Hon. J. J. HOLMES: Yes, he can buy his own land back! That is a nice thing

in a State like this, with our vast areas! If the board cannot sell the whole of the subdivisions, they can throw the unsold blocks back on the owner's hands. There is a sentimental side attached to this question. There was the old home in which I was born at Mandurah. Every time I went there I almost took my hat off to it. Someone said it was not good enough for the schoolmaster to live in. The authorities discovered that the old place encroached 2 feet on the main road, which was used by a motor car perhaps twice a week. The place was condemned by a medical man as being unfit for habitation because it was damp. When the men pulled up the flooring boards they were nearly smothered with dust; there was not a suggestion of dampness about it. Thus, they demolished the old home I was born in! Naturally the people rebelled and they said that if the Minister concerned could not get rid of me, he could get rid of the home I was born in. There would be some justification for the point taken by the Minister if the owner had any say at all. The owner cannot retain a quarter of an acre. If his mother or father were buried on the holding he could not reserve that portion of the block. The Government say: "We have taken the estate. We cannot sell all the blocks. Take them back." I do not for one moment think the House will tolerate that kind of thing.

Hon. E. ROSE: I agree with Mr. Holmes. If the owner cuts up his land as directed by the board, and not all the blocks are sold, he will have the remainder on his hands, although of no use to him. Certainly the Government would be in a better position to bear the consequent loss. I will support the amendment

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

Ayes	..	..	..	..	13
Noes	..	..	..	..	12

Majority for .. 1

AYES.

Hon. C. F. Baxter	Hon. E. Rose
Hon. J. A. Greig	Hon. H. Seddon
Hon. V. Hamersley	Hon. H. A. Stephenson
Hon. J. J. Holmes	Hon. H. Stewart
Hon. A. Lovekin	Hon. H. J. Yelland
Hon. J. Nicholson	Hon. J. Duffell
Hon. G. Potter	(Teller)

NOES.

Hon. A. Burvill	Hon. W. H. Kitson
Hon. J. M. Drew	Hon. J. M. Macfarlane
Hon. J. Ewing	Hon. G. W. Miles
Hon. E. H. Gray	Hon. T. Moore
Hon. E. H. Harris	Hon. A. J. H. Saw
Hon. J. W. Hickey	Hon. J. R. Brown
	(Teller)

Amendment thus passed.

Hon. J. NICHOLSON: I move an amendment—

That in line 1 the words "including mortgages and other encumbrances" be struck out and "or under any mortgages or encumbrances" be inserted in lieu.

At present the words are wrongly placed. The amendment will render the meaning clearer.

Amendment put and passed; the clause, as amended, agreed to.

Clause 7—Acquisition of land:

Hon. V. HAMERSLEY: I move an amendment—

That after "may" in line 2 the words "within three months after such default" be inserted.

It is necessary that some definite time be stipulated. If, after being notified by the board of their intention to resume the land, the owner fails within three months to inform them of his intention to subdivide, the Governor may declare that the land has been taken under the Act. Unless there is some stipulated time within which such declaration may be published in the "Gazette" the matter may be hanging over the head of the owner for 12 months.

Hon. J. NICHOLSON: Make it one month.

Hon. V. HAMERSLEY: I will adopt that suggestion if I may. I will, therefore, amend my amendment to read "within one month thereafter."

Amendment, by leave, amended accordingly.

The COLONIAL SECRETARY: This leaves the matter in the air, for there is no compulsion upon the Governor with respect to it.

Hon. V. HAMERSLEY: If the Government fail to act within one month, the owner will understand that his property has been released from the operations of the Act.

Hon. J. J. HOLMES: If the Government do not publish within one month the notice to acquire they will not be able to take the land. They will have lost their opportunity.

Hon. H. STEWART: The amendment limits the time during which the Government may compulsorily acquire such land before it is released from the operations of the Act. The time, however, may be a little short.

Hon. A. J. H. SAW: The time is rather short. Government departments are not noted for the rapidity of their actions or decisions. I doubt if they would become aware within one month of the fact that a person had decided to subdivide his property. The period might be extended to three months.

Hon. V. HAMERSLEY: I wish to amend my amendment to read "two months."

Amendment, by leave, amended accordingly.

Amendment put and passed.

Hon. J. NICHOLSON: I move an amendment—

That in line 3 after "has been" the words "resumed or" be inserted."

Amendment put and passed.

Hon. J. NICHOLSON: I move an amendment—

That at the end of Subclause 1 the following proviso be added:—"Provided that if such notice be not given, then the Governor shall by notice in the "Government Gazette" discharge land from the operations of this Act."

That is to say that if within two months the Government fail to proceed with the resumption of land they must discharge it from the Act. Otherwise the owner will be under a cloud.

Amendment put and passed.

Hon. J. NICHOLSON: I move an amendment—

That in Subclause 2 after "notice" in line 1 the words "within the time aforesaid" be inserted.

That will bring the clause into line with what we have already done.

Amendment put and passed.

Hon. A. BURVILL: I move an amendment—

That after "notice" in line 1 of Subclause 2 the following paragraph be added to stand as paragraph (a): "May enter into negotiations with the owner of any such land for the purchase thereof by private treaty for closer settlement. Failing such negotiations resulting in agreement as to—(i.) the land being utilised and unproductive; (ii.) the price offered being satisfactory to the owner, the question shall be referred to arbitration by two arbitrators and an umpire under the provisions of the Arbitration Act, 1895."

Mr. Baxter secured a similar amendment at the end of Clause 6. I do not know whether my amendment should follow that of Mr. Baxter, whether it should be inserted where I now suggest, or whether it should be withdrawn.

The COLONIAL SECRETARY: There is no necessity for such a provision as this to enable the Government to enter into a treaty for the purchase of land. There is already provision in the clause for a reference of the subject to arbitration, so that what the hon. member desires is already provided for.

Hon. A. BURVILL: With the permission of the Committee I will withdraw my amendment.

Amendment, by leave, withdrawn.

Hon. J. NICHOLSON: I move a further amendment—

That the following be inserted at the beginning of paragraph (b) of Subclause 2:—Insert at the beginning of paragraph (b) the following words:—"The estate and interest of every person holding or entitled to any mortgage, charge, or security over such land shall be converted into a claim against the Crown for repayment forthwith of the amount of all moneys due or payable under or secured by such mortgage, charge, or security, the interest thereunder to be computed to date of repayment of the principal and other moneys thereby secured and"; also to insert the word "other" before "person," on first line of said paragraph.

All I am seeking to do is to secure the position of the mortgagee. The land is going to be compulsorily resumed and all that the Government require to do is to put themselves into the position of mortgagee and they can take an assignment or a discharge of the mortgagee's security. They are then in the position of mortgagee. That is the only way to secure the position of those who are advancing money.

The COLONIAL SECRETARY: I am advised that there is no necessity for the amendment. What the hon. member desires to bring about is already provided for in the Bill though not in so many words. The mortgagee is placed in the same position and protected just as if the Government resumed a block in Hay-street for public purposes. He would have priority over the money paid to the owner of the property. The Bill covers the whole position and there is no need for repetition.

Hon. J. NICHOLSON: What the Minister has said is correct up to a certain point, but there is this difference, that under the Bill and under the Public Works Act the claim of a mortgagee is only one for compensation; that is to say, he would be compensated only to the extent of the money provided by the Government and determined by the board. The mortgagee interested in country lands is in a different position from the mortgagee interested in city lands. All I am seeking to provide is that the Government should step into the position of the mortgagee and pay off the mortgage, or take an assignment or transfer of his security. The Government might resume the land at a time that the mortgagee considers to be not the most favourable, and they should be prepared to step into his place. We do not want to discourage people from investing money in country lands. If institutions find that their securities may be imperilled, it is bound to hinder investment in that class of security.

The COLONIAL SECRETARY: That means that in some instances the Government would have to pay very much more for

the land than its real value. Bogus mortgages might be taken for a very large amount.

Hon. J. Nicholson: That would not be done.

The COLONIAL SECRETARY: It could be done, and it has been done.

Hon. J. Nicholson: Put in penal clauses to prevent it.

The COLONIAL SECRETARY: Under the Bill the mortgagee will receive first consideration.

Hon. T. Moore: And he should not ask for more.

The COLONIAL SECRETARY: Yet it is desired that the Government should be obliged to pay over the full amount of the mortgage, regardless altogether of the circumstances.

Hon. W. H. KITSON: I oppose the amendment, because it amounts to asking the Government to take over land at a valuation fixed by the mortgagee, who may have taken a mortgage far above the value of the land. Thus, the land would be worth far more to the owner than to anyone else. Some men would be unscrupulous enough to take a mortgage in excess of the full value of the property, and thus the resumption of land for closer settlement would be defeated.

Hon. H. STEWART: It might happen that a greater amount of money is advanced than the market value of the property. There might be an avenue for fraud, but grave injustice might also be done. Often a security appears absolutely good to the lender, but when he comes to realise upon it, the amount is not recoverable.

Hon. J. NICHOLSON: The Minister and Mr. Kitson do not appreciate the position as I do. While in the wheat belt last week-end, I chatted with a man who is now in very comfortable circumstances. He was one of the first to settle in the district, and he went out at a time when it was difficult to get help from any financial institution. Through the help of friends, a bank eventually made advances on the security of the property. Owing to a succession of bad seasons, his overdraft mounted up to close on £10,000. Had he realised on the property at that time, he would not have obtained sufficient to pay off the bank. As he was getting no revenue from his crops, he decided that he might be able to make headway if he obtained stock to eat the feed. He wondered whether he could get further assistance from the bank, to purchase stock. He came to Perth and discussed the matter with the bank manager, and after considerable difficulty succeeded in obtaining a further advance. He bought the stock at a sale at Mullewa, and trucked them several hundreds of miles to his property. "From that day," he said, "I have never looked back. It was the turning-point of my career. But if the bank manager

had turned me down then, I certainly would never have been where I am now." He brought the stock to a fat condition and sold them at double the price they had cost him landed on his property, and thus was enabled to reduce his overdraft. The next year he had a good crop and a good return, and each year since he has had good crops and good returns. That man was helped only through the kindness and confidence of the bank, who believed in him. The personal equation counts for a good deal. However, when considering the question of making an advance, the bank must also consider the value of the property. We are dealing with properties which may experience a succession of bad seasons. The owners of such properties have to be carried on by the bank or go out. Suppose the board decided to resume a property of which the owner was being helped by the bank. Does anyone believe that banking institutions, if they are not protected, will advance money on country properties? Unless the position is made clear, the settlement of our lands will be seriously hampered and harmed by such legislation as this. Those who advance money for the purpose of helping to carry on must be protected.

The Colonial Secretary: They are already protected.

Hon. J. NICHOLSON: The Colonial Secretary is under a misapprehension on that point. The land might be resumed at an unfavourable time, when the bank would not be prepared to sell. Then the owner would be in the unfortunate position of having a heavy mortgage debt to meet, and the Government would compensate the mortgagees only to a certain extent. That is why I have moved my amendment enabling the Government to step into the position of the mortgagees. I would be prepared to support any amendment to punish severely a person guilty of such offences as have been suggested.

Hon. J. J. HOLMES: I hope the Committee now realise the trouble we are bringing upon ourselves by attacking freehold. There need be no penal clauses. If the Government want to interfere with a bank's security, they should accept the full liability. Mr. Nicholson's amendment practically says to the Government, "If you will insist upon coming between the bank and the client, then you must step into the shoes of the bank and take over the client's liability." We have had droughts in the North; we have one there now. At the time of the big drought of 1890 sheep were not worth 10s. per head, while some of the stations owed the financial institutions as much as £3 per head of sheep. Thus the security of the institutions was only one-sixth of the realisable amount. There is no need for the Government to butt in, seeing that the Government have plenty of Crown lands.

Hon. W. H. KITSON: I fail to see how Mr. Nicholson's instance applies to this measure. The operation of the Bill is limited to land within a distance of three miles from an existing railway.

Hon. J. Nicholson: The case I refer to was located within three miles of an existing railway.

Hon. W. H. KITSON: But can it be said that the man to whose success Mr. Nicholson referred was not doing everything possible with his land?

Hon. J. Nicholson: He was doing everything possible with it.

Hon. W. H. KITSON: Then that land would not come within the purview of the Bill.

Hon. J. Nicholson: Some of the property was not cleared, and therefore the property would come within the scope of the Bill.

Hon. W. H. KITSON: Only where the possessor of the land is not utilising it to its full capacity will this measure apply. Certainly there could be manipulation of mortgages in respect of land held for speculative purposes only.

Hon. V. Hamersley: This Bill applies to all land in the State.

Hon. W. H. KITSON: To all land deemed to be unutilised and unproductive within the meaning of the Bill, or deemed not to be utilised to its fullest capacity.

Hon. V. Hamersley: That is the important point, "fullest capacity."

Hon. W. H. KITSON: A few acres of uncleared land on an estate would not weigh with the board. Again, would not the board fix a value equivalent to the market value at the particular time? The board would never think of fixing values during a drought period, or of purchasing estates at a time of drought. If the amendment were carried, an unscrupulous person holding land purely for speculative purposes could make himself safe from resumption by manipulating a mortgage or by insisting that the Government should pay a higher price for the land than it was worth.

Hon. H. STEWART: When the amendment was first proposed, I was more in sympathy with the Leader of the House than with the mover of the amendment. The discussion has shown the necessity for providing that what is suggested as a protection shall not be used for improper purposes. That can be provided for. Mr. Kitson appreciated the illustrations that were given of the extent to which financial institutions would go and what depreciation can take place. One man may be using his property for rearing high-class sheep, but the board may consider it advisable to take over his property for closer settlement purposes. Another man may spend merely the requisite amount necessary to carry out the improvements required. At the same time he is entitled to equitable treatment. We might agree that that particular individual was not using his property in the best in-

terests of the State, although he might not be brought within the scope of the Bill. The other men may encounter an adverse season and that would adversely affect the security. One hon. member said that no Government would acquire land during a drought period. On the other hand that is the time to buy. There is reasonable ground for the position that Mr. Nicholson has dealt with. We should agree to the amendment, and if the Leader of the House secures information indicating that it is not necessary we can reconsider the position.

Hon. T. MOORE: I have been following the proceedings closely and I have realised that those who voted against the second reading of the Bill have acted consistently. They are altering the Bill to such an extent that it will be of no use to the Government. That is my honest opinion. One alteration after another is being made with the result that in the end it will be found that we have wasted our time and that the measure will not be adopted by the Government. If the amendment be agreed to members must realise that an unscrupulous man could overcome the position.

Hon. J. J. Holmes: Tell us how he could do so.

Hon. T. MOORE: He could arrange with friends having commercial interests to advance money to enable him to do so.

Hon. J. J. Holmes: But the security would not be there.

Hon. T. MOORE: I contend it could be done. On the other hand, are the Government likely to bother about taking over a holding upon which someone has spent a lot of money without coming out on the right side? Mr. Kitson has put up an unanswerable argument to show that it is the unutilised country that the Government are after. I advise those who voted against the second reading of the Bill to watch the amendments closely with a view to seeing how they will work out.

Hon. J. J. HOLMES: Both Mr. Kitson and Mr. Moore suggested that by a manipulation of mortgages landholders would get advances upon securities that do not exist. Hanky-panky tricks cannot be played with mortgages without endangering properties altogether. The suggestion is that some unscrupulous person will borrow money upon a security that does not exist and that the Government will be compelled to take up the land. Mr. Moore said that there was no fear of the Government taking over properties that were being improved and upon which money had been advanced by banks. My objection to the Bill ceased with the passing of the second reading and since then I have been trying to save the country from difficulties that will arise. If an old client were to approach his bank at the present time he would probably find that he would be informed that the banks did not desire to advance extra money because they

had their hands full. They have had to underwrite the Commonwealth loans, make advances on account of wool, and so on. The first objection by the banks and the commercial community to the Bill was to the effect that if the Bill were passed, they were finished with advances.

Hon. W. H. Kitson: What would you call that?

Hon. J. J. HOLMES: I would say it was the adoption of sound business methods.

Hon. W. H. Kitson: Not intimidation?

Hon. J. J. HOLMES: Nothing of the kind. The banks are acting on behalf of their shareholders, and if they see the security of the shareholders being attacked there is only one thing they can do, and that is to get out.

Hon. W. H. Kitson: But the Bill deals with land that is not utilised.

Hon. J. J. HOLMES: The question of what is utilised or unutilised land is not defined in the Bill. It has to be defined by the board. The banks have made the advances, and if they are not secured what will they do?

Hon. H. Seddon: Call in their overdrafts.

Hon. J. J. HOLMES: That is what will happen.

Hon. W. H. Kitson: That was not done in New Zealand when their Bill was brought into operation.

Hon. J. J. HOLMES: At that time there were many people having upwards of hundreds of thousands of pounds for investment. Everyone knows with the latter-day borrow, borrow, borrow policy of Governments there is not much money left for developmental purposes. If we attack the security, the banks will get out. References have been made to the Commonwealth Bank. The banking statistics a little while ago showed that the Commonwealth Bank owned to the people of this State over £1,000,000. That is to say, the Commonwealth Bank had taken in £1,000,000 more than they had advanced. On the other hand, the much-abused private banking institutions had advanced to the people of Western Australia £500,000 more than they had taken in. If the banks' securities are attacked they will call up their overdrafts in the interests of shareholders. This does not affect me. When we attack freehold or the security of the first mortgagees, up goes the white flag. The Committee can do as they like. I have done my duty and explained the position regarding the banks.

Hon. V. HAMERSLEY: This will apply to all land, improved as well as unimproved. Local storekeepers will urge upon the Government the necessity for cutting up all the surrounding properties, their object being, of course, to bring more business into their own centre. I endorse the remarks made as to the necessity for safeguarding those who have lent money for the develop-

ment of these properties. I will support the amendment.

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

Ayes	..	..	..	15
Noes	..	..	..	8

Majority for .. 7

AYES.

Hon. J. Duffell	Hon. E. Rose
Hon. V. Hamersley	Hon. A. J. H. Saw
Hon. J. J. Holmes	Hon. H. Seddon
Hon. A. Lovekin	Hon. H. A. Stephenson
Hon. J. M. Macfarlane	Hon. H. Stewart
Hon. G. W. Miles	Hon. H. J. Yelland
Hon. J. Nicholson	Hon. E. H. Harris
Hon. G. Potter	(Teller.)

NOES.

Hon. J. R. Brown	Hon. W. H. Kitson
Hon. A. Burvill	Hon. T. Moore
Hon. J. M. Drew	Hon. E. H. Gray
Hon. J. Ewing	(Teller.)
Hon. J. W. Hickey	

Amendment thus passed

Hon. J. NICHOLSON: I move an amendment—

That before "person" in line 1 of paragraph (b) "other" be inserted.

Amendment put and passed.

Hon. J. J. HOLMES: I move an amendment—

That after "Act" in paragraph (b) the words "and every such person shall, in accordance with their respective priorities, if more than one, have a lien on the amount so payable as compensation" be inserted.

I pointed out on the second reading that the first mortgagee, the man who created the asset, would come in with the other creditors with a claim for compensation. Later the Minister, I think, said that that was not so. I have one of the best legal authorities behind me and he claims that it is necessary to add the words contained in my amendment.

Amendment put and passed.

Hon. J. J. HOLMES: I suggest that we have done enough for one day. We are now about to define what is meant by the unimproved value of land. It is the crux of the whole Bill. The Minister ought to be content for to-night.

Progress reported.

House adjourned at 10.37 p.m.

Legislative Assembly,

Wednesday, 26th November, 1924.

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

QUESTION—PEMBERTON SAWMILL BOARDING-HOUSE.

Mr. J. H. SMITH asked the Minister for Works: 1, Is it a fact that a new hostel or boarding-house has been erected at Pemberton? 2, If so, has the lease of this hostel or boarding-house been granted to an ex-postal official? 3, If so, was the leasing of this proposition advertised in the usual manner and was the Tender Board acquainted? 4, Did the State Sawmills Department assist in any way to guarantee furniture, etc., to the lessee?

The MINISTER FOR LANDS (for the Minister for Works) replied: 1, Yes, a new boarding-house is being erected at Pemberton and is nearing completion. 2, No. 3, Tenders were called for the leasing of this proposition in the "West Australian" and also by notice at Pemberton Mill office, and are now under consideration. This is the first occasion tenders have been called for the letting of State Sawmill boarding-houses, and such matters are outside the jurisdiction of the Tender Board. 4, No guarantee or assistance has been given by the department in the way of furnishing.

LEAVE OF ABSENCE.

On motion by Mr. Richardson, leave of absence for one week granted to Lieut.-Col. Denton (Moore) on the ground of urgent private business.

BILLS (5)—FIRST READING.

- 1, Forests Act Amendment.
- 2, Stamp Act Amendment.
Introduced by the Premier.
- 3, Waroona-Lake Clifton Railway.
Introduced by the Minister for Railways.