

# Legislative Council

Tuesday, the 18th May, 1976

The PRESIDENT (the Hon. A. F. Griffith) took the Chair at 4.30 p.m., and read prayers.

## ADDRESS-IN-REPLY

*Presentation to Governor:  
Acknowledgment*

**THE PRESIDENT** (the Hon. A. F. Griffith): I have to announce that I have, in company with several members, waited on His Excellency the Governor and presented the Address-in-Reply to His Excellency's Speech agreed to by this House, and His Excellency has been pleased to make the following reply—

Mr President and honourable members of the Legislative Council: I thank you for your expressions of loyalty to Her Most Gracious Majesty The Queen, and for your Address-in-Reply to the Speech with which I opened Parliament.

## QUESTIONS (5): ON NOTICE

### 1. TELEVISION *Carnarvon*

The Hon. V. J. Ferry for the Hon. G. W. BERRY, to the Minister for Federal Affairs:

- (1) Would it be possible to upgrade the regional television station at Carnarvon to serve Denham and Gascoyne Junction?
- (2) If so, what would be the estimated cost?

The Hon. I. G. MEDCALF replied:

- (1) and (2) This matter has been referred to the Australian Broadcasting Control Board and the Australian Telecommunications Commission who take the view that the answer to this question must be specifically authorised by the Commonwealth Minister for Post and Telecommunications in Canberra. In the circumstances it is suggested that the Hon. member should communicate directly with the Commonwealth Minister.

### 2. LOCAL GOVERNMENT

*Honorariums for Councillors*

The Hon. R. F. CLAUGHTON, to the Attorney-General representing the Minister for Local Government:

- (1) Has the Minister received a request from the City of Stirling seeking a deputation to discuss honorariums for local government councillors?

- (2) On what date was this request received?

The Hon. I. G. MEDCALF replied:

- (1) Yes.
- (2) 10th March, 1976.

3.

## EDUCATION

*Wandarra School*

The Hon. R. F. CLAUGHTON, to the Minister for Education:

- (1) Has the Minister received copies of correspondence from the Wandarra Parents and Citizens' Association which included letters from the Bond Corporation, the Hon. K. E. Beazley, M.P., and an editorial from *The Western Teacher*?
- (2) What provision is the Government making for increased enrolments at the school as a consequence of Bond Corporation developments in Glendalough?
- (3) Would the Minister advise what is the proposed building programme at the Wandarra school for the financial year 1976/1977?

The Hon. G. C. MacKINNON replied:

- (1) Yes.
- (2) It is not anticipated that any additions will be needed to accommodate additional children enrolling in the school as a result of this project.
- (3) No new or replacement buildings are scheduled for this school in the 1976/77 financial year at the present time.

4.

## TOWN PLANNING

*Rockingham Subdivisions*

The Hon. I. G. PRATT, to the Attorney-General representing the Minister for Town Planning:

With reference to my previous question 3 of the 11th May, 1976, regarding the subdivision of rural land within the Shire of Rockingham—

- (1) How many lots were created in the one subdivision approved by the Town Planning Board?
- (2) How many of the 11 applications refused by the Town Planning Board have been subject to appeal to the Minister for Town Planning?
- (3) In relation to (2) above, how many of these appeals have been upheld by the Minister?

The Hon. I. G. MEDCALF replied:

- (1) One lot for road widening purposes only.
- (2) Seven.
- (3) Three upheld unconditionally; three upheld with modifications.

5.

## SEWERAGE

### *Wembley Downs*

The Hon. R. F. CLAUGHTON, to the Minister for Justice representing the Minister for Water Supplies:

Further to my question 14 on the 11th May, 1976, regarding provision of sewerage in Wembley Downs, would the Minister advise when it is planned to provide sewerage in the area delineated east of Weaponess Road?

The Hon. N. McNEILL replied:

Present priorities do not include this area in the provisional programme.

## BILLS (10): THIRD READING

1. University of Western Australia Act Amendment Bill.
2. Murdoch University Act Amendment Bill.

Bills read a third time, on motions by the Hon. G. C. MacKinnon (Minister for Education), and transmitted to the Assembly.

3. Employment Agents Bill.
4. Industrial Arbitration Act Amendment Bill.

Bills read a third time, on motions by the Hon. G. C. MacKinnon (Minister for Education), and passed.

5. Land Tax Bill.
6. Metropolitan Region Town Planning Scheme Act Amendment Bill.

7. Metropolitan Region Improvement Tax Act Amendment Bill.

Bills read a third time, on motions by the Hon. N. McNeill (Minister for Justice), and passed.

8. Criminal Code Amendment Bill.
  9. Child Welfare Act Amendment Bill.
- Bills read a third time, on motions by the Hon. N. McNeill (Minister for Justice), and transmitted to the Assembly.

10. Family Court Act Amendment Bill.
- Bill read a third time, on motion by the Hon. I. G. Medcalf (Attorney-General), and transmitted to the Assembly.

## NATIONAL PARKS AUTHORITY BILL

### *Second Reading*

THE HON. G. C. MacKINNON (South-West—Minister for Education) [4.49 p.m.]: I move—

That the Bill be now read a second time.

The purpose of this Bill is to establish a national parks authority as a special statutory body in its own right, and to operate under its own specific legislation.

It is proposed that the authority will take over from the existing National Parks Board, which operates under the Parks and Reserves Act, 1895-1972.

In recognising the need for the adequate management of national parks, there is no reflection on the great work carried out by the National Parks Board throughout the years which, as I am sure all members will agree, is deserving of our sincere appreciation.

The principal objects of the authority will be to maintain and manage national parks in this State, and to take such other necessary action, including dissemination of information, and improvement of the parks as will enable these areas of land set aside in the State to fulfil their important role in the activities of the community.

Too often in the community it has been felt that a national park is an area from which the public is likely to be excluded for some rather strict conservation reason.

It is intended to make it quite clear that the first and foremost function of a national park is to provide an area set aside because of its scenic, aesthetic, or recreational characteristics, for much-needed respite from the pressures of everyday life.

Furthermore, the authority is to co-operate fully with the appropriate planning bodies such as the Environmental Protection Authority and local authorities, to manage and improve national parks, and to make submissions as to new areas which should be set aside for national parks.

It is appropriate to mention that the Environmental Protection Authority is presently compiling a submission to the State Government as a result of a comprehensive four year survey of desired national parks and nature reserves throughout the entire State which should be timely for the new authority.

With respect to the metropolitan region and its highly competitive land use demands, the Environmental Protection Authority has instigated a most comprehensive study of this region from the Moore River to Bunbury. The recommendations from all studies will be integrated with the concept of a statutory body.

The technical appraisal of what should be national parks and nature reserves throughout Western Australia to the extent

that it is acceptable by this Government, will serve as a "blue print" for national parks and nature reserve areas at least until the turn of the century.

In deciding upon the membership of the authority, the Government has sought to give due balance to the multiplicity of the Government instrumentalities involved, as well as adequate representation from persons experienced in related fields, such as primary industry, local government, conservation, and community affairs.

In addition to the formation of the authority *per se*, this legislation gives more immediate effect to the establishment of a professional staff to assist the authority in the management and direction of national parks areas.

The position of director of national parks is one of prime importance, and the Bill provides for the present Director of the National Parks Board to assume this appointment.

The Bill defines his duties, and gives him the clear responsibility to formulate policies for the care, control, and management of national parks generally. It also gives him a voice on the board and the committees of the authority.

Such a clear definition, and the protection it affords, has not been present in the existing legislation.

Subject to budgetary and manpower positions, it is also the intention of the Government to ensure he has such professional staff support in the preparation of these management plans. However, advice from other Government departments may be necessary in the interim. There is provision, of course, for the uninterrupted carryover of all staff and functions of the present National Parks Board.

It is the Government's intention to utilise local experience and expertise in the day-to-day management affairs of national parks.

Some delegation of power to local government will ensure that in some cases the local authority will be the managers of their local national parks.

It is believed that more effective public utilisation of our national parks will be forthcoming by allowing local authority participation under the direction of the authority, although the Government believes that in a state as large as Western Australia overall management of national parks is best co-ordinated by a central body.

There is also provision for local authorities to make model by-laws for the management of their national parks.

The deliberate avoidance of environmental protection authority representation on the national parks authority may need explanation.

It is considered that the Environmental Protection Authority should be in a position to maintain an overview of environmental management in the State, and to assist in the co-ordination and planning of the same.

Its objectivity in fulfilling this function could be clouded by being directly involved with not only the national parks authority, but other service authorities.

In summary, the national parks authority will be an important part of overall conservation and environmental protection and management in this State. It will ensure that areas of land are preserved for future generations, but it will also help ensure that the public demand for recreation space will be met.

This legislation has been prepared in accordance with the Government's policy of maintaining and improving effective environmental management in Western Australia.

I commend the Bill to the House.

Debate adjourned, on motion by the Hon. R. F. Cloughton.

## LAND TAX ASSESSMENT BILL

### *Second Reading*

Debate resumed from the 13th May.

**THE HON. D. J. WORDSWORTH** (South) [4.55 p.m.]: When carrying out a little research into the matter of land tax I found that the original Act was the Land and Income Tax Assessment Act, which goes back to 1907. The inclusion of land tax with income tax was probably due to the revenue factor but, like so many taxation Bills, it had a social implication which was the highly veiled objective of reproducing wealth, whether from individuals or from companies.

The measure now before us has yet another object; that is, to force the subdivision of land or, perhaps, the more useful use of land. As is usual with this type of legislation, it is presented to us in two parts. One Bill provides for the assessment of the tax, and the other the processing of the imposition of the tax.

I am somewhat surprised that we have passed the Bill relating to the imposition of the tax before the Bill providing for its assessment. I think that indicates, perhaps, the lack of interest which Parliament has in this type of legislation. Obviously, it is not of much concern to very many electors. Consequently, members are not greatly involved with it.

It will be appreciated that every effort has been made to ensure that as few people as possible will have to pay land tax. The Minister said that some 50 000 taxpayers are currently, or will be, involved in the payment of land tax. One assumes that most of those taxpayers will be companies, and the responsibility of having to fill in

forms will be just a routine business function to be carried out by the staff and passed on to the end user.

I was also surprised to find the need for a provision that people or organisations who rent land from the Government will have to pay land tax in the future. I should have thought the Government would have appreciated land tax when fixing rents, and included the land tax in the rent to be charged. I would have thought that to be fundamental. However, it seems that as a result of this legislation the price of a tombstone at Karrakatta will go up because most of this type of business is carried out on railway land.

I understand that 10 per cent of the present tax is involved in the cost of collection. That is only the Government share of the costs, but if due recognition were given to the cost to private enterprise I wonder what it would be.

With the passing of this measure every person will have to fill in a tax form whereas previously, if a person had not purchased land within the preceding 12 months, he did not have to fill in a return. However, in the future it will be mandatory for everyone to fill in a land tax return. I wonder what complications will arise with those persons who, perhaps, might be travelling interstate at the time when taxation forms have to be completed. I was in Esperance on the occasion of the last Federal election and I observed the difficulties of many people who were trying to vote before proceeding interstate.

At that time hundreds of cars travelled across the Nullarbor every day and many people inquired in Esperance about the possibility of registering for an absentee vote for the Federal election. It was remarkable that only very few people were able to do this. It would be almost impossible to attempt to conform with some State legislation whilst travelling in another State. I suppose this is one of the things we will all have to remember to do. In our diaries we have little slips to help remind us of the birthday of members of our family, anniversaries, and so on, and it looks as though we will need another slip to remind us to fill in a form about land tax.

The Hon. G. E. Masters: We could make it at Christmas time.

The Hon. D. J. WORDSWORTH: Yes, that could be a good idea. This will be another hazard of living.

In the Minister's second reading speech he said that 75 per cent of the 50 000 who have to pay land tax will make a transaction during the year. I find it very hard to believe that so much land is changing hands. If this information is correct, one would think that an extra charge could be added to the transfer of land thus saving the department the trouble of collecting yet another tax. We are led to

believe that 75 per cent of these taxpayers are actually dealing in land every year, and in future those people who have not made a purchase of land during the preceding 12 months will be able to tick a square on the form. We are told that it will not be very complicated to fill in a land tax return, so it would seem that I do not really have much cause for complaint if in fact so many people will have to fill in the forms because the land tax return will have to be altered anyway. As I understand it, whenever one purchases land one must fill in a land tax form—in fact, this is almost taken for granted. It is usual for a solicitor to fill in the land tax form when making the transfer to avoid the matter being overlooked. Unfortunately I do not have the parent Act with me so I do not know whether this form must be filled in within a certain period, but I have a suspicion that such a provision appears in the Act.

I hope at a later stage the Minister will explain to us whether in fact 38 000 people are making land transactions every year, and will this mean that 38 000 forms will be filled in in addition to the 50 000 at the end of the year?

The Hon. R. F. Claughton: Would it not be 48 000?

The Hon. D. J. WORDSWORTH: No, 38 000 plus the 50 000 people who must put in a return at the end of the year anyway. It appears to me that we should need to fill in only one form a year. Perhaps the Minister can explain this.

I am concerned about the number of people who will have to put in returns. Clause 24 (1) reads—

(1) Every person who is the owner of land in this State personally, or in any representative capacity, shall furnish to the Commissioner an annual return setting forth a full and complete statement of all land owned by him at midnight on the 30th June last past, with such particulars as are required by the Commissioner,—

I cannot see any reference to people who do not have to put in a return other than that appearing in subclause (6) of clause 24 which reads—

(6) A person shall not be relieved from the obligations to lodge returns under this section by reason only that the land may be exempt land unless he is so relieved by notice of the Commissioner.

Once again I would like the Minister to explain the figure he gave of 50 000 and why the provision does not apply to every person who owns land. I may have missed the clause as this is rather lengthy legislation, but it appears to me that everyone will have to put in a return unless he has a written exemption from the commissioner. If this is so, it looks as though 300 000 people will have to submit returns.

We are told that it costs 10c in the dollar to collect this tax and that one of the reasons this collection is so expensive is that the State Taxation Department has to set up a mini titles office to record all the transactions from the notices sent in. I find this rather hard to believe in this day of computers. I would have thought that in some way the Titles Office could convey to the State Taxation Department information about any transactions that had taken place, and that the people concerned should not have to resubmit these particulars to the State Taxation Department.

I cannot believe that our State Taxation Department employs clerks to sit on high stools to make pen and ink entries in leather volumes. Surely some of this book work can be undertaken by computers. In the Bill we see that some provision is made for this, because information will not necessarily come back from the Titles Office to the State Taxation Department; the reverse will be the case. Clause 12 reads as follows—

(1) Any information obtained by the Commissioner or any officer of the State Taxation Department in the performance of his duties under this Act may be used in connection with duties under any other Act administered by the Commissioner, and any such information may be used as evidence in any legal proceedings under any such Act.

I wonder what the consequences of that will be. The clause then goes on to say that the commissioner may communicate with the Commonwealth departments. I cannot see whether a person has to have an instrument in writing under the hand of the commissioner. Does it mean that this applies only to the person about whom the commissioner is seeking information? Perhaps it means that the commissioner need only prove his identity to obtain information about anyone.

Members who listened to "Monday Conference" last night would have been staggered to hear Mr Justice Kirby say that a 300-page book could be written about every Australian and the information contained in one small carton of micro film. I will be interested to hear the Minister's comments on this point because it appears to me that such information could be given to the Police Department or to the Federal Commissioner for Taxation. Mr Justice Kirby raised this issue because he had been asked to investigate Federal legislation concerning computers and possible breaches of privilege. I would be interested to hear the opinion of that gentleman on a clause such as this.

A great deal of publicity has been given to the fact that land tax will not be applied to rural land. I rather interests me to see that while the exemptions relating to forestry are contained in the body of the

Bill, the exemptions for agricultural land are contained in the schedule at the end of the measure. I wonder about this difference, and I would like an explanation, because many primary producers will be apprehensive that at a later date land tax could be applied to rural land.

The Hon. R. F. Claughton: Do you think it will be?

The Hon. D. J. WORDSWORTH: I am just asking the reason for this inclusion in the latter part of the Bill. I certainly hope it will not be for rather obvious reasons, but I will not go into these at this stage. Not only am I worried about whether land tax will be applicable to agricultural land, but I am concerned also about the possibility of returns for land tax for agricultural land. These returns are complicated; the task is rather arduous, and such a provision could have great side effects. In this respect one need only refer to the legislation we passed last year in relation to pay-roll tax. At the time it sounded very reasonable because people were trying to dodge pay-roll tax, but I was quite frightened recently when I received a circular from the department. I could not believe that I had agreed to legislation which would have such an effect.

I obtained a copy of the second reading speech made by the Minister and sure enough, it was all there. The forms are very complicated, and one would need to consult a solicitor and an accountant before applying for exemptions under that Act. Members may recall that the legislation contained some provisions in regard to the grouping of associations, people, trusts, etc., because in the State of Victoria a series of such organisations had been set up in order to evade income tax. However, I find that if one is involved in two separate partnerships, the partnerships are grouped in together even though the partner in one may not even know the partner in the other. In order to apply for exemption under the pay-roll tax legislation, one would have to know all about the people involved in such separate partnerships and many complications would arise in regard to different companies, organisations, or people using the same services.

I mention that because, as I see it, if we are required to put in a return for land tax and another for payroll tax there is likely to be an interplay between this and pay-roll tax; not that one would try to dodge these taxes, though it is of some consequence when one sees there are so many fines provided in the legislation before us without any discretionary power being left with the magistrate or judge. Quite a number of the fines carry a penalty of \$500 without the judge being permitted to discriminate as to how guilty or how innocent one might be. I am rather

staggered at the amounts involved in relation to penalties and also that these may be imposed without any discretionary power being left to the judge.

The next point I would like to raise concerns the qualifications of a primary producer. As members will appreciate, the Bill before us has an income qualification as to whether or not a person is a primary producer.

The Hon. R. F. Claughton: That only applies in the metropolitan area.

The Hon. D. J. WORDSWORTH: That is so, at this stage. I am horrified that this Government should endeavour to classify rural people in this manner. We have seen this happen once before in the Federal sphere when the Liberal-Country Party Government endeavoured to give £1 500 to wool growers during the difficult times that wool growers were experiencing in the early 1970s. As members know wool reached 30 pence per pound. The £1 500 in question was to be given to any farmer whose income was less in the year in question than it was in the year before. The difficulties that arose out of that were innumerable. Some farmers had increased their production in an effort to try to overcome the difficulties that were being experienced in the rural areas and they were the ones who missed out. This is the sort of thing that will be experienced under the legislation before us. It frightens me because I am afraid it might become a pattern for the future.

I wonder whether farmers' organisations and others have stopped to consider the implications of the legislation on that point alone.

The Hon. G. E. Masters: There are discretionary powers.

The Hon. D. J. WORDSWORTH: Yes, and one can see the commissioner about them.

The Hon. G. E. Masters: I have done that.

The Hon. D. J. WORDSWORTH: If one does not answer the questions the commissioner provides one could be guilty of obstructing an officer in the course of his duty, and clause 55 of the Bill provides a penalty of \$500 for any person who obstructs any officer acting in the discharge of his duties under this Act. In other words one would be up for a penalty of \$500 without the judge being able to reduce the fine. I am sure many people would be reluctant to take such action.

The Hon. R. F. Claughton: The commissioner has power to refund penalties.

The Hon. D. J. WORDSWORTH: I have not seen that. I cannot see how the Government will take with one hand and give with the other. This is how I view the problem and I feel sure there is great room for misunderstanding.

One other aspect which concerns me and which I feel adds to a certain amount of confusion and makes rather an ass of the law is that we have differing standards in the various Acts. For example I raise the matter of a governing director. I will not enter the field of probate because that is complicated enough. Let us consider this question and the one of pay-roll tax. When dealing with the question of pay-roll tax I will refer to the circular sent out by the State Taxation Department where one finds one is grouped in the case of a commonly controlled business. The circular states—

Where the same person has a controlling interest in each of two businesses, the persons who carry on those businesses constitute a group.

1. Where a Director or majority of Directors of a corporation, who can exercise a majority of voting power at Directors' meetings, acts in accordance with the directions of a person, that person has a controlling interest in the corporation.

In other words we are told that if under pay-roll tax we have 51 per cent of the governing director shares one owns the lot, yet in other cases it is different. In clause 9 of the first schedule to the Bill on page 44 we find the following—

Any lot or parcel of land not exceeding 2.023 4 hectares in area and on which is constructed a dwelling-house, or two or more lots of land which do not exceed 2.023 4 hectares in total area and on which is constructed a dwelling-house parts of which stand on each of the lots—

- (i) the owner of which is a natural person who uses the land solely or principally as his ordinary place of residence;
- (ii) the owners of which are natural persons all of whom use the land solely or principally as their ordinary place of residence; or
- (iii) the owner of which is an exempt proprietary company within the meaning of the Companies Act, 1961 and which is used by all the persons who have any share in the share capital of that company solely or principally as their ordinary place of residence.

In other words we find that under this Bill all the persons must live in the house; if one leaves the land is no longer considered a residence.

I do not think we should have these variations within our legislation; in relation to the governing director shares we

should be able to make up our minds as to who is and who is not a governing director.

The Hon. S. J. Dellar: A good idea.

The Hon. D. J. WORDSWORTH: I have already explained the partnership situation. For the purposes of pay-roll tax—

A person has a controlling interest if he owns 50% or more of the capital or is entitled to 50% or more of the profits of a partnership.

In other words, for the purposes of pay-roll tax if there are two equal partners each of them has a controlling interest. I cannot understand that at all.

Under this legislation it is at least assessed individually and I think we can commend the Bill on that aspect. I raise these issues because I feel that such legislation makes it more difficult for the average citizen to understand. It also encourages people to give up the struggle and ask themselves why they should endeavour to build up their possessions or be successful in business. I find that more and more of my friends feel that they should take a Government job; that the State will look after them; that they will get the pension and benefits that flow from Medibank, and so on. I am sure in the future we will have to do all we can to revitalise the thinking of such people and help them develop a drive towards achieving something.

Legislation of the type we are considering is very complicated, and I commend the Treasurer on the work that has been done in having it prepared. It was introduced with probably the biggest second reading speech we have seen for a long time, apart from which we have been provided with a book containing explanatory notes.

However I do feel it should not be necessary to go to such extremes. As I have already pointed out such legislation provides less and less encouragement for people to achieve anything worth while. I am fearful that we will go the way of Great Britain in relation to this aspect.

One other point I would like to raise—and which has not been mentioned in any other speech on the Bill—concerns the effect of taxation on land tax. I do not know whether members are aware of it but during the tenure of the previous Federal Government—

The Hon. D. W. Cooley: Are you going to say something nice about them?

The Hon. D. J. WORDSWORTH: Certainly, I could not do anything else more difficult. As I was saying, during its term of office the previous Federal Government removed the tax deduction of rates and land tax on unimproved land.

In other words up until a few years ago if one held a vacant block of land and paid

land tax and rates on it that was considered a business deduction for holding the land in question. Two years ago this was removed.

I would like to give members some indication of the added costs that accrued as a result of holding such land. For a company the tax could be assumed to have doubled; because it had to pay company tax on that money as it was not a business deduction. In the case of the individual it would cost up to three times as much.

So members will see the side effects that could be brought about by Federal legislation as it relates to land tax.

I commenced my speech by saying that the Bill before us had social implications, and when read in conjunction with Federal legislation the implications are even greater. It strikes me that the scale of land tax has not changed for a very long time. I was able to look up the last Act only, which goes back to 1956, and I find the scale is much the same as it is today.

This surprises me because there has been gigantic inflation during that time. Everybody is talking about indexation and it surprises me that we should be still using the same scale in this day and age.

I hope the Minister will be able to answer the few points I have raised. I have a few others which I will raise during the Committee stage of the Bill. While I support the Bill, because it does offer some relief to the home owner, I do so reluctantly as I feel it will have serious side effects in the matter of holding land generally.

**THE HON. R. F. CLAUGHTON** (North Metropolitan) [5.29 p.m.]: When introducing the Bill the Minister made reference to the Liberal Party policy and said the Bill was implementing several items of that policy. These can be found in the party booklet under the heading, "Curb-ing Rates, Taxes and Charges". I quote—

We will remove land tax completely from the land under the family home—up to five acres. This land will not be added to any other land belonging to the same person, for the purpose of total land tax assessment.

We cannot dispute that the Government is carrying that policy into effect in this Bill. It is quite easily recognised that this is the purpose of the legislation. To continue, the Liberal Party policy states—

We will hold a top-level inquiry into all forms of rates and taxes attached to land valuation, as a matter of urgency. It will apply especially to land tax and water, sewerage, drainage and local authority rates, and will include cases where initial developers and occupants are unfairly treated.

The Minister did not quote the whole of that extract from the policy. He simply mentioned in his second reading speech, as was indicated at the last election, that

the intention of the Government was to remove the tax that was so badly affecting the costs to developers. In fact, that has been done.

But it seems to me to be passing strange, the Government having instituted an inquiry into rates and taxes, again in fulfilment of an election promise, that the recommendations appear to have been almost totally ignored. The inquiry commenced on the 25th August, 1974, and the report was completed on the 25th March, 1975—eight or nine months later. The inquiry must have taken a great deal of time and would have cost not a small part of the State's funds. We are told that the report was presented to the Premier's department on the 12th August, 1975, which is approximately eight or nine months ago. One would think that that would have given more than sufficient time for a very detailed study of the recommendations in the report. I think the public is entitled to know precisely why the recommendations appear to have been almost totally ignored.

The report recommends that there should be a central taxing authority. The Minister has said that this is a complete rewriting of the land tax legislation, and one would have thought this was the sort of opportunity that would be taken to implement the recommendations of the committee of inquiry. In fact the Government has said nothing about its intentions in this respect. Is it in fact saying to the members of the committee of inquiry: "We think you have done a very poor job and that your recommendations are substantially foolish. Therefore, we are not going to take any notice of them. In fact we think our own ideas are far better than yours"? Of course it is rather odd that one of the members of that committee was Mr Ewing formerly of the Treasury.

There has arisen what can only be regarded as an extremely peculiar situation in that a person advising the Government in this way and who sat on this committee of inquiry has now been asked to rewrite the State land taxation laws and the recommendations of that committee are being completely ignored. Why is that so?

The Government gave a promise to all citizens; not only to those who paid land tax but also to those who paid rates, many of whom are in a very serious situation because of it. Because of increasing values or the fact that they are on pensions and property values around them have risen, they are in a very difficult situation through no fault of their own. Why has some attempt not been made to improve that situation, because the report recommended there should be different bases for valuation? The report recommended there should be a central valuation authority and that valuations should then be laid

down on different bases. If the Government thought the recommendations had value that sort of arrangement could have been written into this Bill. Why has it not been done? Why has this report been ignored? I think the Parliament and the public deserve some sort of answer along those lines.

In his second reading speech the Minister said that one purpose of the legislation was to—

... update archaic legislation, correct anomalies and remove the relatively high unimproved scale.

Why did not he then say in this speech that that was also part of the Liberal Party's policy when it became part of the Government? The Minister made it quite clear that the first portion, which refers to the 2.02 hectares under the family home, was an item in the party's policy and was made for the second portion which dealt with the higher taxing scales on the unimproved scale. Was the Liberal Party ashamed to say that that was in its policy, or did it simply wish to draw attention away from the recommendations of the report on this subject?

As indicated by the Hon. Grace Vaughan, the members of the Australian Labor Party support the principle of this legislation. We think it is a sensible move. During the period of the Tonkin Government I urged that something should be done about the unimproved scales as related to developers. After that change was made to the legislation it became quite clear to me that serious problems were arising because of it, particularly in my own electorate. A prominent builder in my electorate spoke to me; he is a supporter of the Liberal Party and did not vote for me, but I listened to his problems. I believe there was good sense in what he was saying because higher taxes were being passed on to the purchasers of the land. The more serious effect was that developers were delaying development and the flow of new blocks onto the market to avoid these higher rates of tax. That was not a good thing for people moving into my electorate who wished to buy new blocks of land.

I also believe, not only because my party supports it but also because I have had some experience of it, that the move to have one scale to remove high unimproved values was a good thing. Members will recall that several years ago this was instituted because of the very great speculation that was taking place. Under the former Liberal-Country Party Government that speculation in land had been allowed to grow to such large proportions that it had become a serious problem in the community. The Government thought it would cure the problem in this way. I do not know whether it cured the problem because, like a lot of land booms, that boom burst and cured itself. We have had the aftermath of that boom in this legislation.



Mr Heitman keeps telling us that wheat quotas were brought in to deal with a particular situation and have long outlived their usefulness. Higher scales on unimproved land are a similar sort of proposition.

The taxing scales are not the only things that influence the amount of tax or rates that people pay. In the end the valuation of a property determines whether one will pay a large bill or a smaller bill. If we are trying to assist people we should look very carefully at the system under which we adopt valuations. If this Bill has a fault, I would say that this is where it lies. There could have been more careful consideration of the recommendations of the committee of inquiry into rates and taxes to see in what other ways the recommendations could have been implemented to bring about a change not only in land tax but also in local government rating.

I should like to make several other comments about the Minister's speech; Mr Wordsworth has touched on them. I thought his remarks showed that he has a great concern and interest in the implementation of land tax. It may be that he has a personal problem with it. However, he analysed the provisions of the Bill in some detail.

The Minister might like to comment on part of his speech which I shall quote in a moment, because I have been asking questions about the matter. As it appears in his speech, I see no reason why I should not also make reference to it. In talking of the costs to the developer he said—

In addition, there is often no indication when the Metropolitan Water Supply, Sewerage and Drainage Board will be able to extend the sewerage system to service the land concerned.

Why on earth is that so? I received an answer today in respect of a question concerning an area in Wembley Downs and asking whether that is to be done and when it is to be done. Works are going on at the moment; in fact, some are near my own home. The local people see that an area has been reticulated for sewerage but their area has been left behind. Why is this so? Why cannot we be told, for example, that it is not being done now but an order of priorities has been set and the matter will come up in the next allocation of funds, or the one after that? They simply want to know whether the matter will come up within the next year or two or in 10 or 12 years so that they can plan what they will do to their own properties. If it is going to be 10 or 15 years before it gets there they can make other arrangements. If they want to make additions to their homes they will have to avoid the areas in which new wells will be installed.

This matter does not concern the Bill particularly but the Minister made reference to it and I should like an answer, just

as the people in my electorate want an answer. Other people from Karrinyup have come to me with the same sort of problem.

They ask, "when will the sewerage be established in our particular location? Will it be next year or in five, 10, or 15 years' time? That is all we want to know so that we can make plans about additions to our homes?" This might not seem of great concern to the Government, but it is to the individuals involved.

The Minister went on to talk of some of the problems involved in the assessment and referred to the fact that if a lot is cleared before the 30th June, that lot will attract a higher valuation. He did not refer to the converse where the developers make sure they have as little unimproved subdivided land as possible at the 30th June in order to avoid taxation. That is the sort of thing which occurs. We hope that with the implementation of the single scale such people will feel it is possible to develop on a continuing programme rather than a seasonal one.

I mentioned that it is not so much the different scales which are the evil; it was not the high unimproved scale which caused land speculation. The land speculation was the evil, not the higher scale, and it was because of the land speculation that the higher scale was introduced. While this higher scale is to be eliminated, the Bill will not remove the possibility that there could be renewed speculation. That is something of which the Government should be aware. In making the change it has not provided the cure for the problem.

I do not wish to labour the matter too much. A reasonable debate on the legislation has already ensued, but I have one or two items with which I wish to deal.

In talking of the changes, the Minister gave some examples of what was presently occurring, and he said—

Another example is 14 hectares of urban land valued at \$94 500 which is owned by a syndicate but leased to one member who uses it in a minor way for grazing purposes. This syndicate is thus avoiding tax of \$1 272 each year.

Under the Bill before the House, it is proposed that the exemption be restricted to genuine primary producer owners; that is, owners who derive at least one-third of their income from a defined activity of primary production.

Perhaps when he replies the Minister might indicate whether this applies also to people who are leasing land. Are they regarded as the owners for the purposes of the legislation? The new provision will not prevent abuse because being what they are people will constantly search and find loopholes in legislation. All the Government is hoping is that fewer loopholes will be available.

Following on from there, the Minister said—

The foregoing limitation is to apply only to land which is located in the metropolitan region, or falls within the boundaries of an approved town planning scheme. In addition, where the owners are companies, and those companies are related, such as holding and subsidiary companies, they will be treated as one owner for the purposes of this income test.

What I would like to know in respect of subsidiary companies is how the information will be gained as to whether a company is a subsidiary company. Will the information be requested on the land tax return or will there be a total search made? If we are to depend simply on the return then the department will be relying on such information the taxpayers decide they will give.

The Hon. N. McNeill: The information they declare.

The Hon. R. F. CLAUGHTON: That is right. The Minister stated that holding and subsidiary companies would be lumped together for the purposes of income. If the return gives the name of only the subsidiary company how will the department know whether this is right? Will a search be made of the Companies Office and the Titles Office? I can see that a considerable amount of this activity will have to continue because of the need to check on all information. Will the department be doing anything less under the new system than under the present one? Perhaps the Minister will make some comment about that.

With regard to the discretion to be given to the commissioner, I believe the commissioner would prefer the legislation to be clear cut without any discretion being granted him at all. However, that may be too much of an assumption on my part. The fact is that the provision will leave the officers open to pressure and that could cause as many problems as exist under the present system.

Most of us have a fairly high regard for public servants, but we should be wary of putting them in a situation where they may be subjected to unfair pressures. That will be the situation which will be created under the legislation. I think the Government's intention is honest in that it is trying to give some flexibility, but only experience will reveal whether it is a system which can be continued.

Mr Wordsworth referred to the number of people who submit returns. I am a little mystified on this point, and I would like some clarification on it. The Minister said—

Under the existing and the proposed legislation, there are about only 50 000 taxpayers out of a total of

300 000 land holders who own taxable land, and who will be required to furnish annual returns.

The question I ask is: Are reminder notices to be issued by the Taxation Department or will the situation be the same as it is with income tax? In that instance people know that when the 30th June is reached it is time for them to furnish a return. What will be the arrangement? How will a determination be made of how many and which people are defaulting? Is there to be some sort of search to look for tax avoiders or will the system be highly computerised and be gradually built up? Will it mean that when a person acquires a new property a new interest will be taken in him and his name will pop out of a box? Will the officers realise that he should be sending in a return shortly and therefore keep a watch for it? We would like some information on this aspect. About the 50 000 taxpayers, the Minister continues—

Most of these people—about 75 per cent of them—already submit returns each year, because of changes in land ownership. Therefore, there will not be any great change or problems presented to taxpayers in this State.

How will this be known? Will it be because at this time only a check will be kept on those particular people? How will the count be made? As Mr Wordsworth said, the 75 per cent represents approximately 28 000. How do we know they are the same people or whether they are different people? This is not a significant point, but it has mystified me and I would like the Minister to clarify it.

With those words I support the Bill.

**THE HON. N. McNEILL** (Lower West—Minister for Justice) [5.56 p.m.]: I wish to refer to at least one item Mr Cloughton raised, and the others I will leave to a later stage in order that I may provide him with information appropriate to his queries.

He commenced his remarks with what I would regard as a criticism of the legislation in that he asked why, in its preparation, the Government had apparently ignored the recommendations of the committee of inquiry into rates and taxes. The fact of the matter is that the Government has not ignored the recommendations of that committee of inquiry. With reference to the imposition of a tax on all land including land on which are established houses or farms, the Government has not been prepared to accept that recommendation. It has not ignored the recommendation. It has had regard for it, but has chosen not to adopt it.

Mr Wordsworth commented that the Government had chosen not to impose a tax in respect of houses and farms bearing in mind—and I place some emphasis

on this again—the commitment the Government made prior to the last election. At least Mr Claughton was good enough to acknowledge that this legislation does in fact honour the commitment made by the Government.

Mr Claughton expressed some pleasure about the legislation, although he has qualified that pleasure in a number of instances. Actually he has really raised queries. He has expressed support—as have other members—first of all for the nature of the legislation and then for the principle it embodies. Most of those who have spoken on the legislation—and there have been quite a number—have expressed support for the detail it contains.

*Sitting suspended from 6.00 to 7.30 p.m.*

The Hon. N. McNEILL: Prior to the tea suspension I was devoting some remarks to the comments made and the queries raised by Mr Claughton. However, I think it would be more appropriate now if I were to give some detailed attention to the matters raised by other members, and to give information which I am able to supply so that it will be available for the record. I think the matters raised deserve to be answered, and I have had material prepared in relation to them. With your indulgence, Sir, I would like to refer to these matters in the manner in which the material has been prepared for me.

I do not think it is necessary for me to cover the ground that has been canvassed by members who generally supported the Bill. I must acknowledge, as I have done previously, the amount of support given to this legislation. This is very different legislation; it is important legislation. It is important not only because it implements an important election promise, but also because it provides for a completely new system of land tax assessment in Western Australia. To that extent I think it is deserving of the remarks directed to it. In fact, I may go a little further and echo the sentiments expressed by Mr Wordsworth when he said he felt that perhaps too little attention had been given to the legislation by members of Parliament.

Perhaps I should commence by commenting on the matters raised by the Hon. Ron Thompson. He raised some specific items which are deserving of comment. He referred particularly to people in the Jandakot area who have sizable blocks of land which they are using for the purpose of grazing, and he expressed some concern as to whether they would be liable for land tax. I take the opportunity to draw the attention of the member to the statement made by the Premier and Treasurer which has been circulated, and which sets out the guidelines under which the commissioner will exercise his discretion.

In that statement it was made clear that the commissioner will exercise his discretion for exemptions with sympathy in the interests of the taxpayer. Where the

land is and has been used for genuine primary production, and although it may not meet the income test, in cases where subdivision is prohibited the commissioner is prepared to give consideration to providing an exemption. I must point out that in no way is this to be interpreted to mean that an exemption will be granted in every case; it simply means that each case will be judged on its merits and dealt with sympathetically.

I interpose here to point out that I think it was Mr Claughton who said that perhaps the Commissioner of State Taxation would prefer to have some clear-cut directions. This is acknowledged; in fact the Treasurer initially made an observation that it is desirable to have the law completely clear-cut, because the exercise of discretion, particularly by Commissioners of Taxation, is a sensitive area. Nevertheless, in a case such as land tax where there have been many anomalous situations it is not such an unreasonable thing to allow discretion.

The Hon. R. F. Claughton: I think he was referring to it more in connection with the taxpayer rather than the administrator, or he might have referred to both.

The Hon. N. McNEILL: I am talking about the exercise of discretion where the discretion is not specifically recited in the legislation itself, and this can be very difficult. I think Mr Claughton referred to some pressures that could be brought to bear on the commissioner. We ought to recognise and acknowledge that an officer such as the Commissioner of State Taxation is fairly resistant to pressure, and if he exercises the discretion given to him in such a way that it gives rise to further anomalies, then I believe we can take great comfort in the status of the office itself.

The Hon. R. F. Claughton: My own experience is that it is very resistant to pressure.

The Hon. N. McNEILL: I am sure members will acknowledge that Commissioners of State Taxation, and other commissioners in other areas of jurisdiction, have not always been known to exercise discretion in favour of the taxpayer, and in this case it is comforting to know that the exercise of discretion will be in favour of the taxpayer. I think it is a considerable achievement that we have such a situation in this legislation. Perhaps it is not spelt out in the legislation in as much detail as it was spelt out in the second reading speech or in the guidelines which have been circulated; nevertheless, those in themselves are sufficient for the record and I am sure they will be a great comfort to the taxpayer or the potential taxpayer.

I would say that where people are currently paying tax it would be unlikely they would qualify for exemption under the proposed law because—and this is continuing the remarks I was making a little

earlier—the proposals have not changed the positions of those people in respect of liability to tax.

People who are paying land tax now and who are residing on the property and cannot obtain approval to subdivide—this was a critical factor in some of the discussions—will receive a reduction in land tax, because 2.02 hectares of their land will be subject to exemption, and the value of this area will not aggregate with the value of the balance of the land, for taxation purposes.

Mr Thompson raised the situation of a person owning a disused quarry; the land could not be subdivided, or used for primary production. The commissioner has advised me that inability to subdivide, and poor quality of soil certainly would be taken into account when making a valuation.

While on the subject of valuations, I draw attention to the fact that where a taxpayer is dissatisfied with the value placed on his land by the commissioner, he has the right to object to this valuation, which will result in the commissioner re-examining the assessment, and making any adjustment that is thought warranted. If the taxpayer still is dissatisfied with the commissioner's determination, he has the right to appeal to an independent tribunal, the decision of which is binding on both the commissioner and the taxpayer. I believe that has some relevance to the reservations expressed by Mr Wordsworth.

The last matter raised by Mr Thompson related to land owned by Mr Hedges-Dale. I believe Mr Thompson would agree that this is a town planning matter. I believe this gentleman is continuing to make representations to the appropriate authorities in his endeavour to get approval to subdivide his land.

Although the issue is not a taxation matter, if the person to whom Mr Thompson referred is in serious financial difficulties in regard to the payment of land tax, under clause 38 of the Bill the commissioner has the power to defer the payment, or make other arrangements which will alleviate the hardship. I do not think we can go very much further than that.

The Hon. R. Thompson: For a number of years this person has tried to do something with his land and has been rejected each time he approached the authorities. The department concerned should look at this case to see what can be done.

The Hon. N. McNEILL: I believe Mr Thompson's remarks will have some effect in that direction. While expressing general satisfaction with the Bill, the Hon. Grace Vaughan referred to two matters which did not meet with her approval; namely, the proposal to tax certain lands owned by universities and tertiary educational institutions and the proposal to abolish the exemption given to land owned by persons in receipt of social security payments.

In regard to taxing land owned by universities, it should be borne in mind that other charitable and worthy bodies have been paying land tax for many years on certain of their improved properties, because they have entered into competition with ordinary commercial enterprises.

The Hon. R. F. Claughton: I do not think she raised objection of that kind—not where the land is actually being used for commercial purposes.

The Hon. N. McNEILL: I believe the point I am making has relevance, and it is necessary to provide this information as part of the background reasoning for these proposals. The university has entered this field, as well we know, and it seems not unreasonable that it should be subject to exactly the same condition.

In addition, the Hon. Grace Vaughan claimed we were imposing double standards by providing for a tax at half the rate on developed university properties and tax at the full rate on university properties which had not been developed. To clarify this matter, I point out that the only university properties which will be subject to land tax from the beginning of the next financial year will be those of a commercial character—in other words, land containing buildings leased to tenants engaged in commercial activities. In that case, the university would be able to recover from the tenants whatever tax is paid.

However, in the case of university land and buildings which are used for the university's own purpose—for teaching and recreational purposes, and to accommodate staff and students—no tax will be applied. In an amendment which I will move in the Committee stage, the law will be made quite clear.

In other words, the claimed loss of income which the Hon. Grace Vaughan said would be sustained by the universities is not supported by the commissioner; he informs me that the amount will be considerably less than that quoted by the honourable member. Understandably, the commissioner cannot commit himself to a precise figure at this stage because he will need to ensure that all the information currently available is complete and before him before he can provide such an answer. Nevertheless, he assures me it will be considerably less than that suggested by the honourable member, and should be recoverable from the tenants.

Reference was made by the Hon. Grace Vaughan to the tax scales and the 50 per cent concession provision. Perhaps I should explain the reasoning behind that concession. The important thing to realise is that there is only one rating scale—a point noted in the Land Tax Bill passed by this House today.

For many years, charitable bodies already paying tax on leased commercial-type improved land have enjoyed a concessional

rate broadly equal to half the rate set down in the taxation legislation. All that has been done is to continue this policy.

In addition, the concessional rate gives some broad comparability to the commercial tenants who lease land from the Crown or local authorities. In the case of the latter, the tenant is taxed direct, the explanation for which was provided in my second reading speech; namely, there is no aggregation, and the amount payable consequently is lower.

I do not see the granting of a concession for improved commercial land held by charitable bodies as imposing a double standard.

The Hon. R. F. Claughton: I think the Hon. Grace Vaughan's remarks were in respect of vacant land, not commercial land.

The Hon. N. McNEILL: I mentioned I believed it necessary to give the whole story, and not select just the item of vacant land, because the question raised in discussions which took place involved the availability and source of revenue to the university.

As I mentioned, land held by the university and used for commercial purposes will be taxed at the full rate, as is land held by other developers for the same purpose. However, in the case of vacant university-owned land, no tax will be applied. The land may be vacant because certain agricultural experiments are taking place; it may be reserved for future university extension or for establishing accommodation or recreational facilities. Such land will not be taxed. However, the university will be required to notify the commissioner of such land.

It is necessary that we include a provision for back taxing for five years, otherwise it would be a simple matter to defeat the legislation.

The Hon. Grace Vaughan compared the position of the university and other bodies which will now find themselves having to pay tax on unimproved land which is held for investment or development, with the position of primary producers. Quite clearly, the law now exempts and will in the future exempt primary producers. I emphasise that point because of the additional remarks made by Mr Wordsworth; this is a policy matter for which explanations have been given.

The Hon. R. F. Claughton: If these charitable bodies and the universities are to pay tax only on lands used for commercial purposes, will not they say that all their land is for future university use? Would it not be more sensible to say that if in five, 10 or 15 years' time the land which has been set aside for the university's use is used for commercial purposes, five years' back taxes must be paid? Would it not be better to have just the one provision, instead of the two which you have now?

The Hon. N. McNEILL: Except, of course, that there may be two different purposes for the same land. I believe that every endeavour has been made to provide for the different circumstances which may apply. I take Mr Claughton's inquiry as being a genuine one, but I do not see any great disability arising from adopting the procedure laid down in the legislation. I think there is justification for the consideration of the two procedures for obtaining the tax on the land, depending on its use.

The Hon. R. F. Claughton: You are asking the bodies to declare what the future use will be.

The Hon. N. McNEILL: They are given the opportunity to do that.

The Hon. R. F. Claughton: They may decide to change the use.

The Hon. N. McNEILL: If they do that they will be subject to a different condition.

To return to the question of the primary producer, because a comparison has been drawn which I do not regard to be valid, I should point out that if a primary producer sells his farm to someone else to carry on primary production the exemption will continue, but if a primary producer sells his land to another person and that person ceases to carry on any primary production on the land and utilises it for some other purpose, then quite obviously the exemption will cease because it is no longer land used for primary production. The same position will arise if a primary producer ceases to use his land for primary production.

One can hardly say that the land is given exemption because it was reserved for primary production, as it will only gain exemption if it is actually so used and, therefore, when it is no longer used for primary production and the exemption ceases from the date this occurs, one could not back-tax for five years because it would have qualified for exemption in that period, as applied in the case of the university.

The comparison having been made, I repeat that the position is quite different from land owned by the university which is reserved for an exempt purpose but not currently used for that purpose, and finally is used for a non-exempt purpose to that of land which has been used for an exempt purpose and then ceases to be so used.

In respect of the unimproved land held by the university or any other charitable body which now come within the provisions of the proposed law, I point out that no tax will be levied for the first two years. Therefore, there will be no payment of any kind to the commissioner on this vacant land until two years have elapsed.

The purpose behind this provision is to allow these bodies to adjust their affairs, if they so desire, so that they will not find themselves liable to land tax assessments.

Mrs Vaughan claimed that the land tax which is levied on such land will no doubt find its way into the price. I do not disagree with that. However, I would point out that what is really happening is that again the university and other bodies which carry out this operation are simply entering the development field in competition with commercial development companies, and it will place no greater burden on that land than any other land which is being developed for urban purposes in the State.

The honourable member also mentioned that the Government had not consulted with the university before bringing in this legislation. I think the honourable member would be aware that Governments do not consult with groups or individuals in bringing forward taxation legislation. It must be accepted that the nature of taxation legislation is such that it cannot be discussed in detail with people who may be affected, or who may have some special interest in it.

However, I draw attention to the fact that the legislation was introduced into Parliament on the 1st of April and over a month was allowed to elapse before the Bill proceeded any further through Parliament.

This was quite a deliberate policy of the Government to allow full study of the legislation and to permit any individuals or groups, who felt that the proposed law contained some anomaly which had been overlooked, to make representations; and a number of representations were made.

The results of these representations are set out in the statement relating to the application of the commissioner's discretion.

So far as the University of Western Australia was concerned representations were made, in one case direct to the commissioner and in another case through the Treasurer, who arranged for a deputation from the university to meet with the commissioner.

At that deputation the commissioner fully explained the provisions which I have briefly detailed here, and also assured the representatives of the university of his sympathetic consideration of any financial problems which may ensue as a result of the introduction of tax on certain of their lands.

I draw attention to the provisions in clause 38 of the Bill. This clause permits the commissioner to defer for short periods, or indefinitely, tax assessments. It also empowers him to waive any interest imposed, should the circumstances warrant this being done.

The representatives of the university did explain that it is possible that because of certain difficulties in subdividing and selling certain land they may encounter temporary difficulty in meeting the assessments.

The commissioner has already assured them that he is prepared in these circumstances to defer the tax until the sales take place. This then will relieve the university or, for that matter, any other body in a similar position, from the immediate financial problem.

In summary, the only tax which will be levied on the university and similar bodies is in situations where those bodies enter into active commercial competition with private businesses and others who are in the same field.

I now make some reference to the question of social security payments and to the people who are in receipt of such payments. I will recite what has already been said, and I hope in doing that my comments will not prove to be tedious in any respect. This matter is of some importance.

When the exemption for persons in receipt of social security payments was originally placed in the law, there was a very strict means test and those in receipt of such payments only owned the land on which their home was erected.

Quite properly it was deemed appropriate that because of the low level of their income and total dependence on social security payment, they should not be called upon to pay tax on the land on which they lived, as in those days everyone paid on the land on which their home was erected.

Under the provisions of this Bill no-one will pay land tax on the land on which their home is erected, and this includes persons in receipt of social security payments.

Secondly, and perhaps more importantly, is the fact that the means test has already been eased and promises have been made by various Federal Governments that the long-term objective is to remove the means test completely.

This then explains what I meant when I said that in due course, subject to this means test being removed completely, all persons other than corporate bodies which, of course, can never qualify for social security payments, ultimately will be exempt from land tax and I would point out that, under the existing law, this exemption extends to every piece of land they own.

We already have the ludicrous position of two or three people who have reached the mature age to which the honourable member referred, and who hold land valued at six figures and are currently making no contribution to land tax because of the existing exemption in the law.

Therefore, the provisions in the Bill protect the persons who are solely reliant on social security payments for their income, but require others who have income vastly in excess of any social security payments for which they may qualify to meet the land tax levied on the land they own, other than that on which their homes are erected.

Perhaps I should direct attention to the explanation of the use of the commissioner's discretion which is detailed in the paper circulated to each member. On pages 3 and 4 are set out the ways in which the commissioner will use his discretion sympathetically for persons in receipt of social security payments.

A case has been mentioned where a person in receipt of social security payments, entirely dependent on this source of finance for his income, is residing on land which is a little over 4 hectares or 10 acres in area. The person has his home erected on this block and has no prospect of subdividing. In a case of this kind, the commissioner will apply his discretion to exempt the whole of the land concerned.

Another point raised by the honourable member was the matter of persons having to forward annually a return to the commissioner detailing the land which they own.

I do not propose to reiterate what I have already said in the second reading speech, but I would like to make it clear that the present law requires an annual return and, therefore, the law has not been changed but the administrative process is being changed, because in the past it was only persons who disposed of or acquired land who were asked to file returns with the Department.

Other references have been made to this. I would point out again that in my second reading speech I referred to the fact that 75 per cent of approximately 50 000 taxpayers now do file annual returns. Of course, the persons from whom the commissioner will require returns are only those with taxable land.

Mrs Vaughan suggested that the commissioner should cease to hold extensive land records because he could get co-operation from the land registering authorities, namely, the Titles Office and the Lands Department. This co-operation, of course, is there at the present time and the commissioner does get information from these bodies, but much of the information is not suitable for land tax purposes as many lots of taxable land are sold under contract of sale, of which there is no record of any kind in the Titles Office or Lands Department.

Consequently it is necessary, so as to reduce the work load of holding extensive records for land tax purposes, to require taxpayers, the majority of whom are already doing so, to file annual returns.

As explained, it is the commissioner's intention, as soon as the system has settled down, to require merely a tick in a box on an appropriate return where the taxpayer has had no change in his land holdings during the year.

I think reference was made to the cost of postage for land tax returns, but the commissioner is not involved in that.

The Hon. R. F. Claughton: What is the procedure to be adopted to check returns? The new system relies on returns being lodged.

The Hon. N. McNEILL: The whole system depends on the lodgment of returns. In order to have a proper understanding of the system and to ensure that it works effectively, it is necessary to have a basis where all returns are lodged. Once such a basis for the lodgment of returns has been established, the efficient and effective operation within the office will be assured.

The Hon. R. F. Claughton: In regard to the new taxpayers who will be liable for the payment of tax, what is the process to be adopted for checking their returns?

The Hon. N. McNEILL: I cannot specify what the administrative process will be. I think I can say this: all the basic returns would be on hand. It is not intended to impose the same burden on the officers of the Taxation Department as is necessary now, when only a certain number of returns are submitted and when there is a duty imposed on the department and its officers to satisfy themselves that all returns are submitted. In addition they have to satisfy themselves that the ones submitted are correct returns.

One of the reasons for this process to be adopted is that the department did not have this basis available. I can make a comparison with the income tax system, under which everyone in receipt of income of a certain level is required to lodge a return each year. We all know our income tax file number, and I suppose most members remember theirs. This is a continuing system, and is the basis of the system. The operation of that system ensures a continuing record to the Taxation Department, whether it relates to income tax or land tax. This will facilitate the administrative functioning of the system.

The Hon. R. F. Claughton: There are now 50 000 people paying land tax, and at least 250 000 who do not. Of the 250 000 who are not lodging returns, how is a check to be made? Surely you will not work on the existing 50 000 who now pay land tax, and not worry about the others!

The Hon. N. McNEILL: Is this any different from any other system dealing with tax returns? I do not know what the administrative procedure will be, but this is a problem which confronts all tax administration authorities.

The provision will ensure the commissioner will be up with those people coming into the taxable field. It will be they who will bear the liability for tax, and surely that is one of the constant problems. The matter of administering the law will be lessened by virtue of the fact that instead of the loose system which operated in the past, which simply relied on people putting in a return if there was a land transaction—a system which is far more loose than is proposed here—in my belief it will be made far easier to provide for the investigation or inspection—whatever the appropriate word—to ensure that those who are liable for tax will pay it. The position will be facilitated.

The Hon. G. E. Masters: Those who do not pay will be eventually caught up and, I should imagine, they would be liable for back charges.

The Hon. N. McNEILL: That is right. One of the reasons for people sending in returns is that they are scared of the penalties. Perhaps that is not the best philosophy, but it is fairly effective. I have no doubt that the same principle will apply.

I had referred to the obtaining of information and to the non-availability of the type of records from the Lands Department or the Titles Office. I added that as a consequence the work load will be reduced by loading onto the taxpayers—the majority of whom are doing this—the responsibility for compiling annual returns. So, having to put a little tick in a little box after a period of time will certainly make it a fairly simplified operation for the taxpayer for whom there has been no change in the land situation during the preceding year.

With regard to postage, the commissioner will not be involved because the forms will continue to be available through post offices and similar offices.

The Hon. Grace Vaughan proposed that we should ensure a constant policing of the exercise to make sure there is an actual saving in administrative costs. Certainly, a saving in administrative costs is one of the objectives, and I think that saving will be obvious to members in this House in due course from the annual reports. I have no doubt members will give attention to the reports to see whether the objective is achieved. However, I cannot see that I, as Minister, will be able to give personal supervision. I want to say again, lest there be a wrong impression created, it is not anticipated there will be a large reduction in costs when this Bill is passed, because in the estimation of the commissioner it will take at least two years for the system to settle down, and it will probably take further time to place the whole system on data processing. Once that occurs there will be a far better opportunity for a significant reduction in costs.

I have taken some time in providing explanations because the questions raised were sufficient to warrant such lengthy explanations. I hope the queries have been answered satisfactorily.

Perhaps I could give a few moments to some of the matters raised by Mr Wordsworth. If I recall correctly, he did not refer to items specifically as did the Hon. Grace Vaughan or the Hon. Ron Thompson. He spoke more about the general proposition of the application of land tax and he referred to a number of items and asked for some explanations. One question of general public interest was with regard to the frequency of lodging land tax returns.

Clause 24 requires the lodgement of annual returns within 30 days of the end of a financial year. If a taxpayer has several dealings during the year he lodges only one return at the end of the year. Clause 24 will not change the substance of the existing law because section 33 of the present Act requires a person to furnish returns as the commissioner directs. Those who will be required to submit returns currently number about 50 000. A person who owns only a block of land on which his home is situated, or who is a farmer, will not have to submit a return unless he holds other taxable land.

Mr Wordsworth also mentioned the right of the commissioner to obtain information about a taxpayer's affairs. The powers of the commissioner will be the same as those which have existed for many years. They will be incorporated in this Bill. I draw attention to the provisions which bind the commissioner and his officers, under prescribed penalties, to use the information only for taxation purposes. That restriction must be written in to this type of legislation, and penalties are provided for any infringements in that respect.

Mr Wordsworth also mentioned specifically the references to forestry contained in the Bill, and to the exemption of primary producers in the schedule. The schedule is only a convenient device for bringing all the exemptions together. The forestry provision is a concession and not an exemption. I had pointed out that if the Bill becomes law the schedule cannot be amended without its being brought to Parliament. I think members are well aware of that provision.

The honourable member also raised the point concerning the action of a previous Federal Government involving certain land tax for income tax purposes. I suppose I can sympathise with the resultant increase such a person would have to pay but, in fact, the question concerns a matter of Commonwealth taxation law over which the States have no control. It does not have much relevance to the land tax law.

I trust I have answered some of the queries raised, if not, all of them. I am sure members will take advantage of the



Committee stage to raise any other issues. I am aware that I have taken some little time in replying to the debate, but I felt it was necessary because this is very important legislation. If my comments mean a better understanding by the people of the State then I think the time has been well spent.

Question put and passed.

Bill read a second time.

### *In Committee*

The Chairman of Committees (the Hon. J. Heitman) in the Chair; the Hon. N. McNeill (Minister for Justice) in charge of the Bill.

Clauses 1 to 8 put and passed.

Clause 9: Other powers of inspection—

The Hon. D. J. WORDSWORTH: I did raise the matter of discretionary powers with regard to penalties. Would the Ministers comment on the fact that there is a penalty of \$500, and also a penalty of \$1 000?

The Hon. N. McNEILL: I assume the honourable member is referring to the differences in the penalties proposed. It is my intention to move an amendment to clause 10 to bring the figure of \$1 000 back to \$500.

The Hon. D. J. WORDSWORTH: I was not necessarily worried about the amount of the penalty, but whether the \$500 was the minimum or the maximum penalty. Will the person administering the Act have any option to impose a lesser penalty?

The Hon. N. McNEILL: The commissioner will not impose the fine of \$500. The penalty will be imposed by a court.

The Hon. D. J. WORDSWORTH: In other words, it can be read as being up to \$500?

The Hon. N. McNeill: Yes:

The Hon. D. J. WORDSWORTH: Later in the Bill there is different terminology, so I presumed there was a difference. I well remember that a farmer friend of mine in Esperance burnt off a reserve of three or four acres in the middle of his property. He was summoned before a magistrate for setting fire to Crown land unlawfully. He explained the situation, and the hazard which the reserve caused by endangering the whole of his investment and although the magistrate agreed, he said he was sorry but the law was written in such a way that a penalty had to be imposed. I presumed the penalty provisions in the measure now before us were written in the same way and that is why I asked the question.

The CHAIRMAN: I think you will find this covered in section 29 of the Interpretations Act.

Clause put and passed.

Clause 10: Attendance and giving evidence—

The Hon. N. McNEILL: I have already referred briefly to this matter and members will see that an amendment appears in my name on the notice paper. I move an amendment—

Page 9—Delete subclause (3).

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 11 to 62 put and passed.  
Schedule—

The Hon. N. McNEILL: The Committee will be aware that I have a number of amendments on the notice paper relating to the schedule. Some of these are machinery and consequential amendments. I have already referred to the fact that a number of educational establishments and the university have been somewhat concerned about certain provisions in the schedule. The view has been expressed that the details which provide for exemption are not as clear as they perhaps could be. In fact, it has been claimed that the land on which these institutions are erected may not be covered by the exemption provisions presently in the Bill. It is our belief that the provisions are adequate, but as no harm will be done by amending them, it gives us an opportunity for better understanding, and it will create an impression of goodwill to ensure that the provisions are clear. I hope that the amendments will make the provisions abundantly clear and that the exemptions will be available to these institutions. I move an amendment—

Page 42, line 13 of paragraph (a) of clause 3—Delete the word "or".

Amendment put and passed.

The schedule was further amended, on motions by the Hon. N. McNeill as follows—

Page 42, line 15 of paragraph (a) of clause 3—Delete the expression "1973," and substitute the following—  
"1973;

- (V) any *bona fide* educational institution not carried on for the purpose of private profit or gain; or
- (VI) any college, hostel, or hall of residence, that is affiliated with any one of the bodies or institutions specified in items (I) to (V) both inclusive of this subparagraph, that has as its objects the provision of residence or education and residence of enrolled students of such a body or institution, and that is not carried on for the purpose of private profit or gain."

Page 42, line 19 of paragraph (a) of clause 3—Insert after the word "body" the passage—", institution, college, hostel, or hall of residence, as the case may be,".

Page 42, line 21 of paragraph (a) of clause 3—Delete the words "any of the bodies" and substitute the passage—"such a body, institution, college, hostel, or hall of residence as is".

Page 42, line 3 of paragraph (b) of clause 3—Delete the words "for any one of the bodies" and substitute the word "as".

Page 43, line 2 of subparagraph (iii) of paragraph (b) of clause 3—Delete the words "for any one of the bodies" and substitute the word "as".

The Hon. N. McNEILL: The next amendment relates to the other matter which has been the subject of some further representations and clarification; that is, where the land on which the family home is built is held in the name of natural persons and family companies.

During the debate reference was made to cases where a home is owned by natural persons, natural persons jointly, or by a family company, where all the shareholders reside in the home. These are already covered under clause 9 of the schedule. Attention has been directed to the cases where homes are owned as tenants in common as to one half share by a wife and a half share by a family company. In these cases there is doubt whether exemption is available as the Bill is drafted. It is therefore proposed to ensure some exemption is granted in these cases. The proposed amendment will provide a partial exemption proportionate to the ownership of family members who hold a share in the land on which the home is erected and who hold that land in conjunction with the family company. It is also to provide full exemption as provided for the family company situation now in the Bill, if all the shareholders also reside in the home.

The first amendment in the previous set of amendments I moved is a machinery amendment to allow the subsequent insertion of the major amendments to follow. I move—

Page 44, line 12 of paragraph (a) of clause 9—Delete the word "or".

Amendment put and passed.

The schedule was further amended, on motions by the Hon. N. McNeill as follows—

Page 44, line 18 of paragraph (a) of clause 9—Delete the passage "residence." and substitute the following—"residence; or

(iv) the owners of which are a natural person, or natural persons, and an exempt proprietary company within the meaning of the Companies

Act, 1961, and which is used by the natural person or natural persons solely or principally as his or their ordinary place of residence."

Page 44, line 1 of paragraph (b) of clause 9—Delete the word "Qualification" and substitute the word "Qualifications".

Page 44, line 2 of paragraph (b) of clause 9—Insert the subparagraph designation (i) before the word "Where".

Page 44, at the end of paragraph (b) of clause 9—Add a new subparagraph as follows—

(ii) The exemption specified in subparagraph (iv) of paragraph (a) of this clause applies only to the interest of the natural person or persons in the land unless the land is also used by all persons who have any share in the capital of the exempt proprietary company solely or principally as their ordinary place of residence, in which case the exemption applies to the whole of the land.

Page 45, line 1 of paragraph (b) of clause 10—Delete the word "Qualification" and substitute the word "Qualifications".

Page 45, line 5 of paragraph (b) of clause 10—Delete the word "qualification" and substitute the word "qualifications".

Page 45, line 1 of paragraph (b) of clause 11—Delete the word "Qualification" and substitute the word "Qualifications".

Page 45, line 3 of paragraph (b) of clause 11—Delete the word "qualification" and substitute the word "qualifications".

Schedule, as amended, put and passed.

Title put and passed.

Bill reported with amendments.

## BILLS (2): RECEIPT AND FIRST READING

1. Road Traffic Act Amendment Bill.

2. Government Railways Act Amendment Bill.

Bills received from the Assembly; and, on motions by the Hon. N. E. Baxter (Minister for Health), read a first time.

## ACTS AMENDMENT (PORT AND MARINE REGULATIONS) BILL

### Second Reading

Debate resumed from the 13th May.

THE HON. S. J. DELLAR (Lower North) [8.56 p.m.]: When I took the adjournment of the debate on this Bill I was not happy

with some of the provisions it contained or the method by which the regulations were to be invoked when the legislation was passed. However the Minister in another place did give a fairly reasonable explanation as to how this would be done.

Although I am not entirely 100 per cent behind the provisions of the Bill or the method by which the regulations are to be implemented, I see no reason to delay the passage of the measure and I support the second reading.

Question put and passed.

Bill read a second time.

*In Committee, etc.*

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

*House adjourned at 8.58 p.m.*

## Legislative Assembly

Tuesday, the 18th May, 1976

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

### CONDOLENCE

*Clerk Assistant of the Assembly  
(the late Mr P. N. Thornber)*

THE SPEAKER (Mr Hutchinson): It is with deep regret that I record the death on Friday last of Mr Philip Norman Thornber, Clerk Assistant of the Legislative Assembly.

I have conveyed the sincere sympathy of the members, officers and staff of this House to the bereaved family and now would like all to rise for a few moments' silence as a mark of respect and tribute.

Gentlemen, will you please rise.

Members rose in their places, standing in silence.

### CLERK ASSISTANT OF THE ASSEMBLY

*Acting Appointment*

THE SPEAKER (Mr Hutchinson): I have to announce that I have temporarily appointed Mr L. A. Hoff, officer of the Legislative Council, to be Acting Clerk Assistant for the next four weeks.

### ADDRESS-IN-REPLY

*Acknowledgment of Presentation to Governor*

THE SPEAKER (Mr Hutchinson): I have to announce that, accompanied by the member for Greenough (Mr Tubby), the member for Moore, (Mr Crane), and the member for Kalgoorlie (Mr T. D. Evans), I attended upon His Excellency the

Governor and presented the Address-in-Reply to His Excellency's Speech in opening Parliament. His Excellency has been pleased to reply in the following terms—

Mr Speaker and members of the Legislative Assembly: I thank you for your expressions of loyalty to Her Most Gracious Majesty the Queen, and for your Address-in-Reply to the Speech with which I opened Parliament.

### QUESTIONS (16): ON NOTICE

#### 1. EAST VICTORIA PARK SCHOOL

*Resiting*

Mr DAVIES, to the Minister representing the Minister for Education:

(1) Referring to question 30 of 7th October, 1975 regarding the future of East Victoria Park Primary School, as a repair and renovation is now being carried out, can it be assumed that the proposed development will not now proceed?

(2) If not, can the Minister advise the present position please, including the options held by the developers?

Mr GRAYDEN replied:

(1) and (2) Negotiations are still proceeding and no firm decisions have yet been made. As this has been the position for some time, the Education Department requested that the repair and renovation should be continued.

#### 2. DOG BILL AND ALSATIAN DOG ACT REPEAL BILL

*Objections*

Mr H. D. EVANS, to the Minister for Agriculture:

(1) Does the Agriculture Protection Board have any objections to the Dog Bill or the Alsatian Dog Act Repeal Bill which are currently before the House?

(2) If "Yes" what are the reasons for such objections?

(3) Does the Pastoralists and Graziers Association agree with the Bills referred to in (1), and if so, on what grounds?

Mr OLD replied:

(1) and (2) I understand the Agriculture Protection Board has not formally discussed the Dog Bill now before the House including the replacement of the Alsatian Dog Act by the provisions of clause 53 of the Bill.