

or by any fault of the navigation of the vessel, notwithstanding that the vessel was in charge of a pilot and that pilotage was compulsory, unless it is proved by the owner or by the master that the damage was caused by the negligence of the pilot.

The Act was made applicable to the harbours, jetties and works coming within the meaning of the Fremantle Harbour Trust Act, the Bunbury Harbour Board Act and the Jetties Act, 1926. The Commonwealth and the other State harbour authorities have passed similar legislation, except that the latter portion of the above section is omitted. The relative Commonwealth section is Section 43 of the Navigation (Maritime Conventions) Act, No. 49 of 1934, and it reads—

Notwithstanding anything contained in any Act or State Act, the owner or master of a vessel navigating under circumstances in which pilotage is compulsory shall be answerable for any loss or damage caused by the vessel or by any fault of the navigation of the vessel in the same manner as he would if pilotage were not compulsory.

For some time past the harbour board authorities have pressed for this State's legislation to be made uniform with that of the other States and of the Commonwealth. To achieve this, it is now desired to expunge from Section 2 of the Harbours and Jetties Act (No. 38 of 1928) the limitation reading—

... unless it is proved by the owner or by the master that the damage was caused by the negligence of the pilot.

The Act ensures payment by the master or owner of a vessel for damage caused by a vessel, notwithstanding the fact that it may be in charge of a compulsory pilot. The proposed amendment has little effect other than to achieve uniformity, as desired by the conference of Australian Harbour Authorities. I move—

That the Bill be now read a second time.

On motion by Hon. C. F. Baxter, debate adjourned.

House adjourned at 6.5 p.m.

Legislative Assembly.

Thursday, 26th September, 1940.

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

QUESTION—WORKERS' HOMES.

Loans for Additions, etc.

Mr. SAMPSON asked the Premier: 1, Are small loans for additions, renovations and other approved purposes, available under the Small Loans Scheme, under the Workers' Homes Act? 2, If so, what is the basis of repayment, the minimum and maximum amounts available, and the interest charged? 3, Are these small loans available for outer suburban and country as well as city properties?

The PREMIER replied: 1, No. The funds previously made available for this scheme have now been fully utilised. In view of the necessity to conserve finance for more important purposes, it is not expected that further funds will be provided. 2, If funds are provided, loans are approved up to a maximum of £300 over terms ranging up to 15 years. Interest rate is 5 per cent. per annum. 3, If funds are available, approvals are given in any part of the State provided the Board considers the security offered is satisfactory.

QUESTION—DROUGHT-STRICKEN STOCK.

Reduced Freight Rates.

Mr. DONEY asked the Minister for Railways: 1, Having regard to the need—likely to arise shortly—of moving starving stock to better pastures in the coastal areas and elsewhere will he give immediate attention to the question of instituting starving stock freight rates over the State railways? 2, Will he give the earliest possible advice on this point to the House?

The MINISTER FOR RAILWAYS replied: 1, The matter is at present receiving the attention of the Government. 2, Yes.

BILL—TRAFFIC ACT AMENDMENT.

Second Reading.

THE MINISTER FOR WORKS (Hon. H. Millington—Mt. Hawthorn) [4.34] in moving the second reading said: The Bill, which is similar to one introduced last session, is to give effect to the proposal announced by the Treasurer when introducing the Budget, whereby a proportion of the motor license fees at present distributed amongst the local authorities in the metropolitan area will be paid into Consolidated Revenue and an equivalent amount will be paid to such local authorities from Federal Aid Road funds.

The important differences in the Bills are that the operations of the present Bill are definitely limited to the term of the Federal Aid Road Agreements Acts and the measure provides that 25 per cent. of the fees now payable to the local authorities shall continue to be paid direct from the traffic pool, thus meeting the substantial, if not the only genuine objections raised against the measure introduced last session.

I wish to make clear to hon. members that the only provision of the Traffic Act affected by the Bill is Subsection 2 (c) of Section 13 and the measure deals only with the metropolitan area. The subsection reads as follows:—

(c) The remaining half of the net balance of the said fees shall, together with any moneys remaining unexpended out of the said first-mentioned half of the net balance of the said fees, be annually paid to and divided amongst the local authorities of the districts and sub-districts comprised in the metropolitan area and the board controlling reserve A 1720 (King's Park), in such shares and proportions as the Minister may determine.

The Bill will not amend the Traffic Act, but whilst it remains in operation as an Act it will over-ride Section 13 (2) (c) in the manner provided in Clause 3. In a complementary measure which will be introduced immediately after this one, provision is sought to amend the Main Roads Act to enable the Minister, on the recommendation of the Commissioner of Main Roads, to make grants to the local authorities concerned from the Main Roads Trust Account equivalent in the

aggregate to the amounts diverted from the Metropolitan Traffic Pool to Consolidated Revenue, subject to the production of certificates that they have expended at least that amount on the construction, re-construction, maintenance or repair of roads in their district. The complementary Bill will empower the Commissioner of Main Roads to make progress payments. I remind hon. members that the provision under which the Metropolitan Traffic Trust Account was created was enacted in 1919. The reason advanced for the establishment of the pooling system was the urgent need for the provision of funds for the repair and re-construction of roads—

Mrs. Cardell-Oliver: On a point of order, I would like to draw attention to the fact that the Minister is reading his speech.

The DEPUTY SPEAKER: The member for Subiaco may ask for a ruling as to whether the Minister is in order in reading his speech, but she may not rise to point out that he is doing so. I hope the Minister is not reading his speech, since that is strictly against correct procedure. I hope he will confine himself to the ordinary procedure adopted in debate.

The MINISTER FOR WORKS: I will endeavour to conform to the Standing Orders under your instruction, Mr. Deputy Speaker, but I would point out that there is an entire difference between preparing carefully for the consideration of this House a speech on a measure such as this and reading piffing extracts from a scrap book. If the House is to understand this measure as I believe it desires to do, the facts will have to be presented in my own language and of course I have made notes to refresh my memory which is somewhat defective. That is an advantage because it enables me to forget many unpleasant happenings. As I have said, the reason for the establishment of the pooling system was the urgent need for the provision of funds for the repair and the construction of roads, more particularly main roads, in the more sparsely settled metropolitan districts. I refer to those districts which are called upon to carry the heavy traffic radiating from the populous centres of Perth and Fremantle. Obviously the purpose was that the more populous and more advanced districts should assist the other districts in connection with roads that were used by persons in all districts. Although only Subsection 2

(c) of Section 13 is involved in the Bill, it may be advisable for me briefly to set out the procedure defined in the whole of Section 13 of the Traffic Act, which, as amended by the Main Roads Act Amendment Act, 1932, deals with the trust account. The section provides that all metropolitan traffic license fees shall be paid into a trust account. The cost of collection, as certified by the Minister, is then deducted, and this has been estimated at 10 per cent. The next deduction is 22½ per cent. of the remainder, made in pursuance of Section 4 of the Main Roads Act Amendment Act, 1932, for defraying the cost of and incidental to the provision, construction, reconstruction, improvement, maintenance and supervision by the Commissioner of Main Roads of roads and bridges within the metropolitan traffic area. The remainder is the "net balance" referred to in Subsection 2 (c) of the section, and one half of this net balance must be set aside for distribution to local authorities in accordance with Subsection 2 (c). From the other half of the said "net balance" the Minister is authorised to deduct—

(a) the cost of repairing the roads and bridges specified in subsection 2 (b) (including Stirling Highway, Perth Causeway and the North Fremantle bridge).

(b) Under subsection 5 of Section 13 an amount sufficient to provide for interest and sinking fund on one half of any money appropriated by Parliament for the construction, reconstruction, or widening of any main road within the metropolitan area, provided such sum shall not exceed one-fifth of the net amount available for distribution to local authorities.

The total deduction under those two headings is approximately £10,000 per annum. Under Subsection 2 (c) any moneys remaining unexpended by the Minister from his half of the net balance, must be added to the half already set aside for the local authorities, and be distributed to such local authorities. The amounts of the unexpended departmental half, which have been handed over to the metropolitan local authorities during the past ten years, reached the huge total of £410,000. Subsection 2 (c) places on the Minister for Works the responsibility of determining the proportions and shares which shall be paid to each of the local authorities comprised in the metropolitan traffic area. The Act does not prescribe any definite area. During the past few years the basis of apportionment

has, broadly speaking, been on a proportionate basis of population and mileage of made roads. This basis has been accepted by the local authorities with very little criticism. It will be of interest to members representing country districts to know that for the ten years ended 1939 the total expenditure from Federal Aid Road Funds was £5,650,189, of which 91 per cent. was spent on roads outside the metropolitan area. Further, of the grand total of £962,747 expended from general loan funds for the same ten years, the country districts received approximately 97 per cent. I have given information regarding expenditure on roads within and outside the metropolitan area, but, in my opinion, modern fast moving traffic, which is practically unconfined to any particular locality, has rendered the arbitrary district division boundary lines of very little importance or real significance. In considering matters affecting the Metropolitan Traffic Trust Account we must remember that the income from license fees has reached huge totals that were never contemplated when the account was created in 1919. The total fees collected in the metropolitan area for the first complete year of the pool amounted to a little over £15,000, whereas last year £196,812 was received. For the ten years ended the 30th June, 1939, the sum distributed to the metropolitan local authorities amounted to the huge total of £929,961, including an amount of £409,000 remaining unexpended from the departmental half of the fees. The 22½ per cent. of the trust account made available to the Commissioner of Main Roads, under the Main Roads Act Amendment Act, 1932, has been expended as follows:—

Name of road.	Total expenditure to 30th June, 1940.	
	£	
Perth Causeway	22,611	
Perth-Midland Junction (via Belmont) road	14,010	
Helena River Bridge and approaches	15,918	
Swan River Bridge (Garrett-street)	22,730	
Bassendean Bridge	11,781	
Canning River Bridge and approaches	25,034	
Stirling-highway	119,112	
Meadow-street Bridge (Guildford)	323	
Carrington-street (Fremantle)	233	
Total	£311,752	

Reference was made last session to the low servicing charges paid by the metropolitan local authorities on loans raised for road purposes. The local government Acts stipulate that when loans are raised for any purpose, special loan rates sufficient to meet interest and sinking fund charges must be levied. Exceptions are made in regard to loans for halls, etc., the ordinary revenue from which is sufficient to meet all loan charges. In a number of instances loan charges for roads are fairly substantial, but for the year 1939 there were six road boards and two municipalities in the metropolitan area whose payments were less than £1,000. Three of the large road boards had no loan servicing charges to meet that year, notwithstanding the fact that the limit of their borrowing powers is £222,000. During the past five years an amount of £99,350 from Federal aid road and loan funds has been expended in those three metropolitan districts. The total borrowing capacity of the eight authorities referred to as having very low loan servicing payments in 1939, is £499,000. Information extracted from the published statements relating to the 24 local authorities comprising the Metropolitan Traffic Pool shows that—

The total amount received by them from the Traffic Pool during the year ended the 30th June, 1939, was £123,643.

The total amount expended by them on construction, reconstruction, and maintenance of roads for the year ended the 30th June, 1938 (road boards) and the 31st October, 1938 (municipalities) was £143,215—approximately £20,000 more than was received in traffic fees in 1939.

The total actual road expenditure by the local authorities for the year 1939 was £149,642—£25,000 more than was received from the pool in that year.

The total amount received by them from the pool during the year ended the 30th June, 1940, was £114,843.

From the figures just quoted, it will be seen that, in the aggregate, the local authorities would not have suffered any loss under the Bill. Only three road boards and four municipalities expended less in both 1938 and 1939 than they received as traffic fees in 1939. Authorities which expended less in 1939 than they received in 1939 were—

Local Authority	Amount short expended.
Road Boards:	£
Perth	1,200
Nedlands	381

Local Authority	Amount short expended.
Road Boards—continued:	£
Bassendean	527
Bayswater	1,222
Canning	2,218
Mosman Park	514
Peppermint Grove	591
Municipalities:	
Fremantle	2,098
Subiaco	2,072
Midland Junction	1,413
North Fremantle	411

The position has improved since then. Attention was drawn to this phase last year, and the expenditure of the local authorities improved in consequence. Authorities who expended less in 1939 than they received in 1940 were—

Local Authority	Amount short expended.
Road Boards:	£
Perth	200
Bassendean	500
Bayswater	1,002
Canning	1,954
Mosman Park	382
Peppermint Grove	500
Municipalities:	
Fremantle	1,482
Subiaco	1,588
Midland Junction	1,193
North Fremantle	280

Mr. Doney: To what do you ascribe the increased expenditure?

The MINISTER FOR WORKS: Such pointed attention was drawn to the fact that the local authorities were spending money in this way and certainly the position improved since then, as a result of which more money received from traffic fees was spent on the roads than previously. One of the objections raised last session by the local authorities was that their general rates would have to be increased if they were not to be allowed to continue to spend traffic fees as they thought fit. Some comparative figures compiled by the Commonwealth Grants Commission regarding local government taxation in the States are, therefore, of interest. On pages 42 and 112 of the sixth report of the Commission, which is

the most recent issued, the following table appears:—

Local Government Taxation, 1936-37.
(Omitting payments for water supply and sewerage.)

State:	Total £	Per Head. s. d.
New South Wales ..	5,864,000	44 3
Victoria ..	3,852,000	41 7
Queensland ..	2,392,000	48 9
South Australia ..	866,000	30 0
Western Australia ..	733,000	32 5
Tasmania ..	347,000	29 11
All States ..	14,053,000	41 8

As members are aware, Victoria, New South Wales and Queensland are designated the contributing States, and the other three are referred to as the claimant States. From those figures it will be seen that all the States received an aggregate amount of £14,053,000, and the average per head was 41s. 8d. That is the local authorities' rate of taxation. Thus, whereas the three contributing States were rated at 44s., 41s. and 48s. respectively, the claimant States were rated at 30s., 32s. and 29s. respectively. The trouble is that the members of the Federal Grants Commission go into these matters very closely and ascertain these things when making their allowances. As far as I am aware, the Commission's figures have never been disputed. Certain States have, however, objected to the Commission's interpretation of them in assessing grants. Its view has been that the figures indicated a greater dependence on State Government expenditure in the claimant than in the non-claimant States; or, in other words, there is undue dependence on the State Government in the claimant States for relief from local government taxation. After a careful examination last year of the whole question of local government finance, the commission, in the sixth report, while acknowledging the need for caution in drawing conclusions, re-affirmed its previous judgment and acted accordingly in its assessment of the State's grants. Members will note that water and sewerage rates have been omitted by the Grants Commission. A really careful comparison of these rates is difficult to make; but an effective comparison of the amounts levied for rates and the minimum charges per head of population for such services in the capital cities is available, and it shows that the charges per head of population are lower in the Perth metropolitan

area than are those of any other State metropolitan area.

Hon. C. G. Latham: Of course, we in Western Australia are poorer people.

The MINISTER FOR WORKS: A comparison of cost per head of population for water and sewerage services is as follows:—

	Water Supply.		Sewerage.		Total Cost per Head.
	Popula- tion Served.	Cost per Head.	Popula- tion Served.	Cost per Head.	
Perth	241,000	s. d. 17 10	144,154	s. d. 18 2	s. d. 34 0
Adelaide	325,000	21 0	320,000	15 0	36 0
Melbourne....	1,104,891	16 6	1,039,632	20 2	36 8
Sydney	1,438,283	16 11	1,050,937	18 7	35 6
Brisbane	311,487	31 8	182,039	29 8	61 4

The Grants Commission has regard to such figures.

Hon. C. G. Latham: Do the figures influence the Commission?

The MINISTER FOR WORKS: The Commission goes into all such figures.

Hon. C. G. Latham: Is the Commission influenced by them?

The MINISTER FOR WORKS: The Commission goes into the question of taxation. If it is shown that the claimant States are taxed at a lower rate than are the contributing States, that has an effect on the decision of the Commission. Queensland is a contributing State.

Hon. C. G. Latham: There is an extravagant local authority in Brisbane.

The MINISTER FOR WORKS: These facts are known to the authorities in the Eastern States that contribute to the grants paid to the claimant States, of which Western Australia is one. Therefore, no surprise should be felt by us when we, as a State, are taken to task for not applying some portion of the huge amount received as traffic fees towards the road loan servicing liabilities of the central Government. Soon after the new basis of allocation of the metropolitan traffic fees was brought into operation in 1937, one local authority that was adversely affected by the change increased its valuations by 36½ per cent.; and, so far as I know, there were no successful appeals against the increased valuations. Obviously, this particular authority was leaning very heavily and unfairly on its traffic revenue.

For the information of hon. members, I give the following particulars of

general rates levied by the metropolitan local authorities. It would appear that in many instances the rates are anything but excessive. In some districts the rates vary in different wards:—

Local authorities within the metropolitan traffic area.

Road Board.	General Rates levied Year ended 30th June, 1940, on unimproved values. pence.
Perth	2½ to 5
Nedlands	2½ „ 5½
South Perth	3½ „ 4½
Armadale-Kelmscott	½ „ 5
Gosnells	2½ „ 4½
Bassendean	5½, 6
Bayswater	5
Melville	6 to 7
Canning	2½, 3
Swan	2½
Fremantle	4½
Belmont Park	5
Mundaring	3 to 6
Mosman Park	3½ „ 5½
Peppermint Grove	3½

Municipality.	General Rates levied Year ending 31st October, 1940, on annual values. s. d.
City of Perth	0 11½
City of Fremantle	0 11½
Subiaco	1 5
Midland Junction	1 7
East Fremantle	1 11
Claremont	2 2
Cottesloe	1 4½
North Fremantle	1 6
Guildford	1 7

The maximum general rate under the Road Districts Act is 4d. on the unimproved value; but with the Minister's approval this may be increased to 6d. in any rural district and to 9d. in any metropolitan district. The maximum general rates under the Municipal Corporations Act are 2s. 6d. in the pound upon the annual value, and 6d. on the unimproved value.

For the road board year ended the 30th June, 1939, and for the municipal year ended the 31st October, 1939, the revenue derived by the metropolitan local authorities from general and loan rates and traffic fees was as follows:—

	£
General rates	157,296
Loan rates	165,162
Traffic fees	129,436

Portions only of the Swan, Mundaring and Armadale districts are within the metropolitan traffic area, but the totals for those

boards are included in the above amounts. Notwithstanding the foregoing information with regard to the general question of rating, it must be conceded that, in view of the practically uncontrolled use made of these license fees by local authorities for many years past, any sudden and material change would result in some undesirable dislocation of local government finance.

Mr. Sampson: The local authorities could not otherwise carry on.

The MINISTER FOR WORKS: That is so. Whilst it is true the Local Government Acts stipulate that loan rates levied must be sufficient to meet all charges, the fact is that a hundred per cent. collection of rates in any year is seldom, if ever, achieved. To meet interest and sinking fund charges falling due, it is therefore necessary in some instances that general revenue, which has included traffic fees to date, be drawn upon, at least temporarily. It must also be recognised that modern traffic necessitates the provision of many footpaths that would not have been necessary before the development of motor traffic, and therefore to some extent expenditure on footpaths—particularly along main roads—might reasonably be recouped from traffic fees. There is also expenditure incidental to the control of traffic, such as the provision of white lines at intersections and other signs that local authorities consider necessary. This expenditure might also be considered a proper charge against the license fees.

As I pointed out, recoups from the Federal Aid Roads Fund can only be made for expenditure actually incurred in the construction, reconstruction, maintenance or repair of roads. Therefore, in a sincere endeavour to meet this objection of the local authorities, the Government propose that 25 per cent. of the amount which would have been payable under the present arrangement shall continue to be payable direct from the traffic pool, the balance, 75 per cent., to be paid to Consolidated Revenue, with a definite undertaking that an amount equivalent to the 75 per cent. (less a sum not exceeding £2,000 which is to be paid to the King's Park Board), shall be recouped to the local authorities upon production of proof that such amount has been expended on roads. In administering the Metropolitan Traffic Trust Account, the department has held the view that the fees are levied,

firstly, to provide for the adequate maintenance of roads and, secondly, to cover any other expenditure directly associated with traffic.

Mr. Doney: You have changed your views since last year.

The MINISTER FOR WORKS: We are endeavouring to meet the objections raised then. Hon. members are aware that license fees are calculated on power and weight, factors directly affecting the cost of construction and maintenance. To eliminate heavy annual maintenance charges, it is now essential for local authorities to construct roads of a very high standard, involving a large capital expenditure. This heavy construction cost is occasioned solely by the demands of modern fast heavy motor traffic. Therefore the department has accepted the view that if all construction costs had to be financed by loan with the consequential levying of loan rates payable by all ratepayers, the position would not be altogether equitable to the ratepayers who do not own motor vehicles. In short, the motorist should undoubtedly bear a fair share of this additional construction cost.

The percentages embodied in the Bill, namely, 25 and 75, have been arrived at on general considerations as it was found impracticable to formulate any exact basis. This particular phase of financing the construction and maintenance of roads—main highways particularly—has been investigated in the United States of America during recent years by numerous commissions and special committees in a number of the States, but they have discovered no uniform basis of allocation between the general public and the motoring public.

A study of the accounts of the metropolitan local authorities for the year 1939 shows that of the 24 local governing bodies concerned, 12 expended more on loan servicing charges than they collected by way of loan rates. The percentage of difference calculated on the traffic fee revenue for the same year ranged from six to 40, the average lag being equivalent to 25 per cent. On the other hand, seven of the local authorities expended less on loan servicing charges than they received by way of loan rates, the percentage, calculated as before, ranging from two to 46, an average of about 25 per cent. These percentages are based on approximate figures for the reason that the published accounts do not show clearly in

all instances which loans relate solely to roads. Members should bear in mind also that the particulars relate to only one year and that a survey over a reasonably lengthy period would probably show some of the authorities in a much better light.

When I discussed this matter at the recent biennial conference of road boards the proposal submitted in last year's Bill was objected to by some of the delegates on the ground that, although the present Government declared that the principle would not be extended to the country districts, a Government less sympathetic might bring the country districts into the arrangement. That objection cannot be raised on this occasion and members will readily recognise the fallacy of the argument. Local authorities outside the metropolitan traffic trust pool collect their own fees. They have a legal right to do so, and the arrangement cannot be altered except by the passing of a Bill through both Houses of Parliament. Therefore, this is not merely an assurance given by me; the matter rests with future Parliaments. In opening the conference I gave a definite undertaking that the present Government would not present a Bill so affecting districts outside the metropolitan traffic area, and I now repeat that promise. As I have stated, if that arrangement is ever altered, it will have to be done by a measure approved by both Houses of Parliament. As Minister controlling local government, I am quite aware of the fact that many country road boards would have been unable to carry on unless they were allowed to collect the traffic fees. In this connection figures relating to revenue from general rates and license fees are of interest. I shall first deal with the north agriculture statistical division.

Hon. C. G. Latham: What are the boundaries? The figures will not be of much use unless we know the boundaries.

The MINISTER FOR WORKS: When I have given the details, members will appreciate the significance of the figures. I am not dealing with an exact survey of districts, but am indicating what revenue the local authorities in the country collect from general rates and license fees.

Hon. C. G. Latham: But we do not know what local authorities you are alluding to.

Mr. Doney: We want to know at any rate where the divisions start.

The MINISTER FOR WORKS: I will get a map, though it will not be of any use in elucidating this point.

Mr. Doney: Then there cannot be much purpose in going to all this trouble.

The MINISTER FOR WORKS: It is not so much a matter of the delineation of areas as a comparison of the amounts collected. The figures are—

Statistical Division.	1937.	1938.	1939.
North Agriculture—	£	£	£
Rates	43,898	52,072	41,304
Licenses	48,346	51,420	54,614
South-West—			
Rates	79,660	80,778	77,265
Licenses	89,972	88,883	94,072
Eastern Goldfields—			
Rates	7,620	7,960	8,801
Licenses	17,027	18,331	18,017

In 1939, in all the districts outside the metropolitan area, the rates collected totalled £126,960 and the traffic fees £167,603. Thus £41,000 more was collected in traffic fees than in rates. That being the position, members will appreciate that no Government could possibly deprive those local authorities of the benefit of the traffic fees.

Under the department's co-operative scheme of road work, 43 local authorities benefited in the years 1937-39 and 58 last year. This is another proof of the assistance given by the Government to country road boards. In addition to their getting the traffic fees, the departmental expenditure under this co-operative scheme was £118,245 in 1937-39 and £118,863 in 1939-40. So far from the local authorities in the country having been prejudiced, they have had the advantage of the traffic fees and of the co-operative scheme, the benefit from the co-operative scheme last year having been nearly £119,000.

The Premier: That is from loan funds.

The MINISTER FOR WORKS: That is so.

Hon. C. G. Latham: Where do you think the Government gets its revenue? It comes from the goldfields, agricultural and pastoral areas.

The MINISTER FOR WORKS: There is some suggestion that the metropolitan area benefits at the expense of the country, whereas I am showing that the reverse is the fact.

Mr. Doney: We have not made that claim in respect to road expenditure.

The MINISTER FOR WORKS: That claim has been made.

Mr. Doney: No, we admitted the contrary last year.

The Premier: Members opposite said this was the thin end of the wedge to put it into force in the country.

Hon. C. G. Latham: It is an extremely dangerous proposal.

The MINISTER FOR WORKS: It will not be regarded as dangerous after I have fully explained the proposal. Three local authorities in the metropolitan traffic area have also benefited considerably under the co-operative scheme. Country road districts have been liberally dealt with in all branches of road expenditure, and deservedly so. Therefore, no reasonable grounds exist for apprehension regarding this Bill.

The Premier: That is so.

Hon. C. G. Latham: Definitely there is ground for apprehension.

The MINISTER FOR WORKS: Another objection raised last year was on the score of duration. The claim was made that, owing to the war, the Federal aid roads money this State was receiving might be stopped. To meet that objection this Bill is restricted to the currency of the Federal aid roads legislation. If for any reason payment of that money is stopped, this measure concurrently will cease to operate. Therefore the measure will operate only for the same period as the Federal aid roads money is received.

Let me give a short resume of Federal aid roads legislation as it affects this State. The Federal Aid Roads Act came into force on the 1st July, 1926, and was designed to operate over a period of ten years. The Act provided for payment by the Commonwealth of 2½d. a gallon on imported petrol and 1½d. a gallon on excise petrol. The amount assured to Western Australia under the agreement was £384,000 per annum, but the State was required to supplement this amount at the rate of 15s. in the pound. This contribution by the State amounted to £288,000 per annum. In 1931, during the Scullin administration, the Act was amended and considerably liberalised, and the amended Act was given currency for the unexpired period of the original agree-

ment, namely five years, and an additional six months.

Hon. C. G. Latham: How was it liberalised?

The MINISTER FOR WORKS: I will tell the hon. member how. (a) The contribution by the State of 15s. in the pound was dropped. (b) Under the original Act, moneys could be spent on main roads, trunk roads, and arterial roads only. The amendment deleted this restriction, and made it possible to spend the moneys on any road. (c) Under the original Act, all State proposals were required to be submitted to the Commonwealth for approval. The Amendment Act deleted this requirement. (d) Under the original Act, expenditure was permitted on construction and reconstruction of roads, but not on maintenance. The prohibition on maintenance was deleted by the Amendment Act. (e) Under the original Act, the cost of supervision and surveys was the responsibility of the State. Under the Amendment Act this provision was deleted and such costs became legitimate expenditure from moneys contributed by the Commonwealth.

Hon. C. G. Latham: That was a gift to the Government; not to the taxpayers.

The MINISTER FOR WORKS: The Commonwealth gave the State control, which previously the State had not. The liberalisation was highly appreciated. In 1936 the Act of 1931 was extended for a period of six months. I may recall, too, what took place in 1936. It will be remembered that in that year, 1936, the 1931 Act was extended for a further period of ten years as from the 1st July, 1937; but the 2½d. per gallon on imported spirits was increased to 3d. per gallon, and in respect of the 3d. per gallon 2½d. was to be spent on construction, reconstruction and maintenance of roads, and ½d. on construction, reconstruction or maintenance of roads, or other works connected with transport.

Hon. C. G. Latham: That was fairly liberal, increasing the payments.

The MINISTER FOR WORKS: Yes. The Commonwealth reserved the right to require one-twelfth of the amount accruing from the ½d. to be spent on the maintenance and repair of public roads adjoining, or of approaches to, Commonwealth properties. The amounts received from the Commonwealth during the last five years,

and expended by this State, are as follows:—

	£
1935-36	506,516
1936-37	558,475
1937-38	709,651
1938-39	805,537
1939-40	844,625

Mr. Patrick: How long will the current agreement run?

The MINISTER FOR WORKS: The agreement was entered into during 1936-37, and is for ten years. It is incumbent on me again strongly to stress the adverse effect which the present method of using traffic fees has on the presentation of this State's case before the Commonwealth Grants Commission. That is evidenced by the extracts I am about to read from the 1939 report of the Commission.

Hon. C. G. Latham: Is that the sixth report?

The MINISTER FOR WORKS: Yes.

Hon. C. G. Latham: Read it carefully.

The MINISTER FOR WORKS: I do not think the Leader of the Opposition would read it all. He read extracts. I guarantee that what I am about to read is in the report.

Hon. C. G. Latham: Goodness! You do not suggest, surely, that I read from something else?

The MINISTER FOR WORKS: That is all the hon. member is concerned with. Paragraph 192 is as follows:—

Road Expenditure: In the three claimant States road expenditure had advanced appreciably in recent years. At the same time railway losses in Tasmania and South Australia continue to be a heavy burden on the finances of the State.

Hon. C. G. Latham: I read that.

The MINISTER FOR WORKS: The paragraph continues—

Under the Federal Aid Roads and Works Agreement of 1937 the Commonwealth sets aside for distribution amongst the States an amount equal to the duty collected on petrol at 3d. per gallon customs duty and 2½d. per gallon excise duty. Under the method of distribution the three claimant States, South Australia, Western Australia and Tasmania, received more—in the case of Western Australia and Tasmania considerably more—than is actually collected by the Commonwealth from the people of those States.

This is still the report—

In other words, the people of the non-claimant States are, in effect, contributing, by way of duty on petrol, towards roads and works expenditure in the claimant States. The following figures, supplied by the Commonwealth Treasury, illustrate the advantage gained by the claimant States during recent years under the Federal Aid Roads Agreement:—

FIVE-YEAR PERIOD, 1933-34 TO 1937-38
INCLUSIVE.

State.	Amounts collected from States for Federal Aid Roads and Works.	Amount payable to and on account of State.	Amount payable to State in excess of collections in State.
	£	£	£
South Australia	1,500,060	1,650,692	150,632
Western Australia	1,176,262	2,811,184	1,634,922
Tasmania	357,858	792,080	374,222

Hon. C. G. Latham: Those figures have been put up to show that the other States are already contributing to the claimant States, and so the Commonwealth will not pay Western Australia any more than that if you do as you propose. That is the whole argument.

The MINISTER FOR WORKS: The figures show where those who put up the case for Western Australia, including the member for Nedlands (Hon. N. Keenan), who submitted a very fine case indeed, encountered difficulty in establishing our disabilities as compared with the Eastern States, especially the three contributing States.

Hon. C. G. Latham: The member for Nedlands was shrewd enough not to mention those amounts.

The MINISTER FOR WORKS: The Commonwealth Grants Commission shows where Western Australia has an advantage over the Eastern States.

Mr. Patrick: That is one of the few advantages we get.

The MINISTER FOR WORKS: I cannot think of many advantages, but that is one we have got. Paragraph 193 of the Commission's report reads—

Notwithstanding the substantial increases in the Federal Aid Roads grants, the three claimant States are spending large sums from loan funds on roads. Most of this expenditure is unproductive. Little or no attempt is made to recover even a portion of the annual debt charges from local authorities, and in West-

ern Australia and Tasmania no part of motor taxation revenue is used to meet the annual debt charges on the loan liability for roads.

That is the point taken. The Commission's report continues, paragraph 193—

Tasmania has taken steps to deal with the two problems mentioned in our previous report, namely, transport and local government finance. A new transport authority has been set up, and a Royal Commission is inquiring into local government finance. These are both wise steps, but whether or not good results will accrue will depend on action taken by the Government responsible.

Paragraph 198 states—

Now that positive action has been taken to deal with the transport problems of the State, it is felt that the time is opportune to divert a proportion of motor taxation revenue towards meeting a part of the very large annual debt charges on loan moneys spent on roads. The marked increase in Federal Aid Road Grants and in motor taxation should enable this to be done without much difficulty.

Now we come to the finding, which is contained in the report. This is where the Premier received his sentence—

A similar course is suggested for Western Australia. In other States a substantial proportion of motor taxation is applied in the manner above indicated, and the Budgets of those States are correspondingly relieved.

Paragraph 204 of this sixth report adds—

We think that, in view of the considerations mentioned in this chapter, we should make a general deduction from the grants of the three States. We therefore adjust the above figures by deducting £22,000 from South Australia, a similar amount from Western Australia, and £23,000 from Tasmania.

Hon. C. G. Latham: And in South Australia the whole of that is paid over to the Government, which holds the money in a trust account. The South Australian Government collects the lot.

The MINISTER FOR WORKS: We consider that the proposal of the Bill is reasonable and fair, and should be viewed with due regard to these points: (1) the huge amount of £3,406,100 which has been expended to the 30th June, 1940, from the General Loan Funds of the State, and from which the State Revenue receives no direct return, and on which the State was called upon to pay £163,327 last year; (2) the necessity for the balancing of the State's Budget; (3) the adverse effect the present method has on the presentation of the State's case before the Commonwealth Grants Commission; (4) the tremendous increase in the amounts available from the Metro-

politan Traffic Trust Account; (5) the fact that the local authorities involved, which spend their ordinary quota on the construction, reconstruction, maintenance and repair of roads, will be as well off under the new provision as they are now. (6) that the 22½ per cent. allocation to the Commissioner of Main Roads for road works within the metropolitan area is not interfered with; (7) that it was not the intention that revenue from traffic fees should be used by local authorities in such a manner as to relieve unduly the general and loan rates of the responsibility of contributing to road and traffic requirements; (8) the liberal treatment extended to country districts under both the Federal Aid Roads Agreement and the expenditure of Loan Funds; (9) the somewhat similar assistance received by Consolidated Revenue in some of the Eastern States, the financial methods of which are subject to comparative review by the Grants Commission. Objection to this has come largely from the country districts and it is an objection that I cannot understand.

Hon. C. G. Latham: None from the metropolitan area?

The MINISTER FOR WORKS: The Government is aware, in fact it has an intimate knowledge of the financial responsibilities and difficulties of local authorities throughout the State, and full consideration has always been given to those bodies that required and merited assistance. This will be continued. The outstanding feature in past years has been that the Government has always shown concern about the financial position and the standing of local authorities. It feels and evidences even a measure of responsibility. Moreover, in regard to the Commonwealth there is a complete recognition of its very heavy financial responsibility. But despite a full appreciation of these separate responsibilities, great and small, the State Government must face up to its own financial obligations. We look to the local authorities to make arrangements to shoulder their financial burden. We have always dealt sympathetically with the local bodies and will continue to do so as far as funds will permit. With regard to the Commonwealth, I think that every consideration has been shown by it to all the States, bearing in mind the existing difficulties.

At the recent meeting of the Loan Council the fullest consideration was given to the Commonwealth's position. I suggest to the House that the responsibility for Commonwealth finance rests with the Commonwealth, and although members appear to be very much concerned about the financing of the affairs of local authorities, I contend that that matter is in the hands of those who have been elected to local government bodies.

Hon. C. G. Latham: Only some of them.

The MINISTER FOR WORKS: Nothing has ever been done that has been prejudicial to the interests of the local authorities.

Hon. C. G. Latham: What you now propose will be.

The MINISTER FOR WORKS: It certainly will be unless it is shown that their retention of the fees will be prejudicial to the finances of the State. We are not in line in this respect with the other States. The Grants Commission is watching our position carefully; it is holding the scales evenly by seeing that each claimant State shall receive a certain amount. I always try to think of the effect that the voicing of the claims of Western Australia has on the Grants Commission. I remember on one occasion discussing the matter with Mr. Curtin, who prepared a case to present to the Grants Commission. We discussed nearly everything that it was possible to mention that would also be applicable to any of the other States. We might even have referred to the drought conditions, but unfortunately similar conditions were prevalent also in other States. So our argument in that respect would have no force with the Commission. I understand that the tariff is the main cause of our disability but I do not know that the Commission would give consideration and weight to that. So we must have recourse to arguments that will appeal to the Commission; but when the Commission specifically points out something that we can do, and we disregard it, we know well that we will be prejudiced to that extent. When the Bill was before the House on a previous occasion, the argument was used that owing to the war, the Federal Aid Roads Agreement might be suspended. We have met that by making the Bill concurrent with the duration of the Federal Aid Roads

Agreement. When that agreement ceases, this legislation will cease to have effect.

Hon. C. G. Latham: I hope your Government will then be in power.

The **MINISTER FOR WORKS**: The argument was that there had been too much spent on the roads from Loan Funds and that we were not able to pay interest and sinking fund on the amount. A calculation has been made by officers of the department and I think it is fairly accurate. It is that if the local authorities are allowed 25 per cent. of the traffic fees, that will about meet the sum they will have to find. I have shown that in the aggregate last year the local authorities in the Metropolitan Traffic Trust Pool actually spent more by £25,000 than they received from the traffic fees. Therefore there will be no difficulty in expending the money they receive from the Federal Aid Roads Agreement fund.

Hon. C. G. Latham: It must be spent in accordance with the agreement.

The **MINISTER FOR WORKS**: It will be spent legitimately in accordance with the agreement. There is discretionary power in respect to the 25 per cent. So it seems that the fears expressed last year regarding difficulties have been overcome, fears that the Federal Aid Roads money would not be available, or that that money could not be expended. I should also like to point out that the Treasurer has budgeted for this amount, quite legitimately too. It is an amount which the Eastern States Treasurers almost without exception have had the advantage of using, and the Grants Commission has called attention to this matter, and stressed the fact that in Western Australia no money from traffic fees is available for interest on loan money expended on roads. An amount of over £3,000,000 has been spent and this entails finding interest each year to the extent of £163,000, quite legitimate expenditure from the traffic fees. So whatever the case might have been last year, I feel that the objections then raised have been met. I should say that the local authorities in Western Australia realise that it is to their interests that the Budget should be balanced, that it is to their interests that State finance should be carried on fairly and honestly and, without desiring to lecture members, I should say that it is the duty of the House to see that the State finances are in order.

Hon. C. G. Latham: You will not let us help you.

The **MINISTER FOR WORKS**: Members opposite plead that the House should be taken into the confidence of the Government, that they should be allowed to assist the Government. Here is the opportunity to render that assistance, and by doing so, in no way will any local authority within the metropolitan area or outside of it be prejudiced. Therefore I commend the Bill to the House. The Government has been reasonable; it has met all valid objections, and now that the full contents of the Bill are known, I believe that the objections raised last year will be withdrawn, and that the Bill will meet with the approval of the House. I move—

That the Bill be now read a second time.

On motion by Mr. Doney, debate adjourned.

BILL—MAIN ROADS ACT AMENDMENT.

Second Reading.

The **MINISTER FOR WORKS** (Hon. H. Millington—Mt. Hawthorn) [5.57] in moving the second reading said: This Bill is complementary to the Traffic Act Amendment Bill now before the House which, as members know, seeks to pass to Consolidated Revenue a percentage of the proportion of the traffic fees hitherto distributed amongst local authorities in the metropolitan traffic area. This is in keeping with the policy adopted throughout the Eastern States, whereby traffic receipts, or a substantial portion of them, are credited to revenue. Western Australia is the only exception to this Australian policy. It is not proposed, notwithstanding this exception, to seek to deprive the local authorities of the benefits they have hitherto received. This Bill seeks to restore to the local authorities from moneys paid into the Main Roads Trust Account an amount equivalent to that diverted to Consolidated Revenue. This does not necessarily mean that the expenditure on roads generally will be less than previously. The moneys thus transferred from the Main Roads Trust Account would continue to be spent on roads, although on such roads as are under the control and jurisdiction of the local authorities. For some years, as members are aware, loan funds have contributed to the road expenditure,

and if needs be this will go on. The total expenditure would thus be maintained. The operation of this Bill will not cause any reduction of the aggregate amount available to the local authorities under the present Act. Provision is made for the institution of a formula for distribution of the funds made available. This formula will be determined by the Minister on the recommendation of the Commissioner of Main Roads, and it is intended that it will follow, as closely as the altered conditions permit, the existing method of distribution. To meet an objection made last year by the local authorities, provision is made in the Bill whereby the Commissioner of Main Roads is empowered to make progress payments during any year. This arrangement will greatly facilitate the financing of the road works undertaken by the local authorities.

The Bill is a simple one. In the first place we are asking to be allowed to pay to Consolidated Revenue 75 per cent. of the traffic fee collections and then, by means of this measure, we seek to empower the Commissioner of Main Roads to make an equivalent amount available to the local authorities concerned. A suggestion was made last year that the local authorities would be hampered by this process, but when it is realised that the Commissioner of Main Roads works amicably with all local authorities, whether in the metropolitan districts or outside, and that provision is made for progress payments, no difficulties should arise. This Bill seeks to make restitution, and I am sure it will meet with approval. I move—

That the Bill be now read a second time.

On motion by Mr. Doney, debate adjourned.

BILL—MINE WORKERS' RELIEF ACT AMENDMENT.

Second Reading.

THE MINISTER FOR MINES (Hon. A. H. Panton—Leederville) [6.4] in moving the second reading said: Two clauses of the Bill are the result of a variation in the mining award whereby fortnightly wages payments are now to be made to employees instead of bi-monthly, as in the past. Under the Act it is provided that every mine worker shall be liable to contribute to the Mine Workers' Relief Fund the sum of 1s. 6d. per pay and

the companies have to pay a similar amount. When wages were paid bi-monthly, the parties concerned made 24 contributions annually. Since wages are now to be paid fortnightly, the contributions, if paid under the existing system, would number 26 annually. The fund is in a satisfactory position and there is no desire to increase the contributions from either the men or the companies. The amendment proposed in this measure therefore provides that there shall still be only 24 payments each year. In two months of each year there are three pay days, but the Bill provides that in those months there will be no contribution from the parties on the third pay day.

Mr. Patrick: Will the same total be paid?

THE MINISTER FOR MINES: Yes. The Act provides that where a mine worker is notified that he is suffering from silicosis in the early stage, he may, within three months, apply to be registered, provided he ceases work underground and, provided he is registered, he may at any time submit himself for further examination at the laboratory. If he is subsequently found to be suffering from tuberculosis and silicosis or from silicosis in the advanced stage only, he shall then be entitled to the benefits under the Act. At present these men are exempt from making payments into the fund after leaving the mine, and the Bill provides for compulsory contributions to be made. There are only 17 registered and there is no provision for them to pay, although some of them are willing to do so. It is considered that as they would be entitled to benefits from the fund, they should be compelled to contribute to it. The Bill provides for that, but the provision will not be retrospective. There is a consequential amendment to Subsection 2 of Section 51, which reads—

and is satisfied by the production of a certificate issued by the board that such person has paid his contribution to the Mine Workers' Relief Fund in accordance with the requirements of this Act.

Section 56 of the Act provides that the board may grant such benefits as may be prescribed by regulation under this Act to those persons who, whilst employed as mine workers to whom this Act applies or within two years after being so employed, are or become incapacitated or whose earning power may be materially prejudiced by any disease or malady which may be legitimately attributed to the nature of their employment as

mine workers in the mining industry of Western Australia and to the dependants of such persons. That means that any man who as a mine worker or within two years after leaving a mine develops some complaint other than tuberculosis or silicosis and can satisfy the board that the disease is attributable to his work in the mine, is entitled to payments from the relief fund. The board has felt for some time that the words "whilst employed as mine workers to whom this Act applies or within two years after being so employed" should be deleted from the section. It is felt that if a man who has been paying into the fund for many years, at any time develops some complaint other than those mentioned and is able to demonstrate that the disease is due to the work he has been doing, he should be entitled to the benefits under the Act, which is not at present the case. The Bill provides for the deletion of the words I have mentioned, the idea being to extend the benefits of the section to any person who at one time was a contributing mine worker, provided he can satisfy the board. I do not know that many men will derive much benefit from the amendment, but the board believes there are some who are entitled to consideration. My experience of the Repatriation Act has been that, in the absence of anything in his medical history to demonstrate that he was wounded or gassed, it is extremely difficult for a man to demonstrate that a disability from which he is suffering is due to war causes.

Mr. Fox: It is impossible.

The MINISTER FOR MINES: However, there are men suffering from diseases which they believe to have been contracted in the mines, but although they have been paying into the fund for many years, they are debarred from receiving any benefit. A new clause is being added to Section 56 to prevent persons who have left Western Australia to reside elsewhere from claiming any benefit under the section unless they have been examined prior to leaving the State, and found to be suffering from a qualifying disease, or symptoms of such disease. If a man leaves Western Australia and goes to some other country and then submits a claim for benefits on account of some disease that he attributes to work done in a mine in Western Australia, it is not right that we should have to accept the word of some authority in that other country on the matter. The correct procedure is for such

a man to be examined by the laboratory or someone else in this State in order to ascertain whether he is suffering from a disease that qualifies him to receive benefit from the fund, or that he has symptoms of such a disease.

There is another provision for voluntary subscriptions to the fund by any mine worker who leaves the industry, thus enabling him to qualify for benefits, as required by the Act. Exemption from contribution to the fund is provided in the case of unemployment or sickness. I move—

That the Bill be now read a second time.

On motion by Mr. Patrick, debate adjourned.

Sitting suspended from 6.15 to 7.30 p.m.

BILL—LAND TAX.

Second Reading.

Order of the day read for the resumption from the 12th September of the debate on the second reading.

Question put and passed.

Bill read a second time.

In Committee.

Mr. Seward in the Chair; the Premier in charge of the Bill.

Clauses 1, 2—agreed to.

Clause 3—Imposition of land tax:

Hon. N. KEENAN: On the second reading I asked the Premier to state the reason for the particular phraseology used in this clause. It reads—

Unless and until Parliament otherwise determines, for the year of assessment ending the thirtieth day of June, one thousand nine hundred and forty-one, and for each year of assessment thereafter, land tax is imposed and shall be payable pursuant to the Land and Income Tax Assessment Act, 1907-1931, and its amendments, at the rate declared in the schedule to this Act.

Hence the Government need not ask for any more supply by way of land tax, because until Parliament otherwise provides, this tax will continue. I understand that the Premier's desire is to cover the case of taxpayers who, between the 1st July and the date of the passing of the new tax, escape or evade taxation.

The Premier: Yes.

Hon. N. KEENAN: That would probably be a strong reason for including such a provision in our income tax law, but it does not apply to land tax.

The Premier: It does.

Hon. N. KEENAN: No, the land is always there and someone is always responsible. I want to know why provision is made in this form so that in fact the measure will become permanent. Every Act on the statute-book is there only until Parliament otherwise decides, but to apply that principle to land tax is entirely opposed to the traditions of the House of Commons and our own traditions. That was what caused the conflict between the King and the Parliament in the reign of the Stuarts; the King desired to get a permanent tax and Parliament refused to grant it. Taxation always affords means of redressing grievances and must be imposed annually to enable grievances to be aired and redressed. For some reason we are asked to depart from that practice and to strike at the freedom we enjoy and the right to have grievances aired and redressed.

The PREMIER: Without going into history, I remind members that we have evolved a different parliamentary system. At one time a tax imposed could be collected by the King's agents and that was all there was to it. Now we have a different system. The money collected by tax has to be dealt with by Parliament before it can be spent. It forms part of the Supply Bill. The King's representative has to sign a warrant authorising the expenditure of money, and that cannot be signed until a Supply Bill has been passed by both Houses of Parliament. That is the difference between the system to-day and the system in the time of the Stuarts, when Parliament did not meet for eight or nine years. The Commissioner of Taxation has only a limited staff, and the whole 12 months is needed in order to collect the tax. If we do not pass the taxing measure until October or November, the Commissioner has only about seven months in which to collect the revenue. We want to overcome that difficulty. Our system of taxation has been altered. We have not now a large amount of financial emergency tax flowing into the Treasury every week, and we want to get our taxation collected as early as possible to keep down the interest on the overdraft. The principle of a continuing rate applies to life assurance com-

panies, to the hospital tax, probate duties, entertainments tax and totalisator tax. The Commonwealth Land Tax Act is a permanent measure and has been so for some years. As this tax has been passed in this form and at this rate without alteration for about 16 years, it is reasonable to suggest that it has become a tax of a semi-permanent character. Sometimes a taxing measure is not assented to until half-way through the financial year. Last year one of these measures was not assented to until the 23rd December. How can we expect the Taxation Commissioner with a depleted staff to get in these taxes in six months, when he should have 12 months in which to do so? I am not greatly concerned whether this should be an annual measure or not, but I am concerned about getting the taxes in early. Parliament has full control over the finances of the country, because a supply Bill must be passed before any money can be spent. I hardly expect that the land tax will be altered very often, and, if it is altered, the alteration must come before Parliament by way of an amending Bill. If the tax is to remain the same for the next 16 years as it has been for the past 16 years, there is not much point in discussing a Bill of that type year after year, and passing it through all the various stages required by Parliamentary procedure. I have no strong feelings about the matter. It is, however, desirable that the Commissioner should have the right to assess people at the earliest possible moment so that the money may come in quickly. Already we are about £15,000 behind in the collection of land tax for last year. We should be able to collect the money when it is due. Were it possible to get in £200,000 or £300,000 two or three months earlier than has previously been possible, the Treasury might benefit to the extent of £6,000 or £7,000 by way of interest payments. It is quite reasonable to make this a permanent tax. If, however, the Committee is influenced by the aspects raised by the member for Nedlands, I would not be greatly concerned. I should, however, prefer to have the clause passed in its present form.

Hon. N. KEENAN: I have no desire to press a mere academic point, but to me it is an important point. The right to impose taxation and the correlative rights of the representatives of

the people to voice any grievances the people have, are closely associated. The present circumstances, however, may render necessary a departure from that academic position. Whilst I am prepared to meet the Treasurer, I am not prepared to concede that there is any practice in the past in this Parliament that warrants the departure indicated. I have looked up every land tax that has been imposed, and find they were all imposed for the year beginning the 1st July and expiring on the 30th June following.

The Premier: I have quoted several instances of taxes that have gone on for years after.

Hon. N. KEENAN: That may be true with regard to service taxes such as the totalisator tax, but it does not affect the established principle of providing the opportunity for the airing of grievances before the Crown gets its supply. In the present circumstances I will not press the point or take up an attitude that is embarrassing.

Hon. C. G. LATHAM: The point raised by the Premier has very little application. He says a supply Bill must be passed before the money can be spent. Actually that is not so. Salary payments are made in July without authority, and sometimes similar payments are made in August. The Governor signs a warrant for the expenditure, and has to accept the responsibility if Parliament subsequently does not pass a supply Bill. On one occasion the Governor refused to sign a warrant for the expenditure of a million or one and a half millions. I object to these measures being made permanent, more particularly that relating to income tax. There is a difference between land and income taxes, and a hospital tax. The latter is required to enable the Minister for Health to carry on the hospitals. He does not have to appropriate that money.

Mr. McDonald: It is a trust fund.

Hon. C. G. LATHAM: Purely a trust fund.

The Premier: What about the Federal land tax?

Hon. C. G. LATHAM: We have nothing to do with that. Because the Commonwealth and other States make mistakes, should we make them? Our own way ought to be that which was laid down long years

ago. The totalisator tax is entirely different from this tax; moreover, it does not produce much money. What I object to is the alteration of principle, the basic change proposed. This may be by way of setting a precedent for a permanent income tax.

The Premier: Oh no!

Hon. C. G. LATHAM: Besides, another place may make trouble, even though its members have no taxing power. The Premier has been over East too often lately; he has returned with some of the bad habits of the Eastern States people. I wish to warn hon. members on the cross benches. While they support the Government today, their opinions might change. Let them not fritter away their rights. The public are entitled to object to our claiming to be protecting their interests while merely playing. The officers of the Taxation Department in their new building will be able to deal with these questions.

Clause put and passed.

Schedule, Title—agreed to.

Bill reported without amendment, and the report adopted.

BILL—INCOME TAX.

Second Reading.

Debate resumed from the 12th September.

HON. C. G. LATHAM (York) [7.57]: The House has before it three money Bills, each of them having a direct bearing on the other two. At this stage I should have liked to discuss with hon. members the Income Tax Assessment Act Amendment Bill, which in my opinion should have preceded the Income Tax Bill. The two measures could well be discussed in conjunction. However, now that we have the Income Tax Bill before us I hope that you, Mr. Deputy Speaker, will allow me some little indulgence if I stray slightly from that measure. Otherwise I shall have to make, on the three taxing Bills, three separate speeches, and, in doing so, probably repeat myself twice.

The Premier: And entirely on the same subject.

Hon. C. G. LATHAM: Yes, practically the same subject. I regret that the member for Guildford-Midland (Hon. W. D. Johnson) has left the Chamber, as I wished to

give him some information with regard to taxation. There are two forms of taxation. One is the compulsory form, of which the Income Tax Bill is an example. Then there is the voluntary form of taxation. As I said by way of interjection during the preceding discussion, the totalisator tax is an instance of voluntary taxation. There is nothing to compel us to pay that tax, nothing to compel us to visit the racecourse and bet on the totalisator. Taxation through the totalisator is purely voluntary taxation. However, the hospital tax, the income tax, and the land tax exist, and are paid, by compulsion; there is no alternative but to pay them. I have given a good deal of thought to the income tax measure now under consideration. Undoubtedly it imposes many hardships. Income taxation is a cruel form of taxation, and the increases now proposed are exceedingly high.

The Premier: In the case of some people.

Hon. C. G. LATHAM: In the case of a great many people. In other instances, the people who probably derive most benefit from State services pay the least towards the cost of those services. A single man or a single girl is probably in a better position to pay than are married people; but the single man and the single girl are let off more lightly than married persons—more lightly than I expected they would be. Take, for instance, a single man who keeps his mother. In respect of that expenditure he is allowed a deduction of £40.

The Premier: Up to £40.

Hon. C. G. LATHAM: Very well. But immediately he gets married, he receives no portion of that deduction. Surely that is not right. Now let us examine the position of a single person in comparison with a married person. When there is an increase in the basic wage, how many of the people receiving it are called upon to pay additional board money? Very few. Therefore they receive additional wages without making any direct contribution whatever to revenue.

The Premier: If there is a decrease in the Arbitration Court's fixation of the basic wage, the cost of board does not come down.

Hon. C. G. LATHAM: No; but while the present Government is in power, there will be no decrease in the basic wage. It took us to bring about a decrease, but it was not an easy job.

Mr. Cross: It is remembered.

Hon. C. G. LATHAM: However, that decrease was scientifically applied, in the same way as an increase, the same formula being adopted.

The DEPUTY SPEAKER: I will ask the Leader of the Opposition not to discuss the basic wage. The hon. member may make some reference to it by way of comparison, but I cannot allow a discussion of the basic wage on this Bill.

Hon. C. G. LATHAM: I shall obey your ruling, Mr. Deputy Speaker, but you will agree with me when I say that this matter affects the wages of those employed by the Government. I stress the point I have made, and the Government should consider why a single man who cares for his mother is allowed a concessional deduction of £40, whereas the married man is not allowed anything for his wife.

The Premier: That has been the procedure for many years, and does not represent any new principle.

Hon. C. G. LATHAM: I know that.

Mr. Patriek: The Commonwealth makes an allowance for the spouse.

Hon. C. G. LATHAM: I shall quote, for the information of the Premier, particulars regarding the position in the various States. We must take into consideration the statutory deductions and concessional allowances.

Mr. Holman: You said just now that the other States made mistakes.

Hon. C. G. LATHAM: I did not; I said there was no reason why we should blindly follow the other States. The Premier proposes some alterations, which will be dealt with in the Assessment Bill, with the object of making our legislation uniform with that of the Commonwealth. There is an exception to that with regard to concessions to taxpayers, which the Premier is striking out.

The Premier: Unfortunately that is what we have to do in these times.

Hon. C. G. LATHAM: And the people should be told about it. Members should recognise that there are two forms of deductions—statutory exemptions and statutory deductions. Let us examine the position by comparing the conditions applying in the various States and the Commonwealth. The statutory exemptions allowed

by the Commonwealth and the States may be summarised as follows:—

Commonwealth:

Married taxpayer: £250 less £1 for every pound by which the income exceeds £250, finally disappearing at £500.

Single taxpayer: Ditto.

Western Australia:

Married taxpayer: £200 less £2 for every pound by which the income exceeds £200, finally disappearing at £300.

Single taxpayer: £100 less £2 for every pound by which the income exceeds £100, finally disappearing at £150.

New South Wales:

Married taxpayer: £250 less £1 for every £8 by which the income exceeds £250, finally disappearing at £2,250.

Single taxpayer: Ditto.

Victoria:

Married taxpayer: A flat £200 up to a net income of £500 and thereafter decreasing by £2 for every pound by which the net income exceeds £500, finally disappearing at £600.

Single taxpayer: Ditto.

Queensland:

Married taxpayer: A flat £150 until the net income reaches £250 and thereafter decreasing by £1 for every £4 by which the net income exceeds £250, finally disappearing at £850.

Single taxpayer: Ditto.

South Australia:

Married taxpayer: £100 less £1 for every £9 by which the income exceeds £100, finally disappearing at £1,000.

Single taxpayer: Ditto.

Widows with dependants: £200 flat exemption.

Tasmania:

Married taxpayer: Exempt to £150. Above £150, deduct from income £1 for every £3 by which the net income is under £450, disappearing at £450.

Single taxpayer: Exempt to £104. Above £104, deduct from income £1 for every £6 by which the income is under £400, disappearing at £400.

So that a married person in Western Australia becomes a taxpayer at a much earlier stage than if he lived in any other State. Thus that operates to the disadvantage of taxpayers in this State.

The Premier: But as soon as the married person starts to get a family, we hold out the helping hand.

Hon. C. G. LATHAM: Yes, and I will give the figures to show what is done under that heading. Then take the position regarding persons who have a net taxable income of £400, after allowing for all deductions except that for a spouse and statutory ex-

emptions. The position regarding the Commonwealth and the various States is as follows:—

	Married with no children. Single.	
	£	£
Commonwealth	200	300
Western Australia	400	400
New South Wales	112	181
Victoria	150	200
Queensland	197	287
South Australia	300	333
Tasmania	384	400

Those figures show that the average for the six States and the Commonwealth is £249 for a married man, which represents an increase of £150 compared with what applies in Western Australia for a man with a net taxable income of £400. The average for the States and the Commonwealth regarding single men is £300, which represents an advantage of £100 compared with the position of the single man in Western Australia. Thus a married man with a net taxable income of £400 is worse off in Western Australia than in any other State of the Commonwealth.

The Premier: Unless he has children, and he is the man we are out to assist.

Hon. C. G. LATHAM: I do not know about that.

The Premier: I do.

Hon. C. G. LATHAM: The Premier must know that a man cannot have a family unless he is married.

The Premier: That goes without saying.

The Minister for Mines: Can a man have a family even if he is married?

Hon. C. G. LATHAM: Yes, certainly.

The Minister for Mines: I do not know that that is so.

Hon. C. G. LATHAM: If a man is married and has children, then we should relieve him from taxation, but we do not encourage such men in Western Australia.

Mr. Fox: He can secure the benefit of the deductions allowed.

Hon. C. G. LATHAM: As the Premier indicated, the man must have a family before he secures the deduction, but in the meantime he cannot afford to have a family, and so he does not enjoy those benefits.

Hon. W. D. Johnson: But he has the inducement.

Hon. C. G. LATHAM: No, because he does not reach that stage.

Hon. W. D. Johnson: He can have the advantage of deductions by having a family.

The Premier: Of course he can.

Hon. C. G. LATHAM: I want to deal with the concessional deductions allowed in the various States and the Commonwealth. Denying first with the allowance in respect of the spouse of a taxpayer, we find that the following deductions are allowed:—

Commonwealth	..	..	£50
Western Australia	..	..	Nil
New South Wales	..	..	£50
Victoria	..	..	£50
Queensland	..	..	£72

(Reducing after £650 income and finally disappearing at £1,000.)

The Premier: The deductions disappear in some instances.

Hon. C. G. LATHAM: I am giving the House the exact figures.

The Premier: Yes, but some disappear at a much earlier stage.

Hon. C. G. LATHAM: To continue the comparison—

South Australia	..	..	£30
(Reducing after £650 income and finally disappearing at £1,010.)			
Tasmania	..	..	Nil

Thus Tasmania is the only other State besides Western Australia that makes no allowance. The Premier did not bother to follow the Commonwealth Assessment Act in this respect.

The Premier: That matter was dealt with in this House three years ago.

Hon. C. G. LATHAM: I know, but I have indicated the position, and this taxation is now being reviewed.

The Premier: No.

Hon. C. G. LATHAM: Yes, but we have a new form of tax now. Here are particulars regarding the allowance granted to a taxpayer who has a child under 16 years of age—

	£
Commonwealth	50
Western Australia	62
New South Wales	50
Victoria	50
Queensland (reducing after the income reaches £650 and disappearing at £1,000)	60
South Australia (reducing after the income reaches £650 and disappearing at £1,010)	30
Tasmania	39

The Premier: We are well ahead on that score.

Hon. C. G. LATHAM: Our allowance is £2 more than Queensland's.

The Premier: And £23 more than Tasmania's allowance.

Hon. C. G. LATHAM: Yes.

Medical expenses paid on account of taxpayer, spouse and children under the age of 21 years:—

	£
Federal (maximum)	50
Western Australia (maximum)	50
New South Wales (maximum)	50
Victoria (maximum)	50
Queensland (maximum)	50
South Australia (including funeral expenses; reducible after the income reaches £650 and disappearing at £1,000)	50
Tasmania	Nil

Hon. W. D. Johnson: You condemned the Government in one case; why not eulogise them in the other?

Hon. C. G. LATHAM: My desire is to give the young married man a chance. Had the hon. member listened, he would have heard me say so.

Hon. W. D. Johnson: What about the married man with a family?

Hon. C. G. LATHAM: He is all right if he has a ready-made family, but I want to encourage young people to get married. At present they have not much encouragement to do so. We should help them in every way possible by giving them some exemption until they get a family.

Funeral expenses of spouse or children under the age of 21 years:—

	£
Commonwealth	Max. 20
Western Australia	20
New South Wales	20
Victoria	20
Queensland	20
South Australia (including medical expenses; reducible after the income reaches £650 and disappearing at £1,000)	50
Tasmania	nil

Life assurance on life of taxpayer, spouse or child, and contributions to superannuation funds:—

	£
Commonwealth	Max. 100
Western Australia	50
New South Wales	100
Victoria	100
Queensland	100
South Australia	nil
Tasmania (allowance up to £20 for contributions to superannuation funds only)	nil

Western Australia's allowance is therefore only half of the allowance made by the

Commonwealth and other States making the allowance.

Allowance in respect of dependent relatives:

	£
Commonwealth	nil
Western Australia (excluding the spouse of the taxpayer) ..	40
New South Wales (applicable only where this amount has not been claimed for the spouse of the taxpayer, and in any case restricted to one dependant) ..	50
Victoria	nil
Queensland	nil
South Australia (reducible after the income reaches £650 and disappearing at £1,010) ..	30
Tasmania	nil

Dental expenses on account of taxpayer, spouse and children under 21 years of age:—

Commonwealth	nil
Western Australia	nil
New South Wales. Any amount deductible, provided the income does not exceed £400 net.	
Victoria	nil
Queensland	nil
South Australia. Allowable under heading of medical expenses.	
Tasmania	nil

New South Wales is more generous as far as the allowance for dental attention is concerned.

Allowance for mother of taxpayer:—

Commonwealth	nil
Western Australia	nil
New South Wales	nil
Victoria	nil
Queensland (reducible after the income reaches £650 and disappearing at £1,000) ..	£60
South Australia	nil
Tasmania	nil

The Premier interjected.

Hon. C. G. LATHAM: The tax sought to be imposed exceeds the Federal property tax until the income reaches £900 and it exceeds the personal exertion tax until the income reaches £5,017. We must regard this as an extremely heavy tax.

The Premier: If we could only collect our own Customs duty, we could do without this tax altogether.

Hon. C. G. LATHAM: Never! The Government never cuts out any tax as long as it can find some means of spending the money raised. This State gets its share of the Customs duty. Where does the £650,000 come from which the State gets from the Federal Government by way of special grant? It is by means of this grant that we are getting some share of the Customs duty. I am making a comparison with the

other States and we must realise that they are at the same disadvantage as we are with regard to the collection of revenue. As a matter of fact, I think we are a little more fortunate, because we derive revenue from a gold profits tax. The other States do not.

The Premier: The Federal Government is getting the revenue from the gold tax.

Hon. C. G. LATHAM: We also are getting revenue from a gold tax. The Treasurer supplied members with some schedules comparing income taxes levied by the States and by the Commonwealth. The tax payable on a net income of £400 is as follows:—

	£	s.	d.
Western Australia	21	13	4
Commonwealth	6	5	0
New South Wales	21	18	9
Victoria	11	15	6
Queensland	20	7	0
South Australia	35	12	2
Tasmania	16	0	8

This is the amount of tax that would be paid by a single person without dependants.

The Premier: Does that take into consideration all the special taxes?

Hon. C. G. LATHAM: We are dealing with the tax.

The Premier: But the other States have additional taxes.

Hon. C. G. LATHAM: This schedule was prepared by the Premier. Does it not include all taxes in the nature of income tax?

The Premier: I do not think it does.

Hon. C. G. LATHAM: I thought it might. Take South Australia—

The Premier: South Australia has only one tax.

Hon. C. G. LATHAM: Then the schedule is of very little use. I know that Victoria has some other tax in the nature of an income tax—an unemployment tax. Our income tax is growing very burdensome. Under the proposed measure a man in receipt of an income of £5,000 would pay for State tax the sum of £1,125 and for Commonwealth tax the sum of £1,122 10s. What worries me is that people here earning big incomes will be leaving the State.

The Premier: They will not be treated so liberally elsewhere.

Hon. C. G. LATHAM: Yes, they will.

The Premier: No.

Hon. C. G. LATHAM: I think they will. In the case of Victoria, the amount payable on an income of £5,000 is £592 1s. 8d.

The Premier: Take Queensland.

Hon. C. G. LATHAM: The amount payable in Queensland is £1,335.

The Premier: If a person earning £5,000 per annum went to England, he would pay about 60 per cent.

Hon. C. G. LATHAM: He would not go to England if I know anything about it.

The Premier: It is said that out of a salary of £10,000 the Prime Minister has only £3,000 for himself.

Hon. C. G. LATHAM: When we talk about the salaries that people receive we should realise that they have very little for themselves. I know that by the time the Taxation Department receives its share of what I earn I have very little to spend, and generally I have to go to the bank to borrow money in order to pay my taxes. Then I have to pay interest on the money borrowed.

Member: You are lucky to be able to borrow any.

Hon. C. G. LATHAM: One has a farm. This year he loses money on it and then has to secure a loan. The next year he makes a profit and he has to use that to pay his debts. Still, taxes must be paid. We cannot avoid that.

Mr. Triat: How do you pay taxes if you have no income?

Hon. C. G. LATHAM: I pay the taxes out of what I earn the following year. I wish to mention one or two matters to which the Treasurer might well give consideration when preparing an assessment measure. Any man who declares that he is married is entitled to the statutory deduction for a married man. In some instances the wives of married men live in some country other than Australia and money is sent away to them. Why should such men be allowed a deduction? Surely they are not entitled to it. If a man's wife is living in Italy or Czechoslovakia or Dalmatia or somewhere else why should he be classed as a married man? Relief from taxation is granted to a man on the assumption that his wife and family are living with him, but some of these men say they have a wife and five children, and are thus released from the payment of tax. They send money away overseas just the same. That is the position is it not?

The Premier: It might be.

Hon. C. G. LATHAM: It is. A man should be living with his wife or maintaining her in the State before being entitled to deductions.

Mr. Watts: She should be in Australia at any rate.

Hon. C. G. LATHAM: Yes. Now that the Federal taxation officers are here the Premier will be able to pass the information on to the Federal authorities.

The Premier: Keep on. I am always prepared to receive suggestions for securing more taxation.

Hon. C. G. LATHAM: A man who is not keeping his wife and family in this State should surely not be entitled to deductions. Some proof should be forthcoming that he is contributing to the support of his family in Western Australia. I do not mind if a man and his wife are living apart so long as he is maintaining her. When the Premier is considering a further amendment to the Act I hope he will give some encouragement to married men and that provisions will be included in the Assessment Act similar to those obtaining in every other State. I suppose we have no alternative but to pass this blooming Bill. There is little else I want to say and I suppose I can say it when we are considering the Rates for Deduction Bill, but I want to stress the fact that I do not intend in any circumstances to agree to this measure being made permanent. I have an amendment on the notice paper and if it is not acceptable I want to see the Bill held up until we can agree about it.

The Premier: Your amendment is not unreasonable.

Hon. C. G. LATHAM: So long as it is satisfactory I do not mind. The argument submitted by the Treasurer was sound. If taxes have to be imposed, everyone in a position to pay should do so. I have no fault to find with that suggestion. We must, however, be very careful. It is easy enough to impose taxes and collect them.

The Premier: Is it?

Hon. C. G. LATHAM: It is easy to impose them.

The Premier: No.

Hon. C. G. LATHAM: It is very easy. It can be done without any justification. Our industries are already seriously handicapped and taxation should be kept as low as possible. There is only one way to achieve that and it is by watching expendi-

ture carefully. I do not think expenditure is being watched to the extent that it should be. If the Government made it worth my while I would be prepared to become a vigilance officer and to indicate ways in which expenditure could be reduced without injury being done to anyone.

Mr. Withers: We would not like to lose you from the House.

Hon. C. G. LATHAM: Sometimes I become tired of politics.

Mr. Needham interjected.

Hon. C. G. LATHAM: I know someone I would tackle. I would make sure he sent in the proper income taxation returns. I warn the Treasurer that these very high taxes will drive people away from the State, and that at a time when we need to build up our population. The only way to increase our numbers is to make the State attractive enough for people to come to it. Ways of doing that are to keep taxation down to a low level, offer assistance to industry wherever possible and make working conditions reasonable both for employer and employee. This country offers wonderful opportunities but we do not seem to be able to keep our population. People are going to Victoria and New South Wales where conditions are better and taxation is lower.

MR. McDONALD (West Perth) [8.27]: There are a few suggestions we can make in regard to taxation at the present time. One is that if possible it should not be increased during the war period. The Premier has already explained that the Federal Government has expressly requested and that the Premiers in conference have agreed that State taxation should if possible be maintained at the existing level so as to allow the untouched field for taxation—which of course is a limited one—to remain open to the Federal Government with a view to providing for the extraordinary expenditure we must expect to be incurred in the prosecution of the war effort. The Bill does not to any serious extent increase taxation. The Premier has said that the amount to be realised is expected to be somewhere in the vicinity of what has been received in previous years.

The Premier: A little less this year.

Mr. McDONALD: The rates have been increased in one or two instances. Some people will pay more than previously, but I do not propose to take any exception to

the Bill because it does not materially increase taxation, if it increases it at all, and we are faced at the present time with the probability that the State will have to find a considerable sum to preserve the farming industry from the disaster which threatens it. The State Treasurer will find his hands full in tiding our primary producers over their present difficulties with the amount of money he obtains under this legislation.

There are one or two aspects of the Bill to which I should like to refer. One is a small increase in the taxation on companies. I hold no brief for companies. The increase is very small— $\frac{3}{4}$ d. in the pound—but companies are now to be taxed on a flat rate. That is to say, a maximum of 2s. in the pound has to be paid whatever the earnings of the company might be. In the past a company paid the maximum only if its income exceeded £800 a year. Now it will pay the maximum if its income is only £50 or £100 a year. When people are about to embark on some enterprise—it might be a new manufactory or something attended by an element of doubt as to its success—and desire to form a company to secure the limited liability protection, the incidence of taxation is one that they take into account, and I know from experience that people have abandoned enterprise because they were men of comparatively small means and found that if they formed a company they would be paying a higher rate of taxation than they would ordinarily pay on their incomes as individuals. The effect of making companies pay the maximum rate of 2s. in the pound for income tax will be to deter, to some extent, new enterprises from commencing in this State.

The Premier referred to Queensland and to the taxation imposed on companies there. We must not take that State as an example. Company taxation in Queensland is now so high that recent writings from Queensland have shown that it is having a very adverse effect upon enterprise and upon the development of the State. People now do not form companies as freely in Queensland because the taxation is so high. If they are prepared to run the risks associated with partnerships they trade as partners because as such they pay a lower rate of tax. If the personal risk involved in a partnership is too great, it means that if

the enterprise is risky, although it may be extremely valuable to the State, they simply do not undertake it at all, but possibly transfer it to a State where the conditions give a sporting chance of achieving success. So we should not take Queensland as an example.

The taxation of life assurance companies is to be the same as before; the financial emergency tax will be added to the income tax. These companies now pay 2s. 3d. in the pound on the interest from investments. At this stage we cannot amend that law, but the provision governing life assurance companies should be reconsidered. The principle in the Bill is similar to that contained in the income tax Acts of other States. The Commonwealth has a somewhat different system of taxing life assurance companies, but in every case the taxation is fixed on a merely arbitrary basis, and I hope the time will come when a more scientific method will be adopted, because this taxation now falls to a large extent upon the policy-holders who, generally speaking, are quite poor people. A large proportion of the policies in every life assurance company is held by people who are very poor.

The Premier: We exempt the premiums paid on policies.

Mr. McDONALD: Yes.

Mr. Sampson: If the premium is paid in time; otherwise it is not allowed.

Mr. McDONALD: But by reason of imposing a tax of 2s. 3d. in the pound on the investment income of life assurance companies, the rate involved is considerable and falls upon people of very slender means—people who are struggling to build up some little fund or competency, either to meet their old age or to provide for a child approaching maturity. We cannot do anything at this stage, but I hope the time will come when the taxation of life assurance companies will be re-examined, because I think it could be placed upon a more equitable basis.

I agree with the Leader of the Opposition that a further objective should be to keep our taxation as low as possible. In our taxation measures we should be guided by that policy. Taxation in England, as members know, is colossal, and when better times return, there is a possibility that this State might benefit by the ingress of a large

number of people with capital—not large capital but a certain amount—who might be very desirable residents. A man spoke to me last week—he is temporarily in this State—and he said that he did not know how he could possibly meet his taxation in England. He is not a wealthy man. He spoke of the possibility of coming to this State after the war, and said many people he knew—young men with wives and families—who might have £1,000 or £2,000 of capital, might be willing to come to a State like this and make a new home here where the conditions would be better.

Mr. Needham: From overseas?

Mr. McDONALD: From Great Britain. There should be a large influx of very desirable people in the sense that they would be healthy and young and possessed of a little capital, provided we can make conditions attractive to them. New Zealand has now a very high rate of taxation. We are fortunate in not having reached such a high rate.

Hon. C. G. Latham: We have to pay Federal taxation as well.

Mr. McDONALD: Nevertheless, taxation in New Zealand is very high and the Dominion is likely to suffer in the matter of immigration. If we can keep our taxation relatively low, I think we shall gain far more in real prosperity and revenue than if we make it high. The other suggestion made by the Leader of the Opposition might well be examined. He said we should look at the other side of the picture more than we do and consider the question of economy. To make economies is always extremely difficult, but there are two sides to the taxation picture—one, the amount to be raised, and the other, how little we can budget for. I believe there are many avenues where economy could be effected without any unfairness to people and without creating dislocation. We pay a tax on land to the Taxation Department; we pay a tax on land to the local authority, and we pay a tax on land (for services) to the Water Supply and Sewerage Department. Each of these authorities sends out separate notices, and three separate organisations are doing that work. It should not be beyond the wit of man to devise some arrangement whereby a central authority would send out one notice, for so much land tax, for so much in municipal taxes, and so much for

water rates, etc. The taxpayer could then send in one cheque, and the amount could be allocated amongst the authorities concerned.

Mr. Rodoreda: What if he could not send a cheque?

Mr. McDONALD: Then he could pay by instalments, as some of us have to do. The Taxation Department has one valuing authority, and the municipal people have another.

The Premier: That is a very important aspect of Government administration.

Mr. McDONALD: The people would welcome one thoroughly good tribunal that would fix valuations for all those concerned.

The Premier: In New South Wales there is a valuer general's department.

Mr. McDONALD: That is what I have in mind. It is something that might well be adopted here.

Hon. C. G. Latham: The Taxation Office did the work here for nothing.

The Premier: Yes, the Commonwealth.

Mr. McDONALD: These suggestions may or may not be practicable, but I see no reason why they should not be. I am prepared to believe that economies could be effected in other branches of the Government service, even allowing that the greater part of Government expenditure is outside the hands of the Government.

Mr. Sampson: However much the account was it would be unwelcome.

Mr. McDONALD: The account would be less unwelcome if it were, say, 1d. in the pound less. Victoria has recently been able to reduce taxation by 20 per cent.

Mr. Patrick: In respect of the unemployment relief tax.

Mr. McDONALD: That was a remarkable achievement.

Hon. C. G. Latham: Mr. Dunstan is a Country Party Premier.

Mr. McDONALD: A Parliament which has made such a startling innovation is to be congratulated. I commend Mr. Dunstan's example to the Premier, and assure him that if the time comes when he can make deductions in this State he will not find that the praise to which he would be entitled was withheld from this side of the House.

THE PREMIER (Hon. J. C. Willcock—Geraldton—in reply) [8.44]: The Leader of the Opposition when discussing the Bill, with

your tacit permission, Mr. Deputy Speaker, also dealt with the Assessment measure. In most of the matters to which he referred no alteration is being effected. A uniform assessment Act has been in force for three years, and therefore those things of which the hon. member spoke are not new. This year, when we are expecting to get from the combined taxes £40,000 or £50,000 less than we received in the aggregate last year, I do not feel inclined to review the Assessment Act. To do so would mean our receiving a little less revenue than already we know we are going to get. I recognise there is need for some alteration in connection with the system. A good argument can be adduced on behalf of people who have dependants, whether a wife, children, grandmother, aunt, housekeeper or other relatives—all those who come within the purview of the Act—being treated in a similar manner. It is a deliberate estimate that we will receive less from this tax than we received last year. That situation will, to some extent, be rectified next year if the conditions remain as they are. This year, on the assessment of income, allowance will be made for all taxation paid last year under the financial emergency tax provision. As there will be no emergency tax this year, that deduction will not come out of next year's assessment. Under exactly similar conditions we will get from £40,000 to £50,000 more next year from the tax as it exists. Other factors can later on be reviewed under the Assessment Act. When that time arrives I think, even if it means increasing the tax by $2\frac{1}{2}$ per cent., in consideration of the different types of people who have dependants, and exemptions therefore in regard to any particular aspect of taxation, we should give to that aspect consideration. At the present stage the outlook is so grave that one can see no justification for giving any exemptions or making any alteration in the Assessment Act that has already been in existence for two or three years.

Both the Leader of the Opposition and the Leader of the National Party have said the Government should keep a watchful eye on the expenditure. I am not growling or grouching about what has happened, but I would like to be Treasurer when all our industries are progressing in a normal manner. We have had droughts, bad seasons, losses of stock, and many disabilities to put up with during the last three or four years.

Mr. Doney: Something abnormal happens every year.

The PREMIER: We have had adverse climatic conditions during the last five out of six years. In the northern pastoral districts during the last three or four years the number of sheep has dwindled from 4½ million to less than two million. A considerable portion of our taxation revenue and national income, that go to make up the prosperity of the State, comes from those districts. I hope better conditions will soon prevail, but before those districts have got over their troubles we are faced with drought conditions in the agricultural areas. I hope for the time when I as Treasurer can see all our industries progressing normally. We would then be able to do far more than we have been able to do up to the present. True, there are some anomalies in the Act at this time. The outstanding factor in this legislation is that it does specifically consider the man with a family. I agree with the Leader of the Opposition and the Leader of the National Party that we need more population, and everyone agrees that the best immigrant is the native-born immigrant. People with children do already obtain substantial relief. The man with three children who is earning £7 10s. a week will not be asked to contribute any income tax. I do not suggest that we are being generous to such a man, for he thoroughly deserves such consideration. The lack of this consideration was the outstanding blot in our taxation system during the last few years, but it will go by the board with this new taxation. One or two anomalies may still exist. When the prospects are brighter we may look forward to relieving the position in that connection also.

We are trying to obtain in this way nearly as much tax as we obtained last year from the two sources. The Bill gives what I may term tremendous relief to some sections of the community, those sections with large domestic responsibilities. Under the Bill the man with three children receiving up to £8 a week will not have to pay any tax, whereas last year, under the financial emergency tax, he paid up to £10. The Government has deliberately accepted that responsibility. Until all desirable adjustments have been made, some people must pay more. The burden of taxation has been shifted on to single

people, and married people without any children. Also, to some extent, the burden has been placed on well-to-do people. I may point out that an income must be up to £4,500 before becoming subject to the maximum taxation. Two sections of the community will pay more under this measure, but I repeat that the people to whom relief should be granted, people with families, receive tremendous benefits under it. It takes some time to work out anomalies and irregularities. I know there are some of these things still. If circumstances were sufficiently good, I should be glad to propose an amendment of the Assessment Act this session. However, we already estimate to receive about £50,000 less this year, and I do not feel justified in asking the House to make that reduction greater. The outstanding principle of this new legislation is as I have stated. I am glad the House has received it so well. Benefits are given to deserving people. I hope that before long an opportunity will come to iron out some anomalies which are severe; but any attempt to lessen the amount of taxation by granting further relief in any quarter cannot be made at this stage. A grave situation faces Western Australia because of climatic conditions. Although the season may finish up a little better, it might finish up a little worse, and we must be prepared to face either eventuality. Therefore, in my opinion, the House would not be justified in now granting any further relief whatsoever. I repeat, I am pleased with the reception accorded to the Bill.

Question put and passed.

Bill read a second time.

In Committee.

Mr. Withers in the Chair; the Premier in charge of the Bill.

Clauses 1 to 3—agreed to.

Clause 4—Rates of income tax for companies:

Hon. C. G. LATHAM: This clause affects the Third Schedule. I may be permitted to draw attention to the tax increases. There is an increase of 1s. 0¾d. in the rate payable by companies other than a life assurance company. The rate payable on interest, under Section 123, is increased by only 4¾d. Why has there not been an increase in that case corresponding to the other increase?

The PREMIER: I have an amendment on the notice paper dealing with that aspect. The taxation applies to a comparatively small amount contributed by absentees. It is paid in rather small sums. Previously the rate was 1s. 3d. in the pound. Last year this taxation did not reach the maximum amount of emergency taxation. That depends on whether the emergency taxation is on the 3d. or 4d. rate, or up to the maximum rate of 1s. If the financial emergency tax is only at the rate of 6d., the maximum total taxation payable in this connection would be 1s. 9d. But for a clerical error, the amendment I have on the notice paper would not be required. This taxation is deducted by the bank, company or institution before the money is sent overseas. People who draw income from Western Australia while living outside Western Australia, and therefore contributing nothing to our national services, should be called upon to pay something by this means.

Clause put and passed.

Clauses 5, 6—agreed to.

Clause 7—Application of this Act:

Hon. C. G. LATHAM: I presume that the new clause I have on the notice paper may not be discussed on this clause.

Clause put and passed.

New clause:

Hon. C. G. LATHAM: I move—

That the following be inserted to stand as Clause 8:—"This Act shall continue in force until the end of the year one thousand nine hundred and forty-one and no longer."

The new clause proposes to limit the operation of the measure so that it will not be permanent, as it will be if Subclause 2 of Clause 6 is passed as it stands.

The PREMIER: I have no objection to the new clause. There is some ambiguity in the wording of Subclause 2 of Clause 6. The intention was that we should be enabled to claim tax from people who desired to go away from the State after earning money here—for instance, Sir Thomas Beecham. Unless we have an opportunity to tax such people before they get away, they pay nothing.

Hon. C. G. Latham: In any event it is necessary to have this power.

The PREMIER: Yes, and that is why the provision has been included. While the effect might be to make the taxation per-

manent, I am not prepared to ask the Committee to go to that extent at this stage. Of course the form of income tax has remained unchanged for a long period and, unfortunately, whenever alterations are made they usually represent increases. The only time that I can remember a reduction being effected was when the Commonwealth grant was received and taxation was reduced by 33 per cent. or so. However, all the Government set out to accomplish in the Bill has been attained, and I am prepared to accept the new clause.

New clause put and passed.

Schedule:

The PREMIER: I move an amendment—

That in line 4 of the Third Part the words "one shilling and tenpence" be struck out and the words "two shillings" inserted in lieu.

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

Title—agreed to.

Bill reported with amendments.

BILL—INCOME TAX (RATES FOR DEDUCTION) ACT AMENDMENT.

Second Reading.

Order of the Day read for the resumption from the 12th September of the debate on the second reading.

Question put and passed.

Bill read a second time.

In Committee.

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

BILL—INCOME TAX ASSESSMENT ACT AMENDMENT.

Second Reading.

Debate resumed from the 12th September.

HON. C. G. LATHAM (York) [9.6]: The Bill contains very little about what I desire to speak, seeing that I have already covered most of the ground. The object of the measure is to bring our legislation as far as possible into conformity with the Federal Act. The Bill includes provision for allowing as concessional deductions

contributions paid to any person in the naval, military or air forces. I would like the Premier to explain whether that will cover contributions to dependants of men who go overseas. The provision does not seem to me wide enough for that purpose. Apart from that, I see no objection to the Bill, which I have perused very carefully. It is merely a machinery measure. I have always contended that our Assessment Acts, both Federal and State, should be in conformity as much as possible, because that would be of material assistance to companies and individual taxpayers alike. I have already drawn attention to some matters that have not been included in the legislation, and I shall not deal with that phase further.

MR. DONEY (Williams-Narrogin) [9.8]: I would like the Premier to give consideration particularly to the position of the Government servants, because they are most usually concerned in the matter I have in mind. Such a man may build a house for use as his residence in the centre where he is stationed. A little later he may be transferred to another town where he has to rent another house. The transfer means that the rent from the house he built becomes income from property and, as such, liable to taxation. There we have the case of a man who finds himself having to pay increased taxation from his income, which has remained at precisely the one level. That strikes me as an instance where exemption should be allowed. I would like the Premier to express an opinion on the point which concerns not only Government servants but others, although, as I have already pointed out, it mostly applies to employees of the State, and particularly to those in the service of our railways who are, I should say, the greatest sufferers.

MR. WATTS (Katanning) [9.9]: I support the suggestion put forward by the member for Williams-Narrogin (Mr. Doney) because circumstances such as he referred to arise, I think, more often than we are inclined to imagine. That applies particularly in country districts. The circumstances very often are that a man who builds a residence occupies it as his home, and then has to leave the district. He has to let the house. In his new place of residence he rents a home for which he will have to pay

a rent somewhat similar to that which he receives in respect of the building he has had to vacate, but yet he is obliged to pay taxation on the rent he receives. In the first instance he had the benefit of the house in which he lived and for which he paid no rent; consequently he did not have to pay tax. I would like the Treasurer to give attention to the suggestion made by the hon. member. I would also ask the Premier whether he is prepared to consider a statutory deduction for children who are being cared for under the Overseas Children's Reception scheme.

The Premier: No. The Commonwealth Government will look after them.

MR. WATTS: That is going to be the trouble. I realise that if an order for adoption were made, the deduction would be allowable. As I understand the position, when the British Government recently considered this matter it suggested that some recompense should be paid for the maintenance of the children in question. The suggestion was, I think quite rightly, not adopted. But a man and his wife might take a couple of these children under 16 years of age, and so long as the war lasted and presumably for 12 months thereafter, they would be liable for the maintenance of the children. It would be reasonable to allow the same deduction in respect of those children as is allowed for the children of the taxpayer. I hope the Premier will consider this matter.

There is one other point. As I understand the measure, the pay of members of the forces who enlist for service outside Australia will be exempt from taxation if they leave Australia. If they do not, however, they will not have that relief. I am in agreement with the provision that the soldiers must enlist for service outside Australia; but it is not beyond the powers of contemplation that, although they enlist for service outside Australia, they may not be allowed to leave the Commonwealth. Their intention was to undertake service abroad, but the superior Government—the Commonwealth Government—might say that they must not leave. Thus they will lose the privilege which this measure will confer upon soldiers who leave Australia for service abroad. I am wondering whether the Premier will be prepared to take this aspect into consideration. I have no other objection to the measure and shall support the second reading.

THE PREMIER (Hon. J. C. Willcock—Geraldton—in reply) [9.13]: As I indicated when speaking on the previous measure, anomalies do exist, some not very great but others that might substantially affect persons. As I then said, while I am particularly anxious that there should be no anomalies and that we should give consideration to people deserving of it, at this stage we are hardly justified in giving anything away. The question of tax on house rent was raised, but there would not be many such instances. The hon. member who raised the question might know of one instance, and there might be 30, 40 or 50 others throughout the State. The taxation which a man would pay on the rent he would receive for his house would not be great. He might receive 15s. a week, or about £40 a year, and if he were exempted from taxation on that sum he would not get much relief. The hon. member mentioned that the deduction would not materially affect the revenue, but if we agreed to make the allowance, we might have many other equally good cases put up to us.

Mr. Doney: You must have struck that complaint on many occasions.

THE PREMIER: Yes. I had the same experience myself. At the time I was working in the railways I owned a house at Geraldton. When I came to Perth I let the house and would have had to pay income tax on the rent I received had I not at that time four children. With regard to the question of evacuated children, these will be placed under the charge of people in good circumstances.

Mr. Doney: No; they will not. That is the point.

THE PREMIER: This Government has been informed by the Prime Minister that there are many people in comfortable circumstances desiring to take care of evacuated children.

Mr. Doney: The concession would be a small one.

THE PREMIER: That might be so. I dealt with that point when speaking on the question of payment of tax on house rent. The Prime Minister has also informed us that there were people, well off, who had volunteered to care for 1,500 evacuated children. Other people, no doubt actuated by patriotic motives, would also be pleased to care for these children, but their circumstances may be such that they could not

really afford to do so. We cannot allow these children to be domiciled with such people.

Mr. Doney: It is frequently a case of relatives being concerned.

THE PREMIER: There are very few nominated children in the group coming to Western Australia. The children will be domiciled with people well able to maintain them; and the difference which an allowance for them would make is hardly worth considering.

Question put and passed.

Bill read a second time.

In Committee.

Mr. Withers in the Chair; the Premier in charge of the Bill.

Clauses 1 to 9—agreed to.

Clause 10—Amendment of Section 78:

Hon. C. G. LATHAM: This section deals with miscellaneous concessional deductions. The Premier has provided that gifts made to patriotic funds shall come under this heading. I should like to see included any contributions made towards the welfare of dependants of soldiers. Some substantial amounts have been made available for this purpose.

The Premier: Yes, one man has paid £10 a week.

Hon. C. G. LATHAM: It is worth while giving these people some encouragement. The Premier will save in the long run because if these dependants become a charge on the State, that will be more expensive than the allowance of taxation deductions.

THE PREMIER: Is it the hon. member's desire that I should go into the matter and introduce an amendment to the Bill when it is in another place?

Hon. C. G. Latham: If necessary.

THE PREMIER: It may be. On the other hand, the matter may be covered by the words "public fund established or maintained for the comfort, recreation or welfare" of members of the forces. However, I will go into the matter. I agree with the principle outlined by the Leader of the Opposition, and if an amendment is necessary, I will take steps to have it made.

Mr. SAMPSON: I should be pleased if the Premier would advise the House what amounts would correctly be deductible under this clause.

The PREMIER: The hon. member will recall that last year a Bill was passed dealing with patriotic funds. Under that measure a committee was appointed, subject to the control of the Chief Secretary, to authorise the establishment of various funds. I take it that money contributed to funds authorised by the committee would come under the provisions of this clause.

Mr. SAMPSON: I am pleased to have that assurance. I take it that organisations such as the Salvation Army, the Y.M.C.A., and all other recognised bodies which have as their object the amelioration of the conditions of members of the different forces, would be properly subject to approval from the standpoint of deductions.

The PREMIER: That portion of the funds devoted to patriotic purposes would be deductible.

Mr. SAMPSON: I feel that it should be made clear to the public that donations made for this purpose become deductible, because many folk are unaware of the fact. If the knowledge were more general the flow of funds for the purpose of providing money for patriotic organisations would be greatly increased. If the Premier or some official of the Income Tax Department could make a statement to the Press on the matter, it would be very helpful. With increased taxation it is becoming dangerous to provide funds for this purpose unless one is assured that they will not be subject to income tax.

The PREMIER: I think the hon. member has achieved his object by making that speech. I looked up at the Press Gallery and noticed that the reporters were busy writing down what the hon. member said. This aspect of the Bill was featured in the report of the second reading of the measure, and when people have an idea that certain money is exempt from taxation, it does not take them long to make certain of the fact. The Press was very busy taking down the remarks of the hon. member, and I am sure he will be reported verbatim in the paper to-morrow.

Mr. SAMPSON: I am charmed by the ready acquiescence of the Premier, but I have my doubts about the sudden activity of representatives of the Press.

The CHAIRMAN: I do not think the hon. member should reflect on the Press.

Mr. SAMPSON: That is the last thing I would do. However, a half promise has been given.

The Premier: No, a promise.

Mr. SAMPSON: I thank the Premier. That being so, I will say no more about the matter.

Clause put and passed.

Clauses 11 to 18—agreed to.

Clause 19—Amendment of Section 191:

Hon. C. G. LATHAM: The measure passed last year stipulated that the Governor might by Order-in-Council prescribe classes of contracts of service and contracts for service under which payments made for labour only or substantially for labour only to any person, should be deemed to be salary or wages. Has there been any Order-in-Council setting out what a contract is? In the country there are quite a number of men employed in petty contracts. Is there to be any clarification of the position of, say, a well-sinker, who has a contract of work? This also applies to shearers, fencers and others.

The PREMIER: No Order-in-Council has yet been made. The whole matter is being considered. To draw the necessary distinctions is difficult. Some contractors have to disburse three-parts of their income for working expenses.

Hon. C. G. Latham: We provided for them under the financial emergency and hospital tax Acts.

The PREMIER: Yes. As circumstances arise, an Order-in-Council will be made. This provision has been inserted to make our law uniform with that of the Commonwealth. The Commonwealth proposes to include a similar provision in its measure to provide for deduction of taxation at the source and we want to keep the two Acts in line.

Clause put and passed.

Clauses 20 to 22—agreed to.

New clause—Amendment of Section 193:

Mr. RODOREDA: I move—

That the following be inserted to stand as Clause 20:—

Section one hundred and ninety-three in Division 2 of Part VI. of principal Act (inserted by Section 4 of the Act No. 25 of 1939) is amended by adding at the end of Subsection (1) the following proviso:—
“Provided that no deduction shall be made from such salary or wages paid to any aboriginal native or person subject to the Native Administration Act, 1905-1936.”

Section 193 provides that where an employee is entitled to receive salary or wages from

an employer in respect of any week or part thereof amounting in all to 37s. or more, the employer shall at the time of payment make deductions from such salary or wages on account of the tax payable by the employee. I have taken this matter up with the taxation authorities, and I believe the Pastoralists' Association and the Commissioner of Native Affairs have also discussed it. Four or five weeks ago a ruling was given by the Commissioner of Taxation as to the procedure to be adopted when making deductions. This ruling was very unsatisfactory, and the Commissioner of Taxation, after further consideration, advised that the ruling had been cancelled. Under date 12th September, he wrote that after having considered representations made by the Acting Commissioner of Native Affairs, he had ruled that natives within the meaning of the Act were not liable to income tax under the provisions of the assessment Act. I do not know under what section he gave this ruling; I doubt whether he had power to give it. In any event, I want to have provision made in the Act so that there will be no danger of any subsequent Commissioner reversing the decision. The new clause will meet a difficulty confronting employers of native labour. It merely provides that no deduction shall be made at the time of payment, but does not absolve natives, half-castes or quadroons from the payment of taxation. A native earning the requisite amount would have to lodge a return. Permanent employees would not be liable for tax because they do not earn sufficient wages, but many casual natives do earn more than the stipulated amount in some weeks. Various half-castes earn in excess of that amount regularly, and as most of them are uneducated, they do not know how to secure exemption and therefore the employer must make the deduction when he pays them 37s. a week or more. There is the further difficulty that no books are available in which to fix the stamps, and the position is causing great anxiety to pastoralists and other employers of native labour. These employers realise that no deduction should be made, but they are required by law to make it and then there are no books for the stamps. I do not think there should be any objection to the amendment.

The PREMIER: I am prepared to accept the new clause. The member for Roebourne has explained the position that would be created by the passing of such an amendment. It would not mean that natives were exempt from taxation if they earned incomes that brought them within the purview of the Act. They could be assessed, and the Commissioner could trace their incomes from the returns made by their employers. I know that some natives have earned between £8 and £10 a week at well sinking or exterminating kangaroos, and in such instances they would probably pay taxation. The new clause is a good one, and will relieve the anxiety of the pastoralists in the direction indicated by the mover.

Hon. C. G. LATHAM: I am surprised at the Premier. He has approved of the principle of distinguishing between black educated men and white men.

The Premier: Not necessarily black men.

Hon. C. G. LATHAM: Let us be honest and declare that natives shall be exempt from taxation. I was waiting for the member for Roebourne to put up an excuse for this new clause, but he failed to do so. The employer of the native would not be responsible for the necessary stamps being used, but were he responsible he would have on the station sufficient stamps for the men he employed. I see no reason for the innovation. It would not only affect the North-West, but would apply to the agricultural areas where numbers of natives are engaged in shearing and in other directions, but send in no taxation returns.

The Premier: Are not most of them exempt?

Hon. C. G. LATHAM: I think not, but if they were, why not cut out the taxation altogether? I should like to know how many half-castes send in returns to the Taxation Department.

Mr. Rodoreda: That is not our fault.

Hon. C. G. LATHAM: The object of the Bill is to tax people at the source of their income, a reasonable proposition. I have never heard anything so weak coming from the Premier. He is usually reasonable and sound, but I am disappointed in him tonight. If we are going to give the natives a sop, let us exclude them from the operations of the Act. Some of them in the agri-

cultural areas are earning from £4 to £6 a week at shearing, fencing and so on, but they do not send in returns.

The Premier: Most of those people have exemption certificates under the Native Administration Act.

Hon. C. G. LATHAM: Let us treat them all alike and exempt them all. I could point to natives who, although they come under the Native Administration Act, drive about in a new Hudson car.

Mr. Rodoreda: What does that prove?

Hon. C. G. LATHAM: The father of those natives was a white man, and left them well off. They are land holders.

The Premier: Such people could not get an exemption certificate.

Hon. C. G. LATHAM: The Minister for the North-West can tell the Premier how easy it is for natives to obtain exemption certificates. It is a weak argument to say that no matter how much the native earns he should not be taxed.

The Premier: Hundreds of natives do not earn a taxable income.

Hon. C. G. LATHAM: I am opposed to the new clause. Natives are competing with white men in obtaining employment. Why should they be excluded from taxation when the white men alongside whom they are working are obliged to pay?

The Premier: The new clause will not mean exempting them all.

Hon. C. G. LATHAM: The inclusion of the new clause would mean that pastoralists in the North would employ natives instead of white men. If the member for Roebourne represented a southern electorate he would not bring down such a proposal. Between 800 and 900 single natives are employed in the agricultural areas and under the suggested provision would be exempt from the payment of tax at the source of income.

Mr. Rodoreda: They could pay at the end of the year if they were taxable.

Hon. C. G. LATHAM: This is a messy way of dealing with a taxing measure, and a shocking thing altogether. I would rather accept the ruling of the Taxation Commissioner that natives are not liable to taxation. The new clause would be a blot on our legislation, for it would mean giving preference to black men over whites. When I suggested that a Blue Funnel line vessel might call at North-West ports I was told that such a thing was impossible, because blacks were employed on the ship. Now we

are told, "Black man must be free from taxation no matter what he earns, and brother white man must pay." That is silly.

The MINISTER FOR THE NORTH-WEST: The Leader of the Opposition seems to be in a bad humour. I do not accuse him of deliberately misinterpreting the amendment. I believe he has misunderstood it. It merely gives protection to the employer of native labour that does not earn more than the exempted amount.

Mr. Sampson: The amendment does not say so.

The MINISTER FOR THE NORTH-WEST: I thought the hon. member would have read the Bill before interjecting.

Mr. Sampson: I have read it.

The MINISTER FOR THE NORTH-WEST: There is hardly a full blooded native in the North who can read or write.

Hon. C. G. Latham: The police boys—the trackers—can.

The MINISTER FOR THE NORTH-WEST: They are not educated either, though they may speak fairly good English.

Hon. C. G. Latham: Would they know the difference between a shilling and a sixpence?

The MINISTER FOR THE NORTH-WEST: Yes, but they do not earn enough money to be taxable. The object of the amendment is to save the employer of native labour much unnecessary work. If the native cannot produce an exemption certificate from the Taxation Department, the employer will be breaking the law if he does not make deductions from the native's wages. A very few half-castes do earn good wages for short periods. However, at present we have increased ration costs in the department because natives have not been receiving from the farmers that employment which in other years they did receive. Again, on such work as contract clearing a native will work for half a day, and spend the rest of his time rabbiting or on something of that kind. One section of half-castes, a large section with whom the department does not interfere in any way, lives according to decent standards, and works. The other section when out of work falls back on the department for sustenance, and requires the protection of the department. A very small minority of half-castes can be called upon to pay under this measure, and certainly the Taxation Department will not miss them. The Leader of the Opposition has a short

memory. Not so long ago a Bill was introduced to grant half-castes the vote, and the Leader of the Opposition then put up a strong argument against the native. On this occasion, when there are a few shillings to be collected, he takes a different view of the native. The amendment merely seeks to obviate inconvenience that is imposed on employers of native labour at perhaps 10s. a week and keep, especially on North-West stations.

Hon. C. G. LATHAM: Surely the Minister does not want me to believe that a station-owner has to deduct taxation from a native employed at 10s. a week. Before making any deduction, the employer must first satisfy himself that the native is receiving 37s. or more a week. I have always held that natives should not have the vote. I say now that natives should not pay taxation. But the proper way to achieve that position is to exempt natives from taxation. The Minister for the North-West has made the position of the member for Roebourne worse.

Hon. N. KEENAN: There appears to be a storm in a teacup over this matter. The amendment simply proposes to relieve employers of the liability to deduct at the source in the case of natives employed by them, where they would be obliged to deduct in the case of a white man. The explanation of the member for Roebourne is that the blackfellow would find it very hard to understand that he was not given his full pay when he came within the scope of this measure. The hon. member contends that this is not a reasonable responsibility to place on the employer's shoulders. I do not think it would be possible to explain to an aboriginal that a little bit of a stamp put on paper represented payment of part of his wages. We have always to remember that the aboriginal is more or less a child. We try, not very successfully, to educate him, but we have no right to ask him to view legislation in the same light as a white man would regard it.

Hon. W. D. JOHNSON: They are not children at shearing.

Hon. C. G. LATHAM: No, they shear a darned sight better than some white men.

Hon. N. KEENAN: They can ride horses well.

Hon. W. D. JOHNSON: And fence and clear land well.

Hon. N. KEENAN: I see no harm in the amendment, which I intend to support.

Mr. RODOREDA: It would appear that my small innocuous amendment is assuming the aspect of a major issue. I am surprised that the Leader of the Opposition has allowed himself to get hot under the collar, because it is obvious he does not appreciate the import of my suggestion. I did not think it necessary to explain such an elementary matter to the Committee. I am not concerned about any anxiety or worry I may cause a native.

Hon. C. G. LATHAM: You disagree with your supporter.

Mr. RODOREDA: I want to make the position clear to the Leader of the Opposition.

Mr. Needham: That will be a matter of some difficulty.

Hon. C. G. LATHAM: I cannot have all the knowledge possessed by the member for Perth.

Mr. RODOREDA: I will not agree to exempt anyone who is liable to pay taxation, be he native, half-caste or quadroon. The present arrangement is causing inconvenience and anxiety to the employers of native labour.

Hon. C. G. LATHAM: This is the first time we have heard of it. They have had to put stamps on for a long time.

Mr. RODOREDA: That is not so. The procedure in the North is that the employers have had accounts with the Commissioner of Taxation to whom they send cheques every month, and stamps have not been used at all. Then again, there have been no exemptions under the Act. A difficulty has arisen and has been recognised by the department which has given two rulings, neither of which could be carried out. Finally the department ruled the natives were not liable for taxation. That was the easy way out, but the next Commissioner of Taxation may rule that these people are not exempt. An employer may have 20 natives permanently employed. He knows they are not liable to pay taxation because they receive 15s. or 20s. a week, and their board is fixed at 15s. Thus they could not possibly have any taxation to pay. On the other hand, the employers frequently engage temporarily a number of half-castes or full-blooded natives at wages up to £3 a week plus board, and they have to deduct the tax and put stamps in books for the

natives. Even if those men did have books, they would not retain them for even two months. The first time they went on a "pink eye," with possibly a loin cloth for clothing, that would be the end of the books. Does the Leader of the Opposition think that a half-caste or a native would think of looking after a book of stamps when he was on a "pink eye"? Moreover, the employer knows that even the casual employees would not earn sufficient in 12 months to render them liable to the payment of taxation, and if he deducted the tax from the wages paid to those temporary employees, he would appreciate the fact that by the end of the year they would not be liable. A native does not send in a return in order to secure an exemption certificate.

Hon. C. G. Latham: Of course not.

Mr. RODOREDA: Now the Leader of the Opposition is beginning to wake up! On the other hand, there are natives who work on the roads and in other avenues who earn enough in a year to render them liable to the payment of taxation, and I do not agree that they should be exempt. My amendment merely seeks to remove from employers the liability to deduct taxation at the source and put stamps in the book, and it also seeks to take from the native the privilege of paying his taxation in advance. That is the sole aim. It will not absolve any native from the liability to pay taxation if his earnings render him liable to be taxed.

Mr. WATTS: I find myself in a quandary when I realise that the member for Roebourne and the Premier are in agreement on the amendment. I know what the former wants, but I cannot understand the Premier agreeing to the proposition.

The Premier: I am a reasonable man.

Mr. WATTS: We were told it was vitally important to avoid any possibility of the individual escaping taxation, and that we must improve the position regarding the collection of taxation at the source. After carefully doing that, we find the member for Roebourne endeavouring to provide that there shall be some natives to whom the collection of taxation at the source will not apply. The Premier has impressed upon us that we cannot afford to lose taxation, no matter how small the amount involved may be. He admits that the amount that will be lost in revenue would be small, yet

he is prepared to agree to the new clause, which, so far as I can see, must involve the State in some loss of revenue. The native is not capable of making a return. If the Treasurer's argument is that every penny of taxation must be collected and that the best way of getting it is at the source, he cannot possibly agree to the new clause. I rose in a quandary; I am still in a quandary. The best thing the Committee can do is to leave the Bill as it stands.

Mr. WARNER: The member for Roebourne has made a point which to my mind is simple. The stamps could be affixed to the native's book. It is possible that he might earn a taxable income one year, but the next year he might earn only £5; he could then make application for a refund. I support the new clause.

New clause put and a division taken with the following result:—

Ayes	25
Noes	5

Majority for	20
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AYES.	
Mr. Coverley	Mr. Pantou
Mr. Fox	Mr. Rodoreda
Mr. J. Hegney	Mr. Shearn
Mr. W. Hegney	Mr. F. C. L. Smith
Mr. Johnson	Mr. Styants
Mr. Keenan	Mr. Tonkin
Mr. Lambert	Mr. Triat
Mr. Leahy	Mr. Warner
Mr. McDonald	Mr. Willcock
Mr. McLarty	Mr. Willmott
Mr. Millington	Mr. Wilson
Mr. Needham	Mr. Holman
Mr. Nulsen	(Teller.)

NOES.	
Mr. Latham	Mr. Watts
Mr. Sampson	Mr. Doney
Mr. Seward	(Teller.)

New clause thus passed.

Title—agreed to.

Bill reported with an amendment.

BILL—STATE TRANSPORT CO-ORDINATION ACT AMENDMENT.

Second Reading.

Debate resumed from the 22nd August.

MR. DONEY (Williams-Narrogin) [10.16]: I need not delay the House very long. My investigations suggest that the purpose of this Bill is a proper and desirable one. Despite its Title, the Bill has nothing to do with road transport. It deals instead with a certain phase of the super-

annuation scheme. Section 59, Subsection 2, of the principal Act provides that "Out of the fund there shall be paid the cost of administration of the Act." It is now proposed by this Bill, supported by an agreement between the board and the Treasurer as set out in Section 6 of the Superannuation and Family Benefits Act, also to charge to that fund the Transport Board's obligations under the superannuation scheme. As there are only seven men on the staff of the board and as only four of them come under the scheme, it can be seen that the amount of money involved in the Bill is very small indeed.

Hon. C. G. Latham: Are there not any girls employed in the office?

Mr. DONEY: I am accepting what the Minister said when he introduced the Bill, that only seven officials on the staff come under the scheme. As I presume hon. members know, the Government is liable under Section 42 of the Superannuation and Family Benefits Act to make contributions to the superannuation fund in respect of its own employees; and what this Bill does is to authorise the Transport Board to look upon itself, in regard to its own staff, as responsible for making its own payments to the fund. That is a responsibility previously exercised, as I have explained, on the board's behalf by the Government. The Transport Board therefore becomes an authority within an authority, having precisely the same obligations to the fund and to its employees as the Government has to its employees. That seems to me to be right and proper. I can think of no objection to the Bill, and therefore have pleasure in supporting the second reading. I think the measure deserves general support.

Question put and passed.

Bill read a second time.

In Committee.

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

House adjourned at 10.22 p.m.

Legislative Council.

Tuesday, 1st October, 1940.

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

THIRD PARTY INSURANCE SELECT COMMITTEE.

Extension of Time.

On motion by Hon. A. Thomson, the time for bringing up the report was extended for two weeks.

BILL—KALGOORLIE HEALTH AUTHORITY LOAN.

Read a third time and *passed*.

BILLS (2)—REPORTS.

1, Licensed Surveyors Act Amendment.

2, Electoral Act Amendment (No. 1).

Adopted.

BILL—PETROLEUM ACT AMENDMENT.

Second Reading.

Debate resumed from the 26th September.

HON. H. SEDDON (North-East) [4.37]:

I think the Minister for Mines is to be congratulated upon the improved conditions that this Bill will bring to the legislation governing oil exploration in Western Australia. When the Bill of 1936 was being discussed, though it constituted in many respects an improvement on the provisions of the petroleum section of the Mining Act, 1904, it contained some very grave defects. At that time I pointed out to the House two