

Legislative Council,

Wednesday, 26th September, 1906.

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THE PRESIDENT took the Chair at 4.30 o'clock p.m.

PRAYERS.

PAPERS PRESENTED.

By the COLONIAL SECRETARY: Public Works Department Report, 1895.

BILL—BILLS OF SALE ACT AMENDMENT.

IN COMMITTEE.

Resumed from the 12th September, on new clause moved by the Hon. R. Laurie, as follows:—

Sections 3 to 13 inclusive of this Act shall not apply to any bill of sale of wool or stock, separately or combined, on any station, made *bona fide* for valuable consideration. The term "station" means any land used wholly or in part for the purposes of depasturing stock, whether the same shall consist of freehold land or land held under lease or license, or partly of freehold land or partly of land so held. The term "stock" means and includes any sheep, cattle, or horses.

HON. S. J. HAYNES: On the last occasion when the Bill was discussed he moved the Chairman out of the Chair, the intention being to dispose of the Bill, of which intention the House was fully seized. When the Leader of the House (Hon. J. D. Connolly) could not see his way to report progress, he (Mr. Haynes) said he would move that the Chairman do leave the Chair, and that this would mean throwing out the Bill. All members had a long experience of the rules and orders of the House. When the motion passed, 25 members were present, and three he believed in the corridor—28 out of a total of 30. The Bill, therefore, had not much chance of passing.

HON. J. W. HACKETT would have voted against the hon. member had he been present. The hon. member had a majority of two only.

HON. S. J. HAYNES: But in a very full House. However, the Bill was reinstated. The new clause was considerably altered since its first appearance. It proposed to exempt from registration bills of sale of wool or stock, separately or combined. The first draft included chattels, which might have led to ambiguity. The clause was objectionable on the ground that it favoured two special classes of the community—agriculturists and pastoralists; and although he had the highest opinion of those industries and the men engaged in them, it was impossible to admit that people engaged in other industries were not equally honest.

SIR E. H. WITTENOOM: Consider the distances.

HON. S. J. HAYNES: In the North the distances were great; but the clause would apply throughout the State, and would specially favour pastoralists, mostly men of high character, in whom bankers had full confidence, and on whom the Bill as it stood would not press hardly, as the banks would, without recourse to bills of sale, tide them over financial troubles. In dealing with his property, the poor man, the worker, was entitled to as much liberty as the rich agriculturist or pastoralist. The parent Act meant security against ruin to the poor man pressed for money. He might want £50 or a £100 to tide him over a pressing position. If the man was to be prevented from getting his money for 14 days it might cause great hardship. If the exemption was good for one class it was good for another. He did not like any provision which was not general in its application.

THE COLONIAL SECRETARY: In answer to the personal explanation, the hon. member did not make perfectly clear what was his intention in moving that the Chairman leave the Chair. The member spoke for a considerable time in condemnation of the Bill and at the close of his remarks moved the motion. Several members did not realise the effect of the vote they were giving; therefore he (the Colonial Secretary) took steps to have the Bill reinstated. This amendment was not brought forward by the Government but had been accepted, as it was pointed out that some hardship might be inflicted on people living in the Nor-

West who might wish to obtain advances on their wool clip. The amendment was accepted to meet the opponents of the measure and to overcome a hardship which it was said would be inflicted on pastoralists in distant parts of the State.

HON. W. T. LOTON: The amendment would not do away with the hardships referred to. Members with a knowledge of bills of sale on stations knew that invariably security was taken not only on the wool and stock but also on the working plant. The measure would work a great hardship and cause considerable delay to persons who wanted advances quickly.

HON. G. RANDELL: There was no greater condemnation of the Bill than the necessity for the introduction of such a clause as that proposed. A large number of people would be exempted from the operation of the measure, for the amendment would apply to every person who had a number of stock on his farm. The measure should be postponed and farther time given for its consideration, for it had not received the attention it should have. The Bill would inflict hardship in many directions, and it was not desirable that it should come into operation now.

Amendment put and passed.

New Clause (to exempt furniture):

HON. R. D. McKENZIE moved that the following be inserted as a new clause:—

Section 54 of the principal Act is hereby amended by adding the words "or household furniture not exceeding in value the sum of fifty pounds."

It was an anomaly that while a man might, under the exemptions already operating, fill his house with pianos, musical instruments, billiard tables, cash registers, or several other articles, without the necessity for registering a bill of sale over such goods, he was not permitted to do the same in respect of furniture which he might buy under the hire purchase system. There were on the goldfields many miners whose families were at present living in the Eastern States where they had a little furniture in their homes, and to bring those families to this State would necessitate the selling of that furniture, with the result that when the families arrived here the requisite cash

was not available for the purchase of furniture. In such case recourse had to be had to the hire purchase system; and the object of the amendment was to encourage those miners, by assisting them in this direction, to bring their families to the State.

HON. M. L. MOSS: The object of the Legislature in passing a Bills of Sale Act had to be borne in mind, before the Committee decided on making farther exemptions. This measure had been found necessary in the interests of honest business transactions; and in passing the 1899 Act Western Australia had merely copied the legislation in force in the other States in declaring that where goods were conveyed in the way of security, the persons giving the document of conveyance must submit such document for registration. The object of this was that traders and others who gave that person credit on the strength of the goods of which he was the reputed owner by reason of their being in his possession, should not find later that some other person could come up with a secret document and claim that the goods were secretly mortgaged to him or that he held a secret transfer. Business men should not be placed in a false position as to the presumptive ownership of goods in the possession of a person seeking or obtaining credit. He had never been a believer in the exemptions under the Act. The greatest possible security should be given to the trading community, so that they might know that when a person was in the possession of certain commodities he was the actual as well as the reputed owner. If the amendment were carried it would do a bad turn to the trading community; and its object was altogether opposed to the intention of the House in approving of the provision for registration of bills of sale.

HON. R. D. McKENZIE: The amendment could not do great harm to the trading community, as it was after all merely an extension of Section 54 of the principal Act.

HON. C. SOMMERS: It would not be wise to pass the amendment, as it often happened that £100 worth of furniture, when submitted to sale, would not realise more than £50; hence it would be a difficult matter for tradespeople to deter-

mine whether or not they were justified in giving credit.

THE COLONIAL SECRETARY: While agreeing that the object of the Bill was rather to curtail than to extend the privileges in granting bills of sale, he could not see that the adoption of the amendment would inflict any hardship on the trading community. Furniture in many cases was bought under the hire purchase system, and if such furniture were exempted, that fact would speedily become known to traders, who would be correspondingly cautious in giving credit.

HON. E. McLARTY agreed with the views expressed by the mover. It was rather dangerous in these days to exempt pianos. There were people in poor circumstances of life who bought pianos on the time-payment system. If these people cared to impoverish their families with these luxuries, they should not be protected. More protection was given to these people, and not sufficient to honest traders. One might as well give away his money as to seek the protection of the Local Court against debtors. Whilst one was getting out judgment summonses and chasing up people, more money was lost than the account was worth, and people were swindled in every way.

Amendment put and negatived.

New Clause—Duration of Act:

HON. G. RANDELL moved that the following be inserted as a clause:—

This Act shall continue in force only until the thirtieth day of November, one thousand nine hundred and nine.

THE COLONIAL SECRETARY: The hon. member thought some hardship would be inflicted by this Bill. The clause could be accepted so that the Act would need to come up for revision in three years, and opportunity would be given off disallowing the Act if it worked the hardship anticipated.

Question passed, the clause added.

Schedule 1:

HON. R. D. MCKENZIE moved an amendment—

That all the words after "Fremantle" be struck out.

This amendment would confine the operation of the clause requiring only seven days' notice to Perth and Fre-

mantle. On the goldfields and in agricultural municipalities far distant from Perth, people would not have the opportunity of knowing when notice of intention to file a bill of sale was lodged in Perth until some days afterwards.

THE COLONIAL SECRETARY: There was no objection to the amendment.

Amendment passed; the schedule as amended agreed to.

Schedules 2, 3, 4—agreed to.

Title—agreed to.

Bill reported with amendments.

THE COLONIAL SECRETARY moved "that the report be adopted."

HON. S. J. HAYNES moved an amendment, "That this day three months be fixed for the consideration of the adoption of the report." This was to test the feeling of the House.

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

Ayes	12
Noes	13

Majority against ... 1

AYES.	NOES.
Hon. T. F. O. Brimage	Hon. E. M. Clarke
Hon. F. Connor	Hon. J. D. Connolly
Hon. J. M. Drew	Hon. J. T. Glowrey
Hon. V. Hamersley	Hon. J. W. Hackett
Hon. S. J. Haynes	Hon. J. W. Langsford
Hon. W. Kingsmill	Hon. R. Laurie
Hon. W. T. Loton	Hon. R. D. McKenzie
Hon. W. Maley	Hon. E. McLarty
Hon. W. Patrick	Hon. W. Oats
Hon. G. Randell	Hon. C. A. Piesse
Hon. Sir E. Wittenoom	Hon. C. Sommers
Hon. C. E. Dempster	Hon. J. W. Wright
(Teller).	Hon. G. Bellingham
	(Teller).

Amendment thus negatived.

Question passed, the report adopted.

BILL—LAND TAX ASSESSMENT.

MACHINERY MEASURE.

SECOND READING.

Resumed from the previous day.

HON. W. MALEY (South East): I suppose members of this Chamber, like the public in general, were very much astonished at the bolt from the blue sky of prosperity that for a long time covered the State of Western Australia, that bolt being this proposal by the Government. It is rather a bold venture, I think, to impose on the small area of this State

that has been alienated the burden of a tax to tide the State over what we are told is a temporary difficulty. It is not a question which has been put fairly and squarely before the country; nor is it a question, I venture to say, which the present members occupying the Treasury benches would have cared to go before their electors upon. Even the Colonial Secretary introduced the Bill in such a manner as to appear not an advocate for the measure, and not an advocate for this form of taxation, but rather an apologist for the Bill. I take it that this new development in the shape of this measure is altogether unnecessary, and at a later period I shall endeavour to show by figures the position of this State in relation to the other States, and the great advantage we have in Western Australia as regards revenue over the other States. It is ridiculous at the present time to come before Parliament and ask for the paltry sum of £60,000. We have in this State a revenue of three and a-half millions, and if any financier with so much money and with an increasing population to sustain that revenue cannot finance £60,000, then we have a weak lot of financiers or there is some hopeless insolvency hanging over Western Australia. If we look at it from a commercial aspect, we should treat the finances of the State in the same way as large business firms treat their finances in dealing with customers; for if firms such as Foy & Gibson or Boan Brothers felt the tightness of the money market, they would reduce the prices of their wares and advertise their business to the best advantage for inducing people to purchase those wares, and thus relieve the temporary pressure. But we find that the Government is doing the exact opposite to what is done in the commercial world; and if the Government does that, it must expect that the public will not regard Ministers as commercial men or as financial authorities. The people will not loose their pockets to carry on the affairs of the State if they find it run on such methods. It is clearly the duty of the Government to first sell the waste lands of this immense territory, put population on the soil, ensure a broader basis for taxation, and when that broader basis of taxation has been secured, then to con-

sider the desirability of a land tax, but not till then. What is the proportion of waste land in this State to the land which has been alienated? We have 612,012,378 acres of land owned by the State which have not been alienated. As a matter of fact there has been alienated only a paltry acreage of 12,575,902; that is to say, of the lands owned by the State amounting to over 612 millions of acres, only a little upwards of 12,000,000 acres have been alienated, and there are 495,485,158 acres neither alienated nor in process of alienation. Only two per cent. of the lands of the State are required to bear this burden of taxation for the whole State, under the Bill; and not only will those lands have to provide this tax which the Government now seeks to impose, but will also be taxed for building public roads, those roads to a large extent being made out of revenue derived from private owners of land. The unfairness of the proposal is evident when we consider the great distances in this State and the immense areas of Government lands through which roads have to be constructed by private owners so that they may get their produce to market. The Government is now laying out areas 30 miles away from railway lines, and raising the price of that land in many instances to £1 per acre; the Government expects the selector to go out there, select the land, and then contribute to the making of roads through the public estate. In addition to all that, the landowners are expected to provide a special tax to enable the Government to tide over a bad time. I do not believe in an income tax any more than I believe in a land tax, but it is certain that an income tax would be broader and fairer in its incidence than a land tax. I know the two are really inseparable in order to adjust as fairly as can be adjusted the incidence of taxation. If either one is levied, then it is desirable both should be levied. The incidence of a land tax will bear in different ways in different parts of the State. With regard to city lands, in very few instances is property unencumbered, almost invariably property is mortgaged; and in such cases the mortgagee will have nothing to pay, the nominal owner having to pay the tax on the value of the whole property. In

that respect, as Mr. Sholl points out, an income tax would tend to make the incidence fairer, and would certainly ensure a fairer adjustment of the respective positions of owner and mortgagee. The mortgagee is the real "fat man," a term certain people use who claim that this tax is getting at the "fat man"; but if they are sincere in the expressed desire to take taxation from those best able to bear it, they are very much at fault in not taxing the man who has money out on mortgage. While the mortgagee will escape in every case, in many instances the proprietor also will escape this tax, especially with regard to town properties, the mortgagee being careful to see that the tenant pays all rates and taxes. So far as the mortgage is concerned, the covenant definitely expresses that the tenant holds at a clear annual rental; so this tax in such cases will fall on the man who can least afford to pay it. Therefore altogether the tax will press unfairly and unequally. If the Bill passes this House, no member will be able to say exactly where the incidence of the taxation will rest. We have now abnormal rates levied to support municipalities and roads boards; these rates in many instances are levied on different bases of valuation, according to the view held by some authority or supposed authority within the area affected. Then in regard to country lands we must not lose sight of the fact that we have a large unproductive yet populous belt to deal with. If the whole of the State were equally populous, and if similar conditions existed on the goldfields as exist in agricultural districts, then there might be some chance of this taxation bearing fairly on the goldfields community and on the agricultural community. But we find that within the goldfields area there is practically no land that would respond to this taxation, except that within the boundaries of a town or a municipality.

HON. R. D. MCKENZIE: They pay over £130,000 a year in dividend duty now.

HON. W. MALEY: The hon. member is now referring to a matter quite different from the land tax. This tax is said by the Government to be necessary and to be for the benefit of the whole country; but taxation should also be fair, and this tax must stand alone, apart

from any other tax. We have in the agricultural areas certain conditional purchase lands, and we have also freehold lands; those lands are not held under similar conditions, nor can they contribute in a similar manner, the holder of conditional purchase land being under contract with the Government to purchase the land on terms extending over 20 years, in deferred payments at 10s. or more per acre. Where the Government is selling property under contract as it does under conditional purchase, and a man enters into possession under that contract, the Government by taxing that land is doing neither more nor less than putting obstacles in the way of completing the agreement, by doing something which must militate against the occupier's efforts to complete his purchase as early as possible. Such land may be valued by the roads board on the same basis as the adjoining freehold land; and it is only fair that land in any given locality should be equally taxed; but I take it that the Government would not seek to introduce the roads board method of imposing a tax on a valuation of £2 an acre for one section, and for an adjoining section fix the basis at 10s. an acre. There are lands now held under conditional purchase which should be valued at £2 per acre, by reason of the improvements which have been put there by the selector; without those improvements the land would be of no value to the State; and it is manifestly unfair that an individual under contract to the Government, who has been induced to lay out £2 or £3 per acre in improving his land, should be then called upon to pay an additional tax on land which is not his own, and which will not be his own—the agreement being liable to cancellation—until the full period of 20 years has expired. If the Government wishes to go back on its contract, if it thinks it desirable to confiscate by degrees certain properties, well then if the House agrees to that an experiment may be made. But I for one am averse to confiscation of lands which have been alienated, or of lands in process of alienation. What does the farmer pay? As I have said, he pays the State £2 an acre for his land. The only land that can actually pay the tax is the cleared land; but so far as I can

see there is nothing in the Bill before the House to provide that only the cleared land is to be taxed. The land which is carrying nothing but forest, which is no better than the waste lands of the Crown, is to bear the tax; and the waste lands of the Crown produce nothing. It is impossible for people in this State who have land which is covered with forest to make the same use of it, or to pay the same tax in respect of it, as is made and paid in the Eastern States where the land is cleared, where the land is reproductive from the start. We know what have been the difficulties. We know that an institution called the Agricultural Bank had to be established to assist settlers to clear small areas, so that they might at least make their homes in the forests. Therefore it is accepted that the conditional purchase settler requires, at least in this State, certain help, and very considerable help, before he can do anything practical with his holding. I venture to say, with my knowledge of the country, that with only one per cent. of the area of the Great Southern District brought under cultivation, it is absolutely impossible for the remaining land to be cleared by the skilled labour now in the State; nor is it possible with the capital now available for that purpose to pay for the clearing of that land. It is impossible, within the next ten years, to bring that land under cultivation similar to that attained in the Eastern States, even if we had the necessary capital and labour. And what are we doing? Simply proposing to put back the clock, to put more difficulties in the way of the settler. We all know, and the Honorary Minister (Hon. C. A. Piesse) knows, that it is difficult to get the right sort of labour to clear agricultural land in large areas, and to get the work done within a given time. Meanwhile, the capital of farmers who may have any—unfortunately, many of them have none—is locked up in the banks; and the farmers cannot employ it as in the Eastern States, where the settler can go straight on to a thousand acres of cleared land, plough it, and immediately begin to pay a land tax. The day may come when our farmers may be able to do that; and then I for one will not shirk my responsibility, nor will my constituents shirk theirs when that tax

becomes necessary. But if we at the present moment force the farmer to clear the whole of his land and so escape taxation, then the farmer will go down; because, in addition to the cost of clearing, in addition to the roads board rates he has higher railway freights to pay than he would have to pay in the other States. He has to pay the wheel tax also, amounting to many pounds per annum—a tax which is not imposed in the Eastern States. Then he is at the present moment faced with a low price of wheat. I think that the market will open this season at 2s. 10d. per bushel or something less; and I am confirmed in that opinion by an indication from the Honorary Minister. That, I think, is a matter of common knowledge. And as Dr. Hackett knows, Federation, with which he and others blessed us, has caused the removal of certain interstate duties, duties which at one time gave the farmer a certain protection. If Federation will do harm to any person—I do not allow that it will—that person will be the farmer. And if anyone at the present time needs assistance owing to the iniquitous operation of Federation, that individual is the farmer; because he is the man who really and essentially suffers from the removal of the duties, while those who gain are consumers in towns, consumers on the goldfields, and people in all walks of commerce and labour and in the civil service. Those are the people, if any, who should rejoice at Federation, and should be willing to pay the land tax. But I do not believe in any Federation bogey. I was an advocate of Federation, but I saw the difficulties in the way; and I had good reasons—and the same reasons are operating to-day—to join the Federation and to assist in getting Federation; because I was not satisfied with the manner in which the administration of the colony was being conducted. I knew that the colony was not seized of the position; that we were launching out into works beyond our depth, and that the administration was not what it should have been. At one time I was accused of halting. I did halt with regard to Federation; but I was impelled to vote for it because I felt that the departments would, under the Federal Government, be better conducted. And I say that to-day the Cus-

toms are conducted better than they used to be; that the Post Office is conducted better than it used to be. We do not now hear the complaints we used to hear in the old days with regard to either. As to the Federation bogey, I should like to say that the taxation collected by this State since we entered Federation has been steadily increasing. There has been no diminution in the volume of taxation. The increase has been about £22,000 per annum. In 1901-2 the amount collected by the State was £173,582; in 1905-6 it was £260,609. Now under Federation the State has increased its total revenue from £3,354,123 in 1901-2 to £3,558,939 in 1905-6. There has been no falling off whatever in the total revenue derived from the State by State taxation and from the Commonwealth Government. Not one sixpence has fallen off; but the revenue has been steadily, firmly, and surely increasing. What is the revenue of the State under Federation? Far and above the average of Australia as a whole, or the average in any other part of Australia. To-day in Western Australia the revenue per head of population is £13 18s. 6d. The revenue per head of population for Australia is £7 9s. 2d. But what has happened? My prognostications and fears on account of the departments of the State have been fully realised. We have nothing but lavish expenditure everywhere. We have the handsome revenue of over three millions, and the expenditure has increased until it has now reached £480,891 in excess of the expenditure for the previous year. It has increased from £3,151,427 to £3,632,318 per annum. The expenditure per head of population has been made almost to fit with the revenue. But if the Eastern States can live on lower revenues than ours, it is time we tried the experiment. Our expenditure is £14 4s. 3d. per head; and the expenditure of Australia as a whole is £7 13s. 2d. Now with our markets open to the Eastern States, with Eastern produce sent here free of duty, with facilities for cheap living, and only the freights as protective charges as against Eastern producers, surely West Australia can live on an expenditure equal to our revenue—£13 18s. 6d. per head. We ought to live within that revenue; and we certainly can do it if the Eastern

States can live on just about half the money. I will touch for a moment on the principal increases of expenditure. We have the Department of Lands and Surveys, which in Sir John Forrest's time was run on a proper basis, but has never been run on a proper basis since. The expenditure has increased from £58,968 to £112,876. The expenditure of the Mines Department has increased from £101,958 to £230,079. Thus we have an increase per annum of £53,908 for Lands, and £128,121 for Mines. The revenue of the Mines Department has fallen from £53,898 to £34,674.

HON. J. W. HACKETT: Have you not included the public batteries revenue in one case, and not in the other?

HON. W. MALEY: I have quoted from the Statistical Abstract, which I believe includes batteries.

HON. J. W. HACKETT: I think that batteries are in the larger item, but not in the smaller.

HON. W. MALEY: I have not the books at hand, but only my quotations. So far as I know and believe, I have stated the full amount received and the full amount expended. I have taken the figures fairly carefully from the abstracts and the register. From the Lands we received last year a record revenue of £191,504; but owing to the cost of administration, only £78,628 was left for the Treasury as against £82,641 in the first year of Federation.

THE COLONIAL SECRETARY: How much did you say was received in the first year of Federation?

HON. W. MALEY: I gave the figures in this way: owing to the cost of administration, only £78,628 was left for the Treasurer, as against £82,641 in the first year of Federation.

HON. W. PATRICK: You mean the credit balance?

HON. W. MALEY: Exactly. I said that the Federal control was better than the State control, and I think I have proved my case. The Federal control must be pretty bad if it is worse than the State control. Before we embark on land taxation, we should consider the position just as we did before we went into Federation, and we must consider the cost of administration. If our administration is costing us so much, and when so little is left from the Lands De-

partment, if we are to start another department with all the machinery that will be required, and that is what it means too, for we cannot rely on the roads boards valuations or the municipal valuations, it means more expense. It will be necessary to adopt the same system as is adopted in New Zealand. The territory of New Zealand is small compared with Western Australia, yet it costs nearly as much—two-thirds any way—for running the small branch for collecting the land tax in New Zealand. Attached to the Lands Department there is a Valuation Department. I do not know if there is a Valuation Department in connection with our Lands Department; if there is it is only modest, for we do not see any mention of it. I say such a branch is brought into existence by a land tax. The vote for that branch for 1906-7 for New Zealand was £31,136. The vote for the Land and Income Tax Department was £22,038. The two added together make £53,194. But it is only fair to deduct the amount for the Income Tax Department there of £7,500, which brings the total of these two departments, which are directly connected with the land tax, up to £46,394.

THE COLONIAL SECRETARY: In New Zealand they get an income of £352,000 from the land tax.

HON. W. MALEY: I allow that they collect a lot of money; but I shall want a lot of convincing that we shall not require just as big a machinery in this country. I am going on the fact that we have a great territory, and no member can say what it will cost to collect this tax. I am pointing to New Zealand as to what it costs there. We know that civil service departments when established will grow; the number of officers increases; and members will agree with me, that when the land tax department in New Zealand was started, it did not start with the long list of officers which they have to-day.

THE COLONIAL SECRETARY: In the other States the cost of collection is less than 5 per cent. We estimate 5 per cent.

HON. W. MALEY: I give a lump sum, and I prefer to put it that way. The officers employed in New Zealand are a valuer-general at £650 a year; he is connected with the Lands Department under what they call the Valuation

Department; a land and income tax commissioner, who gets £650 a year; also a deputy, who receives £450 a year; two clerks in charge receive £290 and £300 respectively; a correspondence clerk and private secretary, receiving £320; the receiver of taxes gets £260, and there are 15 clerks who get between them £2,987; three cadets at £180 each; and then there is extra clerical assistance provided for in the year of £6,000; law costs £1,000; travelling expenses, £900; and other little expenses in addition.

HON. J. W. HACKETT: What is the total?

HON. W. MALEY: The total vote is £45,794; that is deducting the £7,500 which I have already referred to. We have heard a lot about the railways not paying, and the small area of land under cultivation; and I may say the impression the uninitiated get on travelling through the country is that a lot requires to be done. Those who went through the country 10 years ago, or even five years ago, and who go through the country to-day, marvel at what has been done along the Great Southern Railway, and done with the population of Western Australia, which is only a population really of a good-sized town. The country people are to be commended for the way in which they have tackled the hopeless-looking country one used to travel through in the old coach days, country which it was considered almost hopeless to take. I fear, and I have very good grounds for my fear, that this is only the beginning of a progressive land tax. The tax is only for one year, on the face of the Bill; but this is only the first step. The tax is going to be progressive. If we take the first step we shall be invited to take the second, and we shall, having taken the second, take the third. And while we provide the revenue, the revenue will be spent. I cannot see any sign of the expediency of this tax; because after all, we know where the money can be got. There is money in the State and the Government can get it. I do not think there is a member of the Cabinet who will say that the Government cannot raise £60,000 to carry it on. There is no expediency really for the tax. I would like to say I see great difficulty about the valuations. I know of no man in the State who is competent

to value the lands of the State. I have some knowledge of valuations, for I have been 23 years a valuer, first of all a Government valuer, and now a sworn valuer of the State; and I claim to be by a great many years the oldest valuer of the State. But I would not undertake to go through the country and place a fair valuation on the lands of the State. No man can do it, and no system can do it on a fair basis; and the land tax will never be a fair tax with fair and equal incidence all round. If I cannot value the lands I am sure the roads boards will not be able to do it. They have no sworn valuers; they have no men of experience in valuations. They can only value in a haphazard manner, and on these valuations the Government will impose the tax. It will punish people if necessary, and it will let people off lightly if the roads boards let them off lightly. In some instances there will be no tax at all when there should be, and in other cases the tax will be very heavy. I have great respect for the roads boards; but in this one department I consider they are often very much astray. With regard to the exemptions that are proposed, they narrow and circumscribe the taxation, they may reduce the taxation to one per cent. of the people. And what a shocking thing it is to tax one per cent. of this big country for the maintenance of the whole. I say it is discreditable for the House to consider a proposal that will reduce the taxation to one per cent. of the people of the country. It is like hanging one man for the crime of 100 men. It is said by some that the tax is for the construction of spur lines. I contend that loan money should be employed for the construction of our railways. The duplication that has occurred between Perth and Spencer's Brook has been carried on out of revenue. That is perhaps where the shortage has come in. I do not know, members may be able to inform me, if the duplication is the first section of the transcontinental railway. I do not know if it is being engineered with a view to insuring the construction of the transcontinental railway from Northam. I had hoped the duplication of that line would be a question for Parliament, and I had hoped that the duplication of that line would open up a great deal of country. To

construct one line alongside another is preposterous in a country that has such broad areas to open up. It is suggested that this money is wanted to make up the loss on the Coolgardie Water Scheme. I do not think so. I think with regard to the Coolgardie Water Scheme the Government should take the bull by the horns and make that scheme pay. We should make up the loss, whether by reducing the price of water and so increasing the consumption, thereby encouraging the consumption of water, and winning revenue in that way, or we should increase the price to such an extent that people will pay, without a burden being cast on the agricultural portion of this State and the towns of the State. Then again, I believe some members will vote for the measure if they think the £60,000 will be expended on a dock for Fremantle. I believe some members would be induced to vote for the measure if they thought the money would be expended on a town hall for Perth, and I believe nearly every person in every part of the country has been led to believe that some portion of the money will be spent in the particular part of the State he is interested in. But I do not think the people of this State have accepted that view. I may say I have had requests from various portions of my province to oppose by every means in my power the passing of this measure. I have not had any request from any of my constituents to vote for the Bill; not from a solitary individual have I had a request to vote for the measure. I will read a letter which I have received from Kojonup, which place is getting one of these spur lines; but the people of Kojonup have some idea of politics and how the country should be run, and they are not afraid that they will lose their little spur line, nor do they feel that even though receiving benefits they are called on to sacrifice a great principle for the sake of getting a railway. The letter is from a gentleman who was for many years secretary of the agricultural society, who is well known, and who occupies a prominent position in the town. The letter, which is dated 18th September, reads:—

At a public meeting held in Kojonup on the 25th ultimo, the following resolution was passed, which I am forwarding you for your

information, with a view of your carrying out the wishes of the ratepayers of this district in this respect:—"That an imposition of a land tax at the present time—

They refer to the present time, because they are wise enough to see that the day may come when they will have to bear their burdens, and they will be prepared to do so—

will have a detrimental effect on the continued prosperity of land settlement, especially in view of increased roads board taxation."

(2.) "That the members of the Upper House for this district be asked to strenuously oppose the land tax proposals of the Government."

In conclusion, I would say I have a little stake in the country myself, and if by putting my hand in my pocket to pay taxes or in any way I can help the Government, it is my duty to do that, if in the interests of the State. If it is in the interests of the people of this country that a tax should be paid, it would be to my interest to pay it. Nothing is to be gained by parsimony, by restricting the sources of revenue, when the money is wisely expended. I hold that the money is better in the pockets of the people and that the people could make better use of it than the Government. When necessity arises, not from the neglect of the people to contribute revenue, but rather from the neglect of the administration, then it is not the duty of the people to support such a measure as this, and to put their hands in their pockets to pay taxes. I shall oppose the second reading.

HON. J. M. DREW (Central): There is no person in this Chamber, and there are few outside it, who do not regret that the necessity should have arisen for the introduction of a measure of this character. It is not a Bill simply intended to force the owners of unimproved and unutilised estates to put these estates to good use in the interests of the general community. It is primarily a Bill to raise taxation to prevent the State from drifting on to financial shoals which threaten it at the present time. I should certainly have been better pleased if the action of the Government had been in the direction of imposing a graduated tax on unimproved land, in order that those who hold large estates in Western Australia purely for speculative purposes should be obliged to contribute something to the revenue. But after the statement of the Treasurer some time since, which has

been endorsed by the Leader of this House, I can come to no other conclusion than that the necessity for the introduction of a measure of this kind is urgent, and cannot be ignored for any length of time. On top of that we have the experience of previous Governments ever since 1903, when the James Ministry, during their twelve months in office, went back £148,000. They produced no deficit, but at the same time they exceeded their income by no less than that amount. They were succeeded by the Daglish Government, and although that Government endeavoured to exercise every possible economy—indeed it was stated that it was adopting a mark-time policy, because it refused to spend money in excess of requirements—it also wound up with an expenditure exceeding income of £129,000, and converted the previous credit balance into a deficit of something like £46,000. Then the Rason Government came into office, when there were great hopes entertained by various sections of the community that the situation might be improved. Mr. Rason promised to get on without extra taxation and without resorting to any retrenchment; but we discovered shortly afterwards that the financial position of the country was in a sorry condition, and at the termination of the financial year, due to no fault or demerits of the previous Government, there was a deficit of something like—I am only quoting from memory—£137,000.

THE COLONIAL SECRETARY: That is including the year before then.

HON. J. M. DREW: Yes; I understand that. And now we are assured, and I think there is every reason to believe it will be so, that unless some means of raising revenue is resorted to—and there are only two means available, namely land tax and income tax—a deficit of a quarter of a million will be reached and the financial condition and credit of the country will be seriously affected. All this is attributed to faulty administration, but it is a sad thing, I think, for Western Australia if so many successive Ministries have administered the country in such a way that they have brought about such results through their own incompetence. It has been said repeatedly here that economy should be practised. I have listened to every

speaker who has said so, but all the economies which each individual member can suggest would not, I think, total more than £20,000, apart from making the Coolgardie water scheme pay. If economies are to be practised, and legislators of this State can see in which direction they can be practised, it seems to me to be their duty as members representing Western Australia in the Parliament of this country to afford to the Government the benefit of their wisdom and to state specifically in which direction those economies can be effected, in order to prevent the State from drifting into practically—if it goes on for some time—financial insolvency. I think it will be admitted that revenue must be raised. By what means can we raise it other than in the form of a land tax or income tax? We might of course adopt a stand-still policy, but a stand-still policy would not suit many of those gentlemen who are strongly opposed to this Bill. I have been reading in the newspapers for some time past interviews after interviews with Cabinet Ministers, and prominent amongst those waiting on the Premier and upon the Ministers for Mines, Railways, and Works, are several gentlemen who are strong opponents of this measure and who require railways constructed in every direction, schools built, police stations and gaols erected, public buildings put up, roads and bridges provided in every conceivable locality, but who want no extra taxation. This is a young State, and owing to that fact there has necessarily had to be very large expenditure during the last 10 years. Scores of schools have had to be provided every year. You have only to peruse the Estimates to see that gaols have had to be erected and police stations, and the police force has had to be increased. Roads have had to be supplied to numerous settlers owing to the very largely increased settlement of land, and it is expected by every member of the House that such a policy shall continue. I do not think one member would raise his voice against such a policy, but many would wish it to continue, and at the same time no extra taxation be imposed. There is one direction in which I think perhaps retrenchment might be effected, and that is in reference to the civil service. From my experience I think that

the civil service is, in some respects, overmanned, but at the present time the sole control of that establishment is in the hands of a Public Service Commissioner. The Government of the day has no power to retrench officers in the civil service, if my reading of the Act is correct, except with the consent of the Public Service Commissioner. One of the objects for which that officer was appointed was to thoroughly review the civil service and endeavour to discover whether there were men there whose services were not required; but the time has not yet been sufficient to enable him to complete his investigations, and it may be that when he has completed his investigations there will be no retrenchment. It is my firm conviction that an income tax Bill should have accompanied this measure. In almost every State, I think, where it has been deemed advisable to introduce a measure for a land tax, such a measure has been accompanied by an income tax Bill, and justly so. This Bill as it stands will simply place the burden on one section of the community, the people who occupy the land. I hope farther steps will be taken if possible this session or as soon as convenient afterwards, in the direction which I have indicated. Under this measure some of those who are making a large amount of money in the State are practically exempt from taxation. A hotelkeeper may have a block of land we will say number 1; and there may be a stationer's shop on block 2. The stationer may be simply eking out an existence, and the hotelkeeper who may be making ten thousand a year will pay no more than the stationer only earning his livelihood.

HON. M. L. MOSS: Put up the license fee, then.

HON. J. M. DREW: I think an income tax would get over the difficulty. Then again take the case of a money lender. He occupies a small office, and from what I hear he frequently makes a large amount of money annually. That is a gentleman whom it is right to tax, and the only form of tax which would reach him would be an income tax. Of course this would not be a double-barrel tax. A man who paid the land tax would not be called upon to pay the income tax unless the amount he would be required

to pay under the income tax were in excess of the amount he would be required to pay under the land tax. He would be called upon to pay whichever tax showed the larger amount if the New Zealand principle were adopted. There would not be a dual taxation. A man would not be asked to pay the land tax and then afterwards a tax on his income, except under such circumstances as I have referred to.

At 6-30, the PRESIDENT left the Chair.
At 7-30, Chair resumed.

HON. J. M. DREW (continuing): I regret in connection with this proposal for taxation that the New Zealand system of self-appraisement with the right of Government purchase is not provided for. In the New Zealand Act there is provision that the owners of land shall have the right to value their land, and then at any time afterwards the Government may, by giving ten per cent. extra on the valuation, resume that land. If the Government of this State had adopted a similar principle I feel certain it would save a large amount of money in connection with assessments. We may rely on it that after the first year there is going to be a great amount of expense in connection with valuations. There will be a department of assessors, and that department, I can say from my experience of the public service, will continually increase with adverse results to the State. If the New Zealand system had been adopted it appears to me it would have been more satisfactory in every respect. The owner of the land would put on his land a fair valuation. If he put an excessive valuation on it he would have to pay the tax on the basis of that valuation. I think we will all come to the conclusion that the owner would put on the land a fair valuation and pay to the State a fair tax. The system would avoid the necessity of valuers in order to carry out the assessment. I sincerely hope the Government will take this phase of the question into consideration, and at some later date attempt to so amend the Act as to carry out the suggestions I am making. Yesterday Sir Edward Wittenoom stated that the Government was using every effort to develop the land, and yet we found

that the first measure it brought forward to secure increased revenue was a proposal to tax that land. In my opinion that argument can be turned against the hon. member. The Government has been using every effort to develop the agricultural resources of the State. For years it has been spending out of loan funds something like £18,000 per annum in connection with the Department of Agriculture; it has established experimental farms; it has erected out of loan funds a rabbit-proof fence which is going to cost the State I believe something like half a million of money, and it has loaned to agricultural settlers of this State nearly half a million—at any rate £400,000, and authority was asked for and granted last session to increase that sum to half a million. All this has been done out of loan funds in the interests of agriculturists and in the interests of pastoralists.

HON. W. T. LOTON: The money advanced to the farmers is out of the Savings Bank, and does not come out of loan funds.

HON. J. M. DREW: I know strictly speaking it is not loan money; I did not desire to insinuate that it was, but I added that item to the other items to show what the Government has done in the interests of the agricultural settlers. The other items come out of loan money, the rabbit-proof fence and the average of about £18,000 a year granted to the Department of Agriculture, a large proportion of which has been expended in the interests of agricultural development.

HON. S. J. HAYNES: The money is only borrowed by the settlers. It is repaid.

HON. J. M. DREW: Yes; but the settlers get facilities. The Government takes a risk which Governments of other States would not take. I do not say that loan funds have been expended in that direction; I simply mentioned the point; but in the other instances loan funds have been drawn on to a large extent to develop the agricultural resources of the State. The Government having done this, I think the least the agricultural settlers can be expected to do is to come in and help to contribute under this scheme of taxation towards finding

the interest and sinking fund required to meet these loans when they fall due.

HON. V. HAMERSLEY: The settlers are repaying the money they borrow.

HON. J. M. DREW: I understand that; the money would not be granted to them otherwise, unless they promise to repay it; but what about the rabbit-proof fence? That is solely in the interests of the agricultural and pastoral industries. It has been alleged by those speaking in the interests of the farmers that it is a grave injustice to put this tax on the farmers; that because everything has been done in the past to develop the agricultural industry a great injustice was now to be perpetrated by taxing the farmers.

HON. C. E. DEMPSTER: The rabbit-proof fence for the benefit of every individual in the country.

HON. J. M. DREW: Possibly; but it will be of great special benefit to the agricultural industry and to the pastoral industry. There has been considerable criticism in regard to the cost of administering the Lands Department, in regard to the excessive expense and the small revenue in proportion to the expenditure. All this is quite true, but it is an argument in favour of this Bill which imposes a tax on agriculturists as well as on people in the cities. How can we possibly expect the Lands Department to show a big profit every year? Ever since the time of Sir John Forrest the State has been giving away the whole of its agricultural lands. All that the applicant is required to do is to pay five per cent. on the capital value for 20 years, and then he gets the fee simple. Also grazing leases have been obtained at 6s. 3d. and 3s. 9d. per acre extended over 30 years. It is purely a gift. I am not complaining about it. Indeed I have supported the principle and will continue to support it; but I am explaining the position because there is a great outcry among some of the agricultural population in regard to the introduction of this tax. The State has done more than this for agriculture. Free passes to the various agricultural parts of the State were granted to all intending settlers, and those passes cost the State something like £4,000 a year.

HON. C. E. DEMPSTER: The money was merely wasted.

HON. J. M. DREW: The hon. member says it now, but I do not remember any member in this House, or in the other House, protesting against the granting of these passes during the whole of my experience. I have seen the principle applauded in several directions. This money was spent for some years, and as soon as the men arrived at the agricultural centre there was a land guide to meet them, and that land guide was well paid for performing his duties. In addition to that, the land sold was classified free of charge. I am not contending against this principle at all, because I thought it was necessary at the time. If we desired to build up an agricultural industry it was absolutely necessary to do all these things to bring about land settlement. After the classification there was free survey in regard to conditional purchase land, and only half the cost was charged in regard to grazing leases. To survey a conditional purchase block of 300 acres cost £9 to the department, and this was done free to the selector. To survey a grazing lease of 3,000 acres cost £37, and the selector was only asked to pay £18 10s., or half of it. It has since been decided to alter that; but I am pointing out these things to show that for some years past the Lands Department could not be expected to carry on at a profit. The time has arrived when some economies may be made in this direction and some more revenue expected from the administration of the department than has been the case hitherto; but the profits of the department cannot be taken seriously into account if the agricultural development of the State is to continue on the lines on which it has proceeded in the past. In addition to what I have already indicated, there are in the Lands Department an army of correspondence clerks, an army of computers, and an army of draftsmen, all doing work for the selectors free of charge. I mention these things to show that the agricultural community—and I have always been a strong supporter of the agriculturists, and have done all I possibly could to advance their interests—received fair treatment in the past, and that the farmers should receive this Bill in a fairly conciliatory spirit. Mr. Maley stated that the cost of the administration of the Lands Department before Federa-

tion was immensely lower than what it is at present.

HON. W. MALEY: I did not mention those words.

HON. J. M. DREW: Not exactly those words, but it is the meaning I attached to your words. If the hon. member went into the files of the Lands Department as I did, he would discover that not many years before Federation the question arose as to whether there should be a land agency at Katanning. The matter was before the department for about three months, and almost every official in the department was consulted, and the bulk of them considered that it was a very serious undertaking, involving a large amount of risk, and that similar demands would be made from various other districts; but Sir Edward Wittenoom, who was then acting Minister for Lands, decided to give the new system six months' trial in spite of the recommendations to the opposite from the heads of the department. So up to a couple of years, at any rate before Federation, there was practically very little business done in the Lands Department, and it has been since the advent of other Ministers some years previous to my time that a fillip was given land settlement in the best interests of the State, but at the same time involving a large expenditure of public money. It appears that in the course of the whole of the debate the farmer is singled out as the only person who should complain; but I think anybody giving this matter careful consideration, and the farmer if he gives it fair consideration, will see that the vast bulk of the money is to come from the large cities and towns. Perth will pay a large proportion of the tax, and rightly so I think. The fact that it is the capital, that there is a large civil service here doing the work of the whole of the State and drawing funds from the whole of the State and that a large proportion of the public money, far larger than is due to Perth even on the basis of population, has been spent here than in any other portion of the State, and has increased land values, points out conclusively that the business people and residents of the city should be called on to pay a tax on the basis of the results in the shape of unearned increment that have accrued from this expenditure. Sir Edward Wittenoom

thinks it is only right that pastoral leases should not be taxed. From what I can see, from what I have studied, and from the knowledge I have gained by my experience, I think that with the exception of prominent mining men there are no more prosperous members of the community in Western Australia than the squatters. They only pay a nominal rent for their land, from 2s. 6d. per 1,000 acres to £1 per 1,000 acres; and in the majority of instances the leases run to 1927 and cannot be disturbed if there are improvements on them without adequate compensation being paid. The price of meat is high and the price of wool is high; consequently the squatter is a very prosperous individual, and I think it advisable that he should be called upon to pay a fair measure of taxation. In the back-blocks, far away from civilisation, it may be desirable to exempt those people who have to face great hardships and who suffer great losses at times; but anywhere near to civilisation, and the South-West Division especially, I think it would be a crime to exempt squatters, because they are well able to pay, and they derive all the benefits which accrue from the expenditure of public money in the matter of the repair of roads, etcetera. They will not be called on to pay anything excessive; they are simply called on to pay on the increased value of their leaseholds as compared with the annual rental. For instance, a squatter may have 100,000 acres of pastoral lease; perhaps ten years ago he secured it at 10s. per thousand acres, and it may now be worth £1 per thousand acres; and this is the process that will be adopted, if my reading be correct, that the difference between 10s. per thousand acres and the present value of £1 per thousand being 10s., this 10s. per thousand on 100,000 acres means that the difference in value of the entire holding is £50. Under the Bill it is proposed to multiply this £50 by 20, which makes the capital value of that pastoral lease of 100,000 acres £1,000; so on £1,000 at 1½d. in the £1, assuming the land is unimproved, the owner would only be required to pay £7 5s. 10d. a year. Will any one contend that £7 5s. 10d. a year will be an excessive tax on 100,000 acres of pastoral lease in the case of an owner who has only to pay 10s. per thousand

acres to the Crown as annual rent, or will the tax injure him in the prosecution of his industry? With regard to conditional purchases, someone has stated here that these should not be taxed because they are not freehold. Therefore because these people have not bought the land outright, because they have been offered 20 years' terms and are only asked to pay 5 per cent. on the capital value, is that an argument to be advanced why they should not be taxed? If such land is not freehold, it is equivalent to freehold; and if it does not become freehold in due time, it will be the fault of those who have taken up the land. I say this with the best of wishes for the prosperity of everyone connected with the agricultural industry. I quite agree with the five-years exemption, for I consider this provision necessary in the interests of those settling on the land, who should have an opportunity of clearing their land and getting some returns before being taxed. Timber leases were referred to by Sir Edward Wittenoom, and I regret that under the Bill they are not to be subject to taxation. One firm—or if not in the eye of the law one firm they are virtually one firm or company—hold 800,000 acres of timber country, the pick of Western Australia.

THE COLONIAL SECRETARY: The lessees can only take the timber off that land; they are not using the land for production.

HON. J. M. DREW: I will explain the position. They hold 800,000 acres, 400,000 acres of which are leasehold, whereas under the Land Act no individual lessee is supposed to hold more than 75,000 acres. I do not know what the position is now, but some months ago they were not carrying out the conditions stipulated in the leases in regard to these lands. They hold the leases at the rate of £20 a year per square mile, whilst the State is now asking from timber hewers and other companies engaged in this work the equivalent of £320 a year per square mile. It is poor timber country that does not carry four loads to the acre, and the Crown now requires 2s. 6d. per load from timber hewers, which is 10s. per acre, and that works out at £320 the square mile, whereas the timber company only pays £20 the square mile. I think the company might very well

have been subject to taxation under this Bill, despite what has been said to the contrary by Sir Edward Wittenoom. Mr. Kingsmill is of the opinion that extra taxation is not now required. It is a pity that Mr. Kingsmill during his term of office did not exercise his ingenuity in this direction: it is very late in the day for him to discover that extra taxation is not necessary. I agree with what has been said by Mr. Kingsmill and other members in regard to the Coolgardie Water Scheme. The scheme should be made to pay; that was the understanding in the first instance, and I do not see that the State should be required to bear the losses incurred in working the scheme. The Government should see that those who use the water are compelled to pay a price sufficient to cover working expenses, interest, and sinking fund.

HON. R. D. MCKENZIE: What about the water that is not used?

HON. J. M. DREW: Mr. Kingsmill also made a number of other complaints, and the natural conclusion one would come to after listening to him would be that Mr. Kingsmill had been quite unconnected with previous Administrations. He introduced the question of the Ravensthorpe copper smelter. Mr. Kingsmill was a member of the Government that erected that smelter, which was found to be such a burden on the succeeding Ministry, who had had nothing to do with its establishment. In much the same way he mentioned the railway service, and complained of the undue expenditure by the Commissioner without parliamentary authority. It was during Mr. Kingsmill's term of office that the Commissioner of Railways was appointed; and I am not aware that since that time Mr. Kingsmill has taken any action to show that he was averse to the appointment or to the continuance in office of the Commissioner.

HON. M. L. MOSS: But the Commissioner had a five-years engagement.

HON. J. M. DREW: I say this without reflecting in any way upon the Commissioner, who I believe if he were in a position to come forward and explain matters on his own behalf would be able to put a good case before the country. I think the Government has put before the House and the country a very good

prima facie case in favour of increased taxation; and up to the present the arguments used, the convictions expressed, and the statements made by the Government have been in no way refuted. There have been vague assertions; generalities have been indulged in to the effect that no extra revenue is needed, that the country can get along without it; but no member of this House has so far shown how economy in the expenditure can be exercised, with the exception of the reference to the Coolgardie Water Scheme, nor how extra revenue can be secured which is required to carry on the administration of the country. Are we going to allow the present condition of drift to continue? What will be the effect in London if this country drifts a quarter of a million behind in the next financial year? How are those new railways to be constructed about which we have heard so much, also the harbour works, the dock at Fremantle, and other works? How can we raise the money? Many members of this House, as I have said, have approached Ministers urging them to undertake large public works; the whole of the agricultural districts are asking to be ribbed with spur-lines from one end to the other—and yet they want to escape taxation! My advice to them is to accept a little taxation (and this tax, at any rate, is not going to bear very heavily on them) and then press their demands upon the Government. I intend to support the Bill. I am compelled to accept the principle contained in this Bill as the only means of restoring the financial strength of the State without paralysing the development of its industries.

THE HONORARY MINISTER (Hon. C. A. Piessé): Although I have reason for holding strong opinions on this question of taxation, I claim that I am not a pessimist—I look on the bright side of the picture as well as on the dark side; and I have come to the conclusion in regard to this land tax that those members who have spoken against the measure in this House have looked entirely on the dark side of the picture, and have taken an extremely dark view of the effect it will have on the State. I cannot picture one instance in which the tax will work the hardship that some members fear it

will. We have to be taxed, and it is intended we shall be taxed, and all taxes are to a certain extent a strain on the people; but I cannot see that this particular tax is going to be in any way a very great strain. If I had seen it in that light, I should not be sitting here to-night in the position I now occupy. I have gone carefully into the matter, and I put the following questions to myself: Is the State progressing? Is it necessary that we continue to progress? Have we need for farther funds for this purpose? And I have answered these three questions in the affirmative. I have not heard anyone as yet assert that the State is not progressing, that it is going backward; everyone has admitted that we are on the up-grade. Again, I have asked myself: Admitting that we require farther funds, by what means can we raise those funds? To my mind—and other members have said the same thing—there are only two alternatives, an income tax and a land tax, that present themselves to me; and I have decided, after mature consideration, that I would favour a land tax as against an income tax. As one of the two or three members in this House representing the agricultural districts of the Great Southern portion of this State, I am in the position of speaking on this question from an agricultural point of view; and in that respect I am perhaps in a better position to speak than any other member of the Government. Those who have spoken in opposition to the measure have not quoted a single instance which has convinced me that the tax will work a hardship on any individual. The Colonial Secretary in introducing the Bill quoted instances of how it would operate; and there have been no remarks offered to refute those instances. Much has been said of the effect which the tax will have on new settlers. It has been said that it is unfair to encourage settlers to come here and then tax them. Take the instance of a man who comes to this State and takes up 2,000 acres of land in an agricultural district, this being the maximum we propose to allow under the new Land Act. Of that area 1,000 acres will be exempt for five years. He will pay a tax on the other 1,000 acres, at least the tax will be imposed on that area; and the unimproved value of it

will undoubtedly be £500. Of that sum £250 will be exempt; and he will therefore pay a tax of 3d. in the pound on £250, or 15s. 7d. in all. I have no hesitation in saying that can be paid by anyone. Even two or three hens on the farm would yield sufficient eggs to pay the tax. If that small tax will keep the settler away, then the State is better without him. Again and again it has been said in this House that the tax will drive away the intending settler. I have shown what effect the tax will have for the first year upon the settler. Probably there will subsequently be a slight rise in the unimproved value; but the rise will be very slight, and at the end of five years the tax will not be much more than £2 10s. or £3, that is provided the selector has done his duty. And he will have no alternative under the new Land Act, for he will have to make progressive improvements year after year; and while he is doing that he is bringing himself under the easiest provisions of the Land Tax Assessment Act. He will not pay more than 3d. in the pound on the unimproved value. I think members will agree with me, there is nothing in this Bill to keep settlers away from the State. I ask members to give the Government fair play. I do not love the tax. A member says, "What about the roads tax?" It is a tax locally imposed for local benefit. Some members say that other people than roads-board ratepayers use the roads. Well, the Government pays the roads boards for that privilege by giving the boards £1 for every 3s. 6d. spent on the roads—6s. for every 1s. raised. Thus the State has been doing its duty; and the least the settlers can do is to do their duty. I know all about the roads tax. I feel it perhaps as heavily as anyone. I am carrying around with me now a pile of rate notices; but I have always considered that the tax is justified. That argument is most unfair, when we consider that the roads board taxation is more than refunded by the Government.

HON. C. E. DEMPSTER: You are now a Minister.

THE HONORARY MINISTER: That is a very poor reply. Mr. Maley happens to represent the same province as I, and he stated that his constituents do not approve of the tax. All that I can say

is that numbers of my constituents have asked me about it; and when I took the trouble to explain the position, they said "Oh, is that all it is?" We don't mind that." Anyhow, at a public meeting at Grassmere a resolution was passed approving of the tax, and although we have not had in my electorate any other public meetings to approve of it, I have had numbers of interviews with my constituents, and in every instance they were quite satisfied after I explained to them the nature of the impost. The instance I have given applies to the man already on the land, if he has not been there for more than five or six years; therefore it cannot be right to say that the tax will retard settlement. I do not think it necessary to labour this question. One object of the tax, which had much to do with inducing me to favour it, is the effect it will have on unimproved lands, if such there be. Again and again we have been told that there are unimproved lands. If certain lands are erroneously deemed unimproved, the tax will give the owners an opportunity of proving that the lands are improved. If they are not improved, then I think every member will agree that they should be improved, otherwise the present holders should not have possession of them. I think everyone is agreed that we should have a tax on unimproved lands; and that is one of the effects this tax will have. It will hit so lightly the man who has improved his lands that I cannot for the life of me see any real objection to its imposition. The general gain will be so great that any hardship it may inflict will be inconsiderable.

HON. G. RANDELL: Will £60,000 be a very great gain?

THE HONORARY MINISTER: It will be something. The whole revenue is made up of small sums. Mr. Maley said that by imposing the tax we should put back the clock. I say, if we do not impose the tax we shall put back the clock, for all must agree that if we are to develop this big State, we shall need more railways and other public works. Numerous railways are asked for, and must be built by the State. We must wipe out our deficit, and make provision by fresh taxation for fugitive elements. Mr. Randell says, what will £60,000 do? I reiterate, if the tax is so light, it

will not hurt the people on whom it is imposed. Let us try the experiment for twelve months; and all I can say is, if it is found to be oppressive, then I shall not be found supporting it this time next year. But I am positive that it will not be oppressive. When people come to know how lightly it bears upon them, we shall find that for one who is opposing it to-day we shall have two in its favour. We want new railways, and we must have them; and I do not know how we are to raise the money to pay interest on their capital cost, in the face of the present deficit, unless we impose fresh taxation. I am prepared to give the tax one year's trial; and I am here to support the Government. To impose this tax gives the Government no pleasure. Many hours were spent in considering attempts to overcome the difficulty without imposing the tax. But the tax seems to be the only resource. And the Government deserves credit for its courage in bringing forward what everyone knows to be an unpalatable impost. I should like to add that I speak first as a Minister, and secondly as a representative of a farming community; and I do not want to hear one more member say that the tax will inflict a hardship on farmers, when I know that such is not the case unless the farmer has more land than he can work, when it is his bounden duty to pass it on to someone else. And if this tax will have the effect of making him pass it on, I shall be only too glad to think that I have had a hand in its imposition.

HON. M. L. MOSS (West): I should not hesitate for a moment to support the imposition of this tax; and of any other additional taxation which might be necessary in the best interests of the country, if I could be satisfied that the tax was absolutely necessary; and the great question is whether or not the imposition of additional taxation is necessary. I say candidly that if this were a necessary land tax, imposing a burden greater than this Bill and the accompanying measure will impose, were it an income tax necessary to keep the credit of the country good in the money markets of the world, if it were necessary to carry on the various public departments, it would be my bounden duty and the bounden duty

of every member loyally to support the Government in its desire to put the finances on a firm and stable footing. But I feel strongly that the imposition of fresh taxation is entirely unnecessary; and I do not intend to rest satisfied with that bald statement. I will indicate before I sit down where I think economies may be effected without in any way interfering with the administration of this country's affairs. I will indicate economies which will not put back the hands of the clock, or in any way retard the proper development of the territory which the people of this country have in charge. Before taxation of any kind, and particularly class taxation of a very bad stamp, is attempted to be imposed, one would naturally think that the Government attempting to impose that taxation would have had some mandate from the people. And I say unhesitatingly that at the recent general elections no question at all was before the people as to the imposition of a land tax.

HON. J. M. DREW: That is not my experience.

HON. M. L. MOSS: Well, I am not giving your experience.

HON. J. W. HACKETT: It was mentioned in numbers of cases.

THE COLONIAL SECRETARY: Are you prepared to say that the majority of members in another place are not pledged to it?

HON. M. L. MOSS: Every member is entitled to his own opinion. So far as I understand the position the party now in power, which obtained a majority at the polls, did not have as any part of its programme the imposition of a land tax. Mr. Drew is candid and honourable enough to admit that. I agree that the other party, which was severely beaten at the polls, placed a land tax in the front of its programme; but apparently that programme did not meet with much favour from the constituencies. And I say again, with as much emphasis as I have at my disposal, that at the time the general elections were in progress the land tax was no part of the programme of the Government which returned to power; and moreover, if I am any judge of the public pulse, I believe that the country is strongly opposed to the imposition of this tax. What do we find? Numerous

meetings held throughout the length and breadth of the country, condemning the tax from every possible standpoint. We find Ministers going out to various country districts, telling the people not to fear; that the tax will not inflict hardship on them; that it will have to be paid by the townspeople. And we find Ministers going about the country telling the people that this is the only means by which they will get spur lines. But before we resort to such an expedient I think that the country should have an opportunity of deciding whether or not we should be burdened by additional taxation. I desire to make this statement, that in this innovation we are confronted with the proposal to impose a tax of 1½d. in the pound, reducible by one-half that amount in case of certain improvements; but it is only the sugar-coated pill again, because this Bill is an annually recurring measure, and what guarantee have we that next year the tax may not be 3d. or even 6d. in the pound? And the prospect of the landowners in this country is not brilliant when we think that so far as federal legislation is concerned there may be a federal land tax. One senator, I observe, in a report of a speech made in the public Press a few days ago, stated that his party would come back victorious at the ensuing elections, and that the great plank of that party would be the imposition of a swingeing land tax. Perhaps we may have a State land tax of 8d. or 6d., and a Commonwealth tax on top of that. If that is not going so far as to confiscate landed property I am at a loss to know what is the meaning of that expression. We should not look at the tax as ½d. or 1½d. in the pound because the Government and the Parliament authorise that amount now, for in the future this tax may be increased considerably. I object to class taxation of this kind as I do to class taxation of any description. Look at the revenue of this country; it is absolutely enormous. The taxation per head for the year ending 30th June, 1906, was £15 16s. 8d., and for the year preceding that it was £17 0s. 1d.; the discrepancy no doubt is accounted for by the fact of the disappearance of the Customs duties with the vanishing of the sliding scale; but even £15 16s. 8d., the amount of taxation levied per head of the population of the

country for the year ending 30th June, 1906, is about twice as much as is levied in any other State in Australia. I am perfectly well aware that in this there are the earnings of the railways and other commercial undertakings which the Government embark in, but that is the case in the other States of Australia as well. What does this lead us to? We are going to admit to Australia, in effect to the world that while we are taxed twice as much as any other part of Australia, that is insufficient for our needs and we have to come along with an additional demand to pay a tax on land which, small to-day, may be enormously increased by the passage through Parliament of this small Bill which must come before the Parliament year after year. My idea of the cry at the time of the general election, and my idea of the policy enunciated that sent the party into power, was that strict economy in the administration of public departments should be the order of the day. What would we do in connection with our own businesses if we found business so bad that we were unable to pay our way? Would we find the man of business launching out or endeavouring to secure economy? Would he not look to see if economy could not be brought about with the idea of making both sides of the ledger meet?

HON. J. M. DREW: Why did you not do it?

HON. M. L. MOSS: It is quite true I was Honorary Minister in the James Government for a period of a little over a year, and I think my friend Mr. Piesse will agree with me that an Honorary Minister has to take the responsibilities of the position, although an Honorary Minister has exceedingly little power in moulding the policy of the country. He controls no department; but he must take the responsibility without having much opportunity of rectifying it. Still the hon. member says, why did not I attempt to rectify it? The position is that the country for a number of years had an enormous revenue and an increasing population, and until the present moment there has never become an absolute need to effect economy. I do not make that statement without being able to back it up to the utmost. At the time the James Government went out of office the revenue was tumbling away as

a result of the disappearance of the sliding scale, and when the James Government went out of office it left a surplus behind of between £87,000 and £90,000. When Mr. Rason delivered his Budget speech in the Legislative Assembly last year he estimated the deficit for the year at £46,000, and at the time of the general elections the cry went forth that the Government of which Mr. Drew was a member had come into power finding a surplus of £80,000, and had left a deficit of £40,000; that the country had gone astern to the tune of £100,000; that was the cry at the general elections. I quote these figures in reply to the hon member's interjection. There was not that necessity, which exists to-day, to put the pruning knife in. We lived for a number of years under extraordinary changing conditions. There was an enormous acquisition to the population, an abundant revenue was the result of the population pouring into the country, but like all good things it has come to a standstill for the time being, and instead of times flourishing, although it may be an unpalatable fact, men in business, one after another, complain of the badness of business and of the times. Is that the time to put fresh burdens on the people, or to carry out the policy which was enunciated at the time of the general election, that general economy in administration should be carried out. I submit there are great extravagances in connection with the administration of public departments. In the year 1903-4 we passed a Railways Act. The Leake Government had appointed a Commissioner of Railways with a tenure of office for five years, and under that Railways Act, by Section 16 the entire management, maintenance and control of every Government railway was given to the Commissioner. Under Section 17 of that Act, with the approval of the Minister, not with the approval of the Parliament, all additions and improvements might be made to railways, and these would be works within the meaning of the Public Works Act of 1892. I am not so unreasonable as to assume that the present Government, or the Government that preceded it, or the Government of which Mr. Drew was a member, is responsible for this; but what I am confronted with is, we have a statement made by the

Treasurer that these economies must be effected. If there are extravagances, this is one direction in which Parliament might, usefully to the country, apply its mind, with the object of dealing with the question whether or not during this year and subsequent years it is expedient, on the approval of the Minister for Railways, to allow additions and improvements to open lines to be made. As an illustration of that, before I deal with some figures I am told by some members, who no doubt know what they are talking about, under Section 17 of the Railways Act the Commissioner of Railways is duplicating the Eastern Railway as far as Spencer's Brook. When Parliament agreed to Section 17 of the Railways Act, was it ever intended that the Commissioner, without parliamentary supervision, and by parliamentary supervision I mean by the passage of a special Bill, should do that which is tantamount to the construction of a new railway line? But under additions and improvements to Government railways a work of this magnitude is to be taken in hand! To show members what that means, I may say in last year's revenue and expenditure estimates, from revenue there was a sum for minor works, amounts not provided for on the Loan Estimates, of £267,227 passed in a lump. I mention that in order to clear up that which I may be accused of presently, that these moneys were not passed without parliamentary authority. That is not correct, because Parliament has voted considerably over a quarter of a million of money, which sum was voted *in globo*, and is to be spent under Section 17, on purely Ministerial authority.

THE COLONIAL SECRETARY: Is not the greater portion of that taken up in salaries?

HON. M. L. MOSS: I do not think any of it is taken up in salaries, at any rate very little. Not only that, when we come to our own Estimates of last year no less a sum is added to that quarter of a million than £90,000 for additions and improvements to opened lines; so that we have a huge sum of money to be spent at a time when we are looking forward for economies to be practised.

HON. J. M. DREW: Is that out of revenue?

HON. M. L. MOSS: The £90,000 is out of loan, and the £267,000 is out of revenue. At a time when it is necessary to practise economy is it an opportune moment to duplicate the Eastern Railway as far as Spencer's Brook? Is it an opportune time to do that when Parliament has not had a say in a work of that kind? I venture to prophesy that placed in juxtaposition to the proposal of a land tax members would probably say, let the duplication remain over; let that work remain for some time.

HON. R. D. MCKENZIE: That work has been going on for some years.

HON. M. L. MOSS: No doubt the member is quite right, and no doubt it has been going on as long as the Commissioner of Railways has had control. I am only dealing with what was appropriated last year.

HON. J. M. DREW: Commenced during the term of the James Government.

HON. M. L. MOSS: Yes. We need not quarrel as to which Government did it. Should we refrain from condemning it even if we were members of that Government? What we are confronted with to-day is the present position, and I want members to answer the question which the Colonial Secretary has put to them. Is it necessary to impose this taxation? When we may make economies in the directions indicated, that will to some extent mitigate the necessity for imposing this land tax. With regard to the moneys expended on the mines development, I am not going to say one word against the policy which has been carried out by Mr. Gregory, the Minister for Mines, because in the performance of the duties of that position he makes a most admirable Minister; but I think that he and the members of the Government may look to that vote and endeavour if possible to save some money at any rate with a view to economising in that direction. I do not propose to labour the question referred to by Mr. Kingsmill, and attempted to be answered by my friend Mr. Drew, but it is obvious that the cost of administration in connection with the Lands Department has gone up enormously during recent times, and I think that economies may very well be practised in connection with that department which will save a good deal of expenditure.

Now we come to a matter of paramount importance in considering a question of this kind. We are told that this tax will in all probability realise £60,000, and my friend Mr. Drew in the speech he made said they needed to impose the tax to save the financial credit of the country from being ruined; almost indicating that it was the only way to stave off a very evil day for Western Australia. I venture to say that if we want to effect economies to a very large extent in other directions, the grants made to roads boards throughout this State and the grants made by way of subsidies to municipalities in connection with rates which they raise would be two very excellent means of practising those economies, and would far more than compensate for the amount which it is anticipated may be raised by this tax.

THE COLONIAL SECRETARY: Do you advocate the abolition of municipal subsidies?

HON. M. L. MOSS: Yes, I do, and roads boards grants, and I am going to give my reasons. First with regard to these roads boards grants, I came here prepared with certain figures for 1904, but I am glad to say that to-day there was laid on the table of the House a report of the Department of Public Works for 1905, therefore we have some later figures. On page 80 of that report members will find a summary of what was paid by the Government as grants to those roads boards throughout the State, the amount being no less a sum than £83,695. Everyone of those roads boards is compelled by virtue of the provisions of the Roads Act to rate itself—although on a perusal of this report it is apparent that some of them have neglected to carry out that statutory duty—but in many instances, some of which I will point out to the House presently, this taxation has been a regular sham; for although there has been a compliance with the Roads Act the amount of rating imposed is very small. The total amount of rates collected by those boards is £21,000 and the total amount of arrears is £14,000. They have a total of rates received throughout the year of £7,000, in round numbers, against which the Government gave £83,000. It would be much better to take off all those grants to these roads boards and to put into the Roads Act a

provision compelling a substantial minimum rate in respect of these districts, to make the districts raise money for necessary expenditure within their own boundaries, instead of doing that which is intended by the great supporters of this land tax, a tax to which the people of Perth, Fremantle, and Kalgoorlie will be the largest contributors, and which will go to pay for this expenditure, if the grants are continued on the roads boards estimates.

HON. J. W. HACKETT: Do you think it would be easier to do what you suggest than to carry a land tax?

HON. M. L. MOSS: When you look at some of these districts it is I think a scandalous state of affairs that so large an amount of money has been granted from the public purse and so little has been done by these districts in order to help themselves. Take Beverley, for instance, which received annual grants totalling £1,254 and collected £150 by local taxation; £74 in arrears. Members can see the proportion that bears, £1,254 against £150 raised by local taxation. The amount raised by that local taxation was not sufficient to pay the administrative expenses of that board, and that board absolutely exists by obtaining a Government grant. Which is preferable, to impose additional taxation from the consolidated revenue to perpetuate that and other instances I am about to give, or to compel these districts to raise money necessary for local purposes and spend it locally? In the case of East Beverley £700 was granted and £70 raised by rates; Bunbury, £850 Government grant, and £44 derived from the imposition of rates; Bunbury Suburban, £705 Government grant, local taxation £85; Collie, is a disgraceful example—the Government grant amounted to £1,250, and the amount raised by local rates was £160.

THE COLONIAL SECRETARY: That was under past administration. The present Minister for Works has stopped that.

HON. M. L. MOSS: True. Why impose additional taxation in the shape of land tax to keep on giving Government grants?

THE COLONIAL SECRETARY: You know that is not the intention.

HON. M. L. MOSS: The intention can only be gathered from the statements of

Ministers that these amounts are to be reduced, I understand, by 20 per cent. These grants are to be continued.

THE COLONIAL SECRETARY: Conditional on their striking a fair rate.

HON. M. L. MOSS: That is a point I have to make, that throughout the country districts Ministers have said "We will give you spur railways;" but not a word has been said about taking 20 per cent. off the grant. The huge sum of £83,000 has been granted. I will come to municipal subsidies presently. If you add the two together they approximate £175,000. Here is a means of making a substantial reduction in the case of people who should tax themselves, and we should not tax the whole country.

HON. J. W. HACKETT: It would come a little heavier.

HON. M. L. MOSS: The people in the localities would have the satisfaction of knowing that the expenditure of whatever they raised locally would be under their supervision. I will tackle my own district presently. Can we afford at the present juncture to go on with these extravagances, or are we to take up the attitude of letting those districts that want these things tax themselves? The consolidated revenue is not able to bear the strain any longer. I always understood that the Kalgoorlie Roads Board was a pattern to the State, and I believe there must be a mistake in this report; but if there is no mistake, that is a more scandalous example than the others I have given. They had £5,150 of Government grant, and have not received a sixpence in rates. I do not believe this is accurate. I am quoting from a State paper, but I have always understood the Kalgoorlie Roads Board to be one that rates itself well, and has done a good deal to help itself.

HON. R. D. MCKENZIE: They strike the maximum rate.

HON. M. L. MOSS: I am prepared to accept the hon. member's statement in that regard as a perfectly accurate statement. This is a Public Works Report. I cannot believe that it is accurate, but if it is, then the case is a more scandalous and flagrant one than others I have given. Take Plantagenet. Plantagenet had £1,000 of Government grant, and it imposed a halfpenny rate, from which it received £197; I venture to say again

not sufficient to pay the administration expenses of that board. Let us take Sussex, which is the district represented by our friend the Treasurer. The Government grants amounted to £957, and they rate themselves at a penny in the pound, receiving as a result of the rate £133; again in my opinion not sufficient to pay administration expenses. Toodyay received £900, and taxed itself to the extent of £549, and there is an example by Toodyay which I think may be held up to commendation. [Interjection.] I do not know what they did last year. I am taking these figures. During the year ended 1905 they raised in rates 50 per cent. of the amount they obtained from the Government. Had that been done in other parts of the country the Government would not have been called upon to pay £83,000 out of the revenue for roads and bridges in roads boards districts. Victoria Plains received in Government grants £950, and obtained £109 by payments of rate. Wagin received in Government grants £1,425, and obtained from rates £399, which of course is not so bad. York is also an example which I think should be held up to the other parts of the State. It received £1,000, and raised £323. In my opinion a very considerable economy, running into many thousands of pounds, can be made in this direction, which would be far better than imposing general taxation. We are taxed to the extent of £15 6s. 8d. per head, yet it is considered that is not sufficient to enable us to carry on the affairs of the country, and that we require additional taxation. Equally bad is the position with regard to the municipalities. When I came to Western Australia first, no municipality received any subsidy from the Government on its rates. The reason was that the means at the disposal of the Government then did not admit of the giving of any subsidy. For many years the municipalities have received these subsidies until I believe they now approximate something like £70,000. The time has come when the revenue of this country will not justify a continuance of this; and in my opinion the reduction of 20 per cent. of these subsidies is not sufficient economy to make. I believe that the roads boards have not been doing sufficient to justify the Gov-

ernment in giving this vast amount of money to them. The municipalities and the roads boards should be satisfied with a considerable reduction of the subsidy. If all these grants to roads boards and the municipal subsidies were taken off, an amount approximating £175,000 would be saved to this country; and I think we may wisely ask ourselves: Is it better if these localities require this money to be spent, to enable them to raise it by local taxation; or is it more desirable to add farther taxation to the State and continue to make grants to these bodies who are doing so little, in the case of roads boards, to help themselves? Dr. Hackett interjected the other day that the railways were not doing so well; and at a time when a proposal is before us to impose taxation, it is a very fair thing indeed to turn attention to a great department like the Railway Department and ask the question whether the railway rates do not require revision. The other day one member made a statement that in connection with the carriage of goods between Albany and some terminal point, the rate of freight was less than if the goods were sent from the terminal point to an intermediate station. That rate was imposed as a through rate when the mail steamers called at Albany. It furnishes some ground for the revision of railway rates, and I agree with the interjector that the time has arrived when the railways should be expected to earn more. The time has certainly arrived when we should deal with Sections 16 and 17 of the Railways Act and curtail the power of the Commissioner of Railways on the authority of the Minister for Railways to spend money in duplicating the Eastern Railway as far as Spencer's Brook. We cannot stand this expenditure. It is a matter that should be brought before Parliament, these large sums of money being spent without parliamentary authority. The Government asks in the Harbour Trust Bill whether there are extensions to the harbour or not, that the work must pay interest and sinking fund. That was also the proposal of the late Government, and if Mr. Kingsmill had still been Colonial Secretary, the same proposal would have emanated from him. It was supported by the representatives of the West Province

and the Fremantle members in another place. When the harbour was constructed it was a great lack of foresight on the part of those responsible for it—and the last thing I can desire is to depreciate the good work done by those people responsible for the initiation of that great scheme—not to have provided as the Harbour Trust Bill now proposes. It would have been better in the early days of the State if a harbour improvement rate had been established to make the harbour pay. It was only in 1903, when the Harbour Trust was brought into existence to administer affairs in connection with the harbour, that the work was put on anything like a business-like basis; but I did not consider, and the members for Fremantle did not consider, and I do not think the House considers that it was put on a proper basis even then. The harbour should have paid interest and sinking fund from the time it was sufficiently advanced to be handed over to a body of commissioners to control. The sum of £12,000 or £14,000 a year is a small increase to be paid by the shipping people and by those deriving advantages from cheap freights and the expeditious handling of their cargoes; it is a small sum spread over the community, but it will make the harbour works payable, and it is a matter to be taken into consideration when we are looking around to see how money can be saved. I have shown where economy can be carried on in connection with roads board grants, municipal subsidies, additions and improvements to opened railways, and mines development; and the Fremantle harbour is also a glaring example. That work should be called on to pay interest and sinking fund for the expenditure on it to date and towards the construction of a dock at Fremantle. When the Fremantle members approached the Rason Government and asked it to reverse the proposal of the Labour Government to build a floating dock, these members proposed that a sunken graving dock should be constructed and that it should not be a burden on the general revenue. My idea is that the roads boards and municipalities should burden the consolidated revenue as little as possible; and that if a graving dock is to be constructed at Fremantle, as soon as the expenditure

is incurred a rate should be struck, whether it be a harbour rate or the imposition from time to time of a small harbour improvement rate, increasing as the work increases until it is completed, and then when the dock becomes an earning concern, being gradually reduced. That work must be made a payable business. In other parts of the world the construction of a dock would be entrusted to private enterprise, and private enterprise would not so subsidise shipping as to make a recurring annual loss. This country might well demand in carrying out a great work of that kind that it must be expected to pay its way, and not only that, but interest and sinking fund on the cost of construction to date. There must be an immediate alteration so that economy can be effected to some extent to alleviate the necessity that arises for the imposition of this £60,000 fresh taxation. Members have spoken in regard to the Coolgardie Water Scheme. That scheme must also have the rates increased. At a time when we are looking round for farther taxation, we have to look to see where economies can be effected, and economy can be effected by obtaining additional revenue from that waterscheme. I am the last one in this House or on any public platform to depreciate in any way all that the mining industry has done and will do to the State, but we cannot shut our eyes to the fact that the taking of this great scheme to the doors of the people connected with the mining industry on the goldfields has enabled them to reduce the cost of treating ore to such an extent that what they are paying for the water is very little in comparison to the advantages they derive from it. When Mr. Kingsmill was speaking in the strain in which I am speaking, the Leader of the House said that the scheme was paying as much as the harbour trust towards interest and sinking fund; but there is a great difference between the two works. The harbour at Fremantle is not wearing out; it is not depreciating; but the life of these pipes and the life of the pumps and the various machinery used in connection with the water scheme is limited; there is a great wear and tear on the plant, and those responsible for the water scheme were wise in their generation when they decided that there should be a three per cent. sinking

fund in lieu of the one per cent. sinking fund we find for the ordinary loans. When the time comes for fresh taxation that water scheme is a legitimate avenue. The mines are deriving millions a year in the way of dividends, which unfortunately are going out of the country. I do not grudge these dividends if the people are enterprising enough to put their money into these ventures on the goldfields; but it is a fair thing that they should pay a little more for the water that is carried to their doors. The country is subsidising them to the extent of £80,000 a year. Can the country afford it? That is the point. I would be glad indeed to see the rates charged on the cargo coming over the Fremantle wharf absolutely nominal, making the port a free port; I would be absolutely glad to see water given away free; I would be equally glad to see the roads boards get double the amount of Government grants; and I would be equally glad to see the municipalities getting double the subsidy; but can we afford these things?

HON. W. T. LORON: Would we get more money if we raised the price of the water?

HON. M. L. MOSS: I do not know; but those who know say that there would be no diminution in what the companies use.

THE COLONIAL SECRETARY: That is nonsense.

HON. M. L. MOSS: I speak subject to correction. I think the experiment might well be tried. We could always return to the present order. Next take the hospital grants. Perhaps Mr. Kingsmill may prompt me, but I think these grants are largely over £100,000.

THE COLONIAL SECRETARY: A little over £80,000.

HON. M. L. MOSS: There is no doubt, taking the dictum of some members who have spoken, that the hospitals throughout the State are largely abused; people are obtaining aid from these institutions who can well afford to pay; and the question of placing these hospitals on a proper and different basis from the present is one which I think might well engage the attention of any Government. It is a matter in which a great deal of money could be saved to the State. The question of dealing with

these hospitals on a business basis was dealt with in New Zealand in 1885 in the Hospital and Charitable Aids Act, which I commend to the Government. Up to that date the hospitals in New Zealand were kept going largely on the principle that we find adopted in this country to-day. It is a state of affairs that confronts us whether, with the difficulty of making both ends meet, the Government can afford out of general revenue to continue to provide such large amounts for these institutions. It is a perfectly proper thing that these institutions should exist in order to provide the necessary amount of attention to the poor and indigent, but I think a large amount of the cost of these hospitals should be drawn from the localities in which they are carried on. I know that members listening to my observations will say that it would be a very unfair thing in Perth, where we have a central institution resorted to by persons from all parts of the State; but under the New Zealand system there is a provision for cases of that kind. When people go to a hospital in New Zealand from any distant place it is ascertained immediately where they come from, and by means of the machinery provided under that New Zealand Act of 1885 the district from which the patient comes is charged a certain amount for the upkeep of the patient in the central hospital. By the well-worked-out scheme under that Act a large amount of money may be saved and the general revenue in that respect very much relieved of the pressure of this £80,000.

HON. J. W. HACKETT: But if patients come from outside the State?

HON. M. L. MOSS: That is dealt with in this way, that there is a provision for the general taxpayer of the country bearing the burden. The New Zealand hospitals are not entirely maintained by the localities. When the Act was passed, the Government gave 20s. subsidy for every 20s. raised by rates, and 30s. for every 20s. raised by voluntary contributions. Afterwards the subsidy was reduced to 7s. 6d. for every 20s. raised by rates, but the 30s. subsidy for voluntary contributions continued. That was a general incentive to public contributions. There is another direction in which economy might be practised.

When we come to recapitulate many of these matters I have referred to, and superadd to them many other matters referred to by other hon. members, we see that there are many items in which great economies might be effected, and this paltry £60,000 to be raised by the imposition of a land tax does not seem to be at all requisite. Mr. Drew stated quite correctly that, with the Public Service Act on the statute-book, it is almost impossible to effect some reforms, to make such retrenchments in the service as to be of any aid to the revenue; and the Government have recognised that. During this session they have introduced a Bill to put on a proper business basis the Government Savings Bank, and I asked the Colonial Secretary if it was intended—because it seemed like it from the way the Bill was drawn—that the whole of the officers of the bank would be excluded from the Public Service Act. He said it was so. The Government recognised then, as did members in both Houses, that the Public Service Act was a tremendous clog on the bringing about of any reform in the public service. I do not want to disparage the efforts of Mr. Jull, an admirable gentleman for certain duties; but he has taken on a contract of such a character that it will occupy him for months even to effect his proposed classification. If it is a fact that the public service is manned to an undue extent, I am afraid that if we have to wait till the present Commissioner can effect the necessary reforms, we will have to wait a very long time. I do not think any member of the present Ministry believes it is in the best interests of the State to keep the Act on the statute-book any longer. I am satisfied that if it does remain there, the idea of making any reform in that direction is almost insuperable. I do not believe in effecting economies by making drastic retrenchment in the public service. The last thing we should resort to, unless the service is grossly overmanned, is to put in the pruning knife and cast a lot of public servants on the labour market; but if there has been overmanning it is existing still, and if we believe now that we have arrived at normal times and that it is expedient the public service should be dealt with to relieve the pressure on the public revenue, that is another direc-

tion in which economy may be effected, and thus evade the necessity for this taxation. This is a class tax of a very bad type, and I will show how unfairly in many instances it is going to operate. Take two men who possess land in Hay Street, each block having 50 feet frontage, and the unimproved value say £10,000; then suppose one owner has got his land absolutely unencumbered and the other's perhaps overdrawn at the bank, his title being held there as security; the position will be that the man whose land is unencumbered will pay the land tax on the whole £10,000; and the other man whose property is encumbered will also have to pay the tax on the whole £10,000. Obviously if the tax were fixed at 3d. in the pound, which might happen, it would mean confiscation of the limited interest the man had in the property that was encumbered.

HON. G. RANDELL: That is an extreme case.

HON. M. L. MOSS: But the man with a mortgage on his property has to pay the same under the Bill as a man who has no mortgage on his property. In fact the mortgagee in such cases escapes scot-free. This tax will therefore be a great inducement for men to invest their money in other ways than in land, and so escape the burden of this tax. The Honorary Minister has told us that this tax is not going to retard settlement on the land. The tax as proposed at 1½d. in the pound may not do it to a great extent; but this fact will have a very detrimental effect outside the State, that while we are putting forth all these efforts to get people on the land in Western Australia, a sugar-coated pill is coming in to effect taxation to a small extent, as a beginning. If I mistake not, I believe that in the pamphlets issued by the Government of this State and circulated throughout the British Islands and elsewhere, one inducement offered is that there is no land tax in Western Australia; so there will have to be a speedy revision of those pamphlets; and when you look at this from the point of view of inducing people to come and settle on our lands, we are confronted with a tax now which is liable to be increased in the future; and not only that, but is liable to be used in Federal legislation as one of the means of raising revenue for the

Federal Government. Who can say, therefore, that this tax is not going to retard settlement to a great extent? What will be the effect of the proposal on people in London who lend us money for public enterprises? We are taxed in this State to the extent of £15 6s. 8d. per head of the population, including services rendered; and on this basis I think we are taxed twice as much as are the people in any other Australian State; yet we are going to admit to people in the old country that with all this taxation we are not able to carry on the work of government with our present revenue, and that we want more revenue to enable us to make both ends meet. I do not believe that. I believe that by effecting economies, we shall be able well to make both ends meet and to show substantial surpluses. The time has gone by when the consolidated revenue should be expended to such a large extent for carrying on works in localities which ought to bear the burden of taxation for local purposes, as is done in other countries. In portions of Great Britain the local taxation runs up as high as 10s. in the pound in some districts for local purposes. I disbelieve in the tactics adopted by several Ministers in the present Government, in going from one district to another making the statement that the burden of this tax will be felt mostly in the large towns and the city of Perth, and that it will not be felt to a great extent in country districts, and therefore that it is only by the members representing those constituencies voting for this taxation that the people there can expect to get the new railways which the Government are anxious to construct. I say that economies can be effected which will make it possible to construct any spur lines that are necessary in agricultural districts for enabling people to bring to market all the produce they can grow on land recently taken up, and that this can be done out of the ordinary revenue at the disposal of the Government, if only the Ministers will effect economies in the directions already indicated. As to amending in Committee, I intend to move an amendment now that the Bill be read this day six months. I am altogether opposed to a Bill which provides for the large number of exemptions now pro-

posed, making this still more a class tax of an obnoxious character. Mr. Clarke yesterday said, when he objected to the Bill providing five years' exemption, that it was obviously as unfair a proposal as ever emanated from any Government; unfair for this reason—why should the person be exempted from taxation who purchases land from the Government, while the settler who purchases land from the Midland Railway Company or from any private owner is to be penalised by taxation from the jump? The Bill means in the case of land purchased on terms, on which a small amount of the purchase money may be paid to entitle the purchaser to get the rents and profits of that property at once—and the definition of "owner" in the Bill is that the person entitled to receive the rents and profits of land shall be deemed to be the owner—then take the case of the purchaser of £10,000 worth of property or any amount from the Midland Company or from a private owner, where perhaps £100 is paid on account, thus entitling the purchaser to the position of owner, the man who has not completed his purchase will have to pay the tax on £10,000, although only £100 may actually have been paid on the purchase. I shall be wanting in my duty to people who purchase on these terms if I give support to a measure of this kind. The Honorary Minister has said this tax will not retard settlement; but in the case of the Midland Railway Company who are endeavouring to open their lands for sale and occupation, or in the case of any private individual who is endeavouring to sell an estate and giving long terms to induce people to settle on it, the purchasers of such land will be penalised from the start by this tax levied by the State Government, and they may be farther penalised by a land tax to be levied by the Federal Government. Will that encourage settlement of land in this country, to put the purchasers from the Midland Company or any private purchaser under that disability, while five years' exemption is to be allowed to purchasers of land from the Government?

HON. J. T. GLOWREY: Settle that in Committee.

HON. M. L. MOSS: The Government propose to adopt the valuations of roads boards and municipal councils at

the start. I want members to bear in mind a memorable speech by Mr. Loton on the occasion of an attempt being made to impose a tax on the unimproved value of land for municipal purposes; and it will be useful if members will look back in *Hunsard* to refresh their memory as to what Mr. Loton said on that occasion, for I have no desire to occupy the House at present in quoting matter at length. I have no hesitation in saying that to impose this taxation on the basis of those local valuations would be a monstrous injustice to a large number of persons. The discrepancies between values side by side are so great, that one man would be paying nearly double as much as another under similar conditions; and I cannot under the circumstances vote for a measure of this kind.

THE COLONIAL SECRETARY: There is nothing in the Bill which says the Government shall take municipal valuations.

HON. M. L. MOSS: But we are entitled to pay some attention to the statement of the Colonial Treasurer and the statement of the Premier, who say it is the intention of the Government to adopt local valuations at the start. If there is one part of this measure that I am prepared to support, it is the penal clause whereby absentees are required to pay more than residents in the State. That is absolutely a fair thing. There are friends of mine and other persons who have for years lived in the old country drawing enormous rents from Western Australia, and not contributing a fraction to the general revenue of the country, and it is an absolute necessity, when we do impose fresh taxation, that those people who are spending their earnings in this country, and staying here to develop it and to make it more productive and their properties more valuable, shall be let off more lightly than absentees. That is an absolutely fair proposal; and if the Bill is accepted by a majority of this House, I promise to assist the Government most loyally with the object of getting that clause piloted through Committee. Mr. Drew stated to-night that the Daglish Government endeavoured to exercise economy in every direction. Well, again I speak subject to correction, but I recollect a statement being made, and I believe by a Minister in that Government, that 500 men were kept by him

at work in the Railway Department when he could by the exercise of economy have done without them and saved their wages; and I have many other instances in which not only that Government but its predecessors and its successors could have effected economies. I do not agree with Mr. Drew that our financial credit will be ruined if we do not raise £60,000 by a land tax. That is a very extravagant statement. The money can easily be saved in the expenditure of this country; and the ruin that is predicted will not come about. The hon. member says that only £20,000 worth of economies can be effected in other directions. He must be wrong. The Colonial Secretary cannot support the statement; for he says that the Treasurer expects a deficit of a quarter of a million, and that in other directions the Government anticipate being able to save £200,000.

THE COLONIAL SECRETARY: I did not say £200,000 in one year.

HON. M. L. MOSS: I understand that the case put by the Government, if not by the Colonial Secretary, is that we are confronted with a deficit of a quarter of a million; that with the £60,000 raised by the land tax the Government books will be squared at the end of June, 1907. If that be so, and other economies may be effected as I have indicated, surely there is no drastic necessity for the imposition of a land tax, which in my opinion will have such bad effects outside the State, and which will retard settlement and do so much injury inside. Mr. Drew says with perfect truth that members of Parliament make demands on every side for a road here and a bridge there. But there must be backbone in those administering the affairs of the country; and unpalatable as it may be, the Government must, confronted as they are with a difficulty in paying their way, have the courage to tell members of Parliament that the general revenue cannot bear the burden of grants for roads and bridges. That is a simple expedient; and while I know that any Government can more easily remain in power if they will only conciliate members of Parliament by giving affirmative answers to every demand for money, yet after all when Ministers see that the revenue is not there for the purpose, what is the proper course, if they are to do their duty

honourably to the country, but to refuse demands of that kind at the hands of constituencies or members of Parliament? Mr. Drew said that Perth should pay the largest portion of the tax. Well, to a certain extent Perth will have to do so. Fremantle will come in a good second, or perhaps give pride of place to Kalgoorlie; or the two may be bracketed together. But I do not believe in that; not because I am a representative of the West Province, but because I think this is class taxation of a very bad character: that three localities in this State should have to bear the burden of this additional taxation—and what for? To keep going the policy of a Government—the present or any other—which may choose to continue to give loaves and fishes to the member who wants a road there and a bridge there; to keep going the municipal subsidies; to continue what are alleged to be unprofitable railway rates; to enable the Government to cast on the country the burden of paying over £80,000 a year to the Coolgardie Water Scheme, the burden of subsidising municipalities to the extent of about £70,000 a year, to enable roads boards to draw from the country £83,000 a year. Which is the better, to curtail such expenditure or to embark on this additional taxation? If I mistake not, the note of warning was the promise made at the general election—"Economy in the administration of public departments," and not the imposition of fresh taxation. Therefore I shall not agree to it, for the reasons I have already stated. I desire to take the part of Mr. Kingsmill.

HON. J. M. DREW: The Premier retired. He did not face Parliament.

HON. M. L. MOSS: Mr. Rason was the Premier of this country. A position became vacant which he, I contend if he was fit to be Premier, was amply justified in taking. He was selected by the people of this country to be its Premier and to govern it for three years; and undoubtedly the position of Agent General in London is not subordinate to the position of Premier. [MR. DREW interjected.] As for the propriety of what Mr. Rason did, the whole of his party in another place were unanimously of opinion that he ought to take that position. He was associated with me, though certainly I was only an

honorary member of his Administration; but I will not without protesting allow him to be defamed on any occasion within my hearing. He had a right to take the position; and not only had he a right to take it, but no credit is due to people who defame a man who is not in a position to defend himself.

THE PRESIDENT: Does the hon. member think this is relevant to a Land Tax Assessment Bill?

HON. M. L. MOSS: It is very relevant to an interjection from the right.

HON. J. M. DREW: I did not attack Mr. Rason. I wanted to know whether he succeeded in balancing the ledger.

HON. M. L. MOSS: He did not succeed in balancing the ledger, for he took the position of Agent General; but he said he hoped to balance the ledger without fresh taxation. I did much to induce him and other members of his Cabinet to increase the stamp duties, to impose the totalisator tax, to increase publicans' license fees; and I believe that those measures, coupled with the economies I have indicated, will absolutely place the finances of this country in such a position that the idea of imposing additional taxation will not be entertained. I should like to know, supposing instead of from the present Administration this Bill had emanated from the Government of which Mr. Drew was a Minister, should we have found here so many advocates for the tax? Should we have found that the members sitting in Opposition to that Government would have lent their aid to impose the tax? No. The party now in Opposition is lending itself to impose the tax for the reason, openly stated, that one of the front planks in its platform is that the land of the country should bear the greater burden of taxation. Many members of the present Opposition in another place are single-taxers; and when we consider how small a number in proportion to population will have to bear this tax, we must admit that it is odious in the very last degree, and should be resorted to only as an expedient to balance the ledger when all other means fail. Do members tell me that, with this abundant revenue of approximately four millions of money or £15 16s. 8d. per head last year from every man, woman, and child in the country, that every expedient has

been resorted to and every means exhausted to effect economies, and that fresh taxation is absolutely necessary to save the financial credit of the country and to prevent ruin? Why, the statement is absurd. No member believes it. No member who ponders the matter thinks for a moment that the defeat of this Bill will stop the construction of spur lines. I am quite in accord with the present Government, as with the last Administration, that we should open up the country and give facilities of transit to people who undertake the laborious work of turning the wilderness into a fruitful plain. I think that those people deserve facilities of transit, and deserve all we can do to make their burden as light as possible. But that can be done without the imposition of a land tax; that can be done by effecting economies. If I thought it could not, I should loyally support the Government proposal. But I think that with the magnificent revenue at the disposal of the country all those services can be performed for settlers; and there is no need to get this country a bad name for being obliged to impose additional taxation. A day may arrive when we shall be obliged to look for fresh taxation to keep things going. And if we now exploit every available source of additional revenue we shall be in sore straits in time to come. Is it better to give the Government abundant revenue to carry on necessary services, or to give them more than an abundant revenue and enable them to indulge in extravagance? I am strongly of opinion that it would be much better for this country to end its financial year with a small deficit than with a large surplus. I believe it will be better for the country to have a small deficit than to provide such abundant means of revenue as will enable the Government to squander money in all directions. It may be we shall have a deficit, because I do not think the economies indicated in this House, in another place, and throughout the country, will be effected. Of course I am not so unreasonable as to suppose that any Government can effect them all at a moment's notice; but it should now be an easy matter to amend the Roads Act this session, so as to provide that every roads board shall impose a minimum

rate in addition to having the right to impose a maximum. Look at this return. Some boards rate as low as a halfpenny in the pound, and some, as Mr. Sholl says, do not rate at all. I say it would be better to amend the Roads Act and compel them to impose a sufficient minimum tax to enable local works to be carried out; and so with municipalities.

HON. E. McLARTY: Why not one fixed rate?

HON. M. L. MOSS: One fixed rate if you like. That could be done in the present session, and would relieve the country of the burden of providing £80,000 as we did last year for roads boards, and £70,000 for municipalities. Mr. Drew says "Why did not Mr. Kingsmill do this in some of the Governments of which he was a member?" I have already said that when the James Government went out of office, leaving a surplus, we were not confronted with a huge deficit; and at the time of the general election the deficit was only £47,000; so that the time for effecting economies had not then arrived. I admit that in those days it would perhaps have been expedient to look a little ahead; but to do this is not too late now, and a paltry £60,000 will not remove the necessity for economy, because the Treasurer said that £200,000 must be saved in other directions. The £60,000 is a small matter indeed; but support the principle of this Bill, and then the accompanying little measure that is to operate for one year will form the subject-matter of a Bill for the next session of Parliament. Who knows but what that tax may be 3d., and then the Federal legislation in prospect may put a farther burden on the land. This House may well consider whether this matter has not been rushed in an untimely way. Has the country cried out for this? The contrary is the case, for meeting after meeting has been held condemning this measure. It will have a serious effect on the settlement of the lands of this country. It will impose a burden on a small fraction of the community. Let me take the speech of Sir Edward Wittenoom, and we see where the shoe pinches. There are industries, I will not say in which he is interested, but which he represents. He finds that the timber companies are exempted, and he wants to exclude the pastoralists also.

Why should the timber companies be exempted? Why should the pastoral interests be exempted? Why make this more a class tax. I shall do my best to make it as fair a tax as I possibly can. I do not think it is fair to exempt the timber companies. Mr. Drew has given some convincing figures to-night which justify us in saying that the bulk of the shareholders of the Combine are outside the State. They should pay their share of the taxation of this State. I am not one of those who think that the Timber Combine has brought ruin on this country. I welcomed the introduction of its capital as I welcome the introduction of the capital of other syndicates. These companies should be encouraged in every way, but if a tax is good for the people of the country, then the timber companies should bear the tax and the absentees should bear the tax. Let me say again with regard to absentees, is the Government perfectly satisfied that the proposal in the Bill to place an additional tax on absentees will tax foreign companies?

HON. J. W. HACKETT: Is it meant to?

HON. M. L. MOSS: I asked the Colonial Secretary was it intended, and he said it was; but will the Bill do that? The Bill says that persons resident outside Australia shall not get a certain rebate, and in the interpretation clause "person" is held to include a company; but the Bill talks of persons resident in Australia and companies are not resident. Companies that are foreign companies within the meaning of the Act are resident outside Australia, and we do not know that they reside anywhere. I do not know if it is a good policy to tax a foreign company, but if it is intended to retain a foreign company and make them pay the same as the absentee, it is very questionable whether the Bill does that. If it is the policy of the Government to make foreign companies pay the same as absentees, I do not think the Bill will do that. I said just now it was my intention to move an amendment, and I do so without the slightest hesitation, for I have given my reasons at length because I could not give a silent vote on a measure of this kind, and I could not move an amendment without giving my reasons at length to the people of the country and to my constituents especially. I sit in

Parliament pledged to economical reform, and I believe most members are in Parliament with that object; therefore I have no hesitation in moving an amendment—

That the word "now" be struck out, and that the words "this day six months" be added to the motion.

HON. W. T. LOTON (East): The Colonial Secretary in moving the second reading of this Bill put one or two pertinent questions to members. I think the first question was, "Is the tax necessary, do we require the revenue?" and the second, "Is the tax fair and equitable?" With regard to the first question I think I may say that a great deal depends on whether the Government intends to continue on the same lines that Governments have been going during the past two years with regard to expenditure from the consolidated revenue, or whether it intends to take different action in an economical direction. I do not on this occasion propose to go into any elaborate statement of figures, but perhaps it may be interesting and vary the debate to a certain extent if I review the position from the financial aspect of Western Australia and compare it with one or two of the sister States. The Colonial Secretary in his opening remarks gave a considerable number of figures showing how the revenue of this State had gone down since we entered Federation. It is remarkable that although the revenue from Customs has been reduced each year, the gross revenue of this State has not gone down, but it has continually increased from the time we entered Federation until the present. The year before last there was a slight reduction. The revenue of the State in spite of the reduction of the Customs revenue has been continually increasing, to my mind in a very satisfactory manner. When dealing with figures it is as well to be as accurate as possible. With regard to the revenue of Western Australia for the past 12 months, the gross revenue, including the amount returned from the Commonwealth, was £3,558,939, and we have to add to that the revenue retained by the Commonwealth and expended in Western Australia, which brings the total revenue of Western Australia during the past 12

months up to £3,972,778. In round figures the revenue of Western Australia was £4,000,000. The expenditure during the same term by the State was £3,632,118, and by the Commonwealth £414,515, making the gross expenditure £4,046,833, thus leaving a deficit for the past year up to June last of £74,055. We have had placed before us a most lamentable position of the state of the finances of Western Australia. We are, according to the representative of the Government, in a very bad financial way, and according to Mr. Drew we are almost bordering on insolvency. To my mind I do not think the State could be in a more prosperous condition, taking it all round. We are having fairly good seasons. The year was very threatening to begin with in the North-West districts, but we were favoured with fair rains although they came late in the season, and in every other respect, in every industry the country is progressing as fast as any reasonable person can expect.

THE COLONIAL SECRETARY: It is the loss of our Customs revenue that is causing the trouble.

HON. W. T. LOTON: We have been aware of this all the time. The deficit at the end of June last, including the previous deficit, was £120,576. Why did the Colonial Secretary labour the question as to what was to be the deficit at the end of next year? That depends entirely on the action of the Government. Why should it not exercise economy in administration? I think the Colonial Secretary has been shown to-night a number of ways in which economy could be exercised. I have given the revenue of Western Australia and the expenditure for the last year, and I have shown the deficit, and to my mind the deficit is a very small matter, only £120,000. Is the State insolvent with a revenue of £4,000,000? Is the State bordering on insolvency and in a financial difficulty because we have a deficit of £120,000, although there may be a probable shrinkage of £100,000 at the end of the next year?

THE COLONIAL SECRETARY: And £26,000 extra for interest.

HON. W. T. LOTON: It does not seem a very difficult thing for any Government who will tackle the question to carry on the government during the

next 12 months with a revenue of £4,000,000. It can carry on in a fair manner with small reductions. It would not mean more than a five per cent. reduction all round to save £120,000. I do not think the revenue is likely to decrease, although there may be a shrinkage in the Customs, but it is probable the general revenue will retain its buoyancy. I want to draw the attention of members to the position of the sister State of Queensland. I have not the figures for last year before me, but I have the figures for 1905. The revenue of Queensland including the amount returned by the Commonwealth was £3,595,399; add to that the sum of £678,000 which was retained by the Commonwealth and expended, the money received in Queensland, the total money raised in Queensland for the 12 months was £4,273,622. In Queensland, the expenditure by the State during the same year was £3,581,403, and the Commonwealth expenditure was £675,050, making a total of £4,256,463, and leaving a balance to credit for that year of £17,169. The revenue in South Australia for that year was £2,799,072, the amount returned by the Commonwealth being £403,762; giving as the total revenue of South Australia £3,202,834. The expenditure in South Australia during the same period was £2,860,894, Commonwealth expenditure £400,313, making the gross expenditure £3,261,207, and the deficit in South Australia for 1905 was £58,323. In Western Australia we have a revenue of four millions in round figures, with a population of 261,000; Queensland has a revenue of £4,273,000 odd (only a quarter of a million more than ours) with a population at that time of 526,000 people; South Australia has a revenue nearly three-quarters of a million less than ours, with a population of 375,000. In view of those figures, is it not a reasonable and pertinent question to ask of this Government whether it is not possible to exercise economy in the direction of a reduction of expenditure? Economy should be possible with us who have a revenue of four millions and a population of only 260,000, whereas South Australia, with 50 per cent. greater population, has a revenue less than ours by three-quarters of a million, and

Queensland, with a revenue only a quarter of a million greater than ours, has to provide for a population twice in number. Are there no reasonable means of economy open to the Government, instead of coming to Parliament and saying that unless we join with them in passing this Bill for the purpose of raising a paltry £60,000 the State will not be able to carry on, and will be on the verge of financial difficulties? I think these figures should prove to members that there is necessity for looking into this question of expenditure; and if that were done, means of economy would easily be found. I am not going into details, but there are several directions in which we could easily save £60,000 a year, or if it were needed we could save a quarter of a million, sufficient to wipe out the deficit. That is my answer to the question as to where the extra revenue is to come from, and I think the answer is very plain. Our revenue at the present time is ample for all the requirements of the State, if its affairs are properly administered. I have no hesitation at all in saying "no" to the suggestion that this tax is a fair and equitable one; it cannot be argued otherwise than that it is essentially a tax on a section of the people, a class tax, and it cannot be called anything else. Although possibly the tax in its incidence would not fall so heavily in the country as in the centres of population, still the imposing of a land tax is one of the worst and most damaging policies any Government could introduce. I do not care how small the tax is, the fact that there is a land tax goes abroad to the world. At the present time we are canvassing and sending lecturers everywhere informing people of the liberal conditions under which they can acquire land and settle in this country, and telling them there is no tax on the land. If this Bill passes, we will have to reverse that policy; we will have to tell those people that there is a land tax operating here; otherwise we would be inducing people to come to the State under false pretences. It is all very well to say "There is no tax for the first five years." The fact remains that if people come here to settle they will have to pay a land tax; furthermore the tax they will have to pay will be on the unimproved value, and there is no know-

ing what the improved value may be assessed at. The amount of the tax may be small this year and large next year—probably that is what will happen; it usually does so happen when taxes of this nature are once placed on the statute-book. Then again the tax is unfair. The Leader of the House, when introducing the measure, quoted a lot of instances to show how small would be the actual amounts payable under this tax; but if he had looked into the details he would have been able to see that this tax is anything but fair. In many instances it would be a very unjust tax, and entail great hardship on property-owners. Take a property with a 50ft. frontage, and take a low value—the Minister referred to property in parts of Perth being worth between £300 and £400 per foot—let us take the value at £200, the total unimproved value being £10,000, and say there are improvements on it to the extent of £3,000, that property would come in at the reduced rate of $\frac{3}{4}$ d. in the pound, and the tax on £10,000 would amount to £31 5s. a year. Take a similar-sized block, also of an unimproved value of £10,000, upon which the improvements amount to only £2,000.

THE COLONIAL SECRETARY: But surely the improvements on such a block would amount to more than £2,000; that is a very small proportion.

HON. W. T. LOTON: Two thousand pounds worth of improvements on such a block is not a small proportion; at any rate such a block could not be said to be unimproved. The owner might be in the position that he had not the means to farther improve it, or in consequence of the circumstances of the particular locality he might not be warranted in doing so. Instead of paying £31 5s., the owner of this block would be required to pay £62 10s.

THE COLONIAL SECRETARY: But you must admit that £2,000 is ridiculously low to allow for improvements on a property worth £200 a foot.

HON. W. T. LOTON: It is not; but take any measurement you like, the proportion will be the same. I do not want to multiply cases, but I will quote another. A property is worth £5,000; improvements, £2,500; the tax at $\frac{3}{4}$ d. in the pound would amount to £15 12s. 6d.

Take another block with 50ft. frontage, valued at £100 per foot, unimproved value £5,000, improvements £2,000, which I think is very fair improvement on a property worth £5,000; in this case the owner would have to pay the higher tax.

THE COLONIAL SECRETARY: The improvements would be more than one-third the value; hence he would not pay the higher rate.

HON. W. T. LOTON: Well, take a case where the property is mortgaged, perhaps to two-thirds its full value.

THE COLONIAL SECRETARY: You know mortgagees will not lend over 60 per cent. of the value.

HON. W. T. LOTON: Take it at 50 per cent., the owner has really only a half-interest in the property, but he has still to pay the full tax. I am only showing how the Bill will fall harshly on some people. I am aware that it is not possible to frame a tax that will fall equally on every person; but this is essentially a tax which will affect people unfairly, a tax on one class of the community only. Why should the man who, instead of putting his money into land, invests it on mortgage or in stocks and shares, escape taxation?

THE COLONIAL SECRETARY: Then you would advocate an income tax?

HON. W. T. LOTON: I would certainly prefer an income tax to this. If taxation is absolutely needed, I do not see that any tax which could be imposed would be fairer than an income tax. It is a very inquisitorial and objectionable form of taxation, I admit; but still it is a fairer tax than that proposed in the Bill. I think sufficient instances have been given to show the unfairness of this tax. My chief point is that the Government at the present time have ample revenue to meet all the liabilities of this State, and at the same time to wipe out to a great extent, if not entirely, the deficit. Even if it cannot be altogether wiped out, it would be preferable to face a small deficit of say £20,000 rather than impose fresh taxation at the present time by means of a measure which would be detrimental to the best interests of the State. I shall support the amendment.

HON. C. SOMMERS (Metropolitan): I do not intend to give a silent vote on

such an important measure as this land tax proposal. I sympathise a great deal with the Government in the position in which it is placed. It recognises that economy is necessary, but it does not relish the work of carrying it out to the extent of making ends meet, so it is suggested to Ministers that this tax will be a means of making retrenchment a little less drastic than is necessary. But I do not think the time is opportune for bringing in such a tax. I do not think there is necessity for alarm at the present condition of affairs. It simply means that the State cannot go on in the future as in the past, carrying an enormous civil service and subsidising municipal bodies and roads boards and industries to the extent we have done. We have arrived at a time when we must pause and think and see how we can put our house in order. It is one of the things that can be done when we are compelled to do it. It reminds me of a friend of mine who supplied his son with a farm, gave him a cheque-book and a credit balance in the bank, and, as occasion arose, kept placing more money in the bank until the young man believed that all he had to do was simply to draw cheques and the old man would find some means of meeting them. The father came to me, and I said that he had done a great deal in improving the farm and fencing it and stocking it, and I advised him to withdraw the guarantee at the bank and see how the son would get on. He did get on well, that young man, and he is doing well now. The Government should realise that this House will not keep on placing money in the bank, and that it is necessary for the State to do without a great deal of what we have had in the past. We have been shown conclusively to-night that the roads boards do not tax themselves to a sufficient extent and that they are getting subsidies out of all proportion to the amount to which they tax themselves. I do not know what the roads boards conferences cost. They appear to me to be huge picnics every year. I think if we were to examine the accounts presented to these boards to be passed for payment we would find that the bulk of the money in every case is paid by the Government. If people could not get the subsidies they have had

in the past they would soon realise that if they want roads, which are for their own use, they must make them themselves or do without them altogether. I do not agree with Mr. Drew that we are going to face financial ruin unless we raise this extra money by means of a land tax. I would be quite willing for the Government to carry this overdraft over for a little longer to see if it can make ends meet. Ministers have not had full opportunity to realise the power they hold in their hands. I am sympathetic with the Government; all the members of the Government are personal friends of mine, and I would certainly help them, but I cannot vote for this measure. I carry an overdraft, many of us carry an overdraft; but it does not worry us very much, because we believe that in a little time we can weather the fight and probably create a little credit balance later on; but the time arrives in every man's business, as it does in the carrying on of the business of the country, when it is well to pull up and examine the state of affairs to see if we have not been living beyond our income in the past, and to see if we cannot do without some of these luxuries. I am speaking as a member representing the Metropolitan Province, and I quite agree with the Honorary Minister who says that the tax will not fall heavily on the farming community. Of course it will not, but it will fall heavily on the metropolitan property owners. When we come to think of it, the people of Perth particularly are already heavily taxed with heavy municipal and health taxes, and they will soon be faced with a sewerage tax. So altogether the lot of the property owner in the city or suburbs is not a pleasant one. Many people are only nominal owners of property. They are heavily mortgaged, and they not only provide interest on the amount of the mortgage but they will have an additional burden if this proposed tax is carried. It is a class tax undoubtedly; it really does not catch in the net the man who owns banking shares or brewery shares, nor the mortgagee, the man who simply sits down and lends his money and lets other people work for his property for an income—the man who has not, perhaps, the pluck to invest his own money—nor the lawyer, or the medical man, or the pub-

lican, or the merchants whose money is in their stock, nor even auctioneers. In a small community such as this I do not think anyone can gainsay the fact that we are carrying just about as heavy a taxation as we can stand, because £15 16s. 8d. per head for 260,000 people seems enormous. [HON. G. RANDELL: It tends to extravagance.] Undoubtedly it does. We are paying this enormous revenue. We have a revenue of four millions which, as Mr. Loton points out, is about the same as that of Queensland with double the population. Queensland has a huge coast like our own and an enormous territory to develop and govern; or when we compare our State with South Australia, which includes the Northern Territory, our case is even more shocking. The hospital question has arisen. We are paying an enormous sum for the upkeep of hospitals. In the earlier days of the State it was the proper thing for the sick of the country to be tended at the Government expense to a great extent; but now that things are more settled, the hospital grant is necessarily a case for economy, especially when it costs practically £1 for every three persons in the community.

HON. J. M. DREW: Would you turn the patients out if they are penniless?

HON. C. SOMMERS: I have not gone into the question, but we might follow the practice of other countries, notably that of New Zealand as suggested by Mr. Moss, to see if we cannot reduce this enormous expenditure to something like a third of the present cost. I want the Government to see if they cannot do without this land tax, and to see if they cannot carry the overdraft for the time being until next year; and if they can prove then that they have been unable to effect economies and that it is impossible to bring about a proper state of affairs without resorting to farther taxation, I will be quite prepared to vote for this measure if brought in 12 months hence. I do not think the measure is opportune now. I do not like a land tax Bill at all. I would much prefer an income tax; that is a much better tax than this. An abundance of evidence has been brought forward to-night to prove that up to the hilt. I do not intend to speak at any length to-night because the hour is

getting late, and a great deal of ground has been covered by the very able speeches which we have listened to. In regard to our land laws they have been extremely liberal in the past, almost too liberal, and I am glad to see that some steps are to be taken to increase the cost to the original selector, in which direction some reforms may be brought about. We have been adopting altogether too liberal a policy in regard to the administration of the Lands Department. There is no doubt the expenses have gone up enormously, and this is one department in which undoubtedly the Government might economise and save a considerable amount of money. The same remark also applies to the Railway Department. If it is necessary to have more revenue, let us cast about and see whether it is not advisable to increase the rates both for passengers and goods. That is only one way in which we can retrench; but every department should as far as possible be made to pay its working expenses, its interest on loans, and a certain amount of sinking fund. If it is not doing that, the department is one that should have special attention in order to ascertain the reason, and to have an explanation vouchsafed to the House as to why that department is not paying. I am going to vote against the second reading of the Bill. I promise the Government that I will render them any assistance I can in bringing about retrenchment, which is absolutely necessary, which they should face now, and face in no uncertain way. They must economise. We must make ends meet. It is perfectly ridiculous to suppose that with a revenue of £4,000,000 and a population of 260,000 people it is impossible to make ends meet. For that reason I oppose the second reading of the Bill.

HON. T. F. O. BRIMAGE (North-East): I like other members regret very much that the Government have been forced to bring down land tax proposals. I have listened with a great deal of interest to the speeches of members who have preceded me; and I cannot help thinking that there is a lot of truth in what they have said. I myself have frequently thought that there are altogether too many civil servants to do the

business of the country, and I certainly think that with a revenue of £4,000,000 and a population of 260,000 the Government should be able to keep the expenditure within bounds. Economy should be practised in many of the departments, and if we look to the largest department we have, say the Lands Department, I feel sure that economies could be practised there with advantage to the State. With regard to the Mines Department, I am of opinion that the Government could practise economies there also. I have no doubt that there are far too many mining inspectors, boiler inspectors, and people to oversee the mines. I do not see that we require so many civil servants running about the country to look after the welfare of these mines, and I feel sure that economies could be practised in that direction. Anyhow, there are many ways in which money could be saved by this country, and no doubt members who have travelled in the back blocks have noticed how many stations there are where the telegraph office, for instance, could be amalgamated with the railway station. Take, for instance, a place like Boorabbin. I suppose the staff at the Boorabbin station consists of about four people, and they have a telegraph operator and his assistant. In my opinion the whole station could be run with about three or four men, telegraph office and all. [MEMBER: Post office and all?] And post office. It is done in the Eastern States. There is another station, Bulla Bulling, where extensive economies could be made, and there is another place, Bokara. It is all very well to say that now we are federated these are two separate departments. We know they are; but arrangements could be made with the Federal Government for their officers to control that part of the railway service. I know it is done in some parts of South Australia. And the Government may look around and try to practise economies in many other ways. In my opinion the Government would not have brought this Bill before the House, had they not been badly pressed. I think it is a most unpopular Bill for any Government to introduce, and they have been hard pressed to bring it down here at all. I certainly hope in relation to the retrenchment proposals that have been made tonight that no very great retrenchment

will be made in the Education Department. Economy in that direction will be a loss to the State. I only just mention this because when the educational motion by Mr. Langsford was before the House I did not speak to it. I notice that in nearly every session of Parliament one or two members will have a hit at the Coolgardie Water Scheme. Mr. Kingsmill last night interjected or made a statement that the Coolgardie Water Scheme was costing the Government £80,000 per annum, and he stated that it was unlike the Fremantle harbour, for it was not paying the country, as the Fremantle harbour was doing. He forgot to tell this House that nearly every port was shut up for the benefit of Fremantle, and as a goldfields representative I resent these continual references to the Coolgardie Water Scheme. That scheme was not of our own seeking, although we were very glad to have it. But I say unhesitatingly that if that water scheme were handed over to the goldfields residents to work it for themselves they would make the scheme pay; but whilst it is run by the department with all the expensive red-tapeism that is indulged in there is every reason why the thing should not be made to pay in the manner it could be. I say the department runs the service too expensively. There are too many inspectors, too many persons running about to watch the meters, and in every way the scheme is worked in an expensive manner under the present management. Some members seem, by their references to the Coolgardie Water Scheme, to look on the goldfields as a burden to the State. I would remind members that the prosperity of the country only commenced with the discovery of the Eastern Goldfields, and that if members look into the cost of railway construction to the Eastern Goldfields they will find the revenue received from that railway has fully repaid the State for the construction of the line, and to-day the Eastern Goldfields line from Fremantle to Kalgoorlie is the only payable line in the State. Therefore it is grossly offensive for some members to continually twit those who represent the Eastern Goldfields by saying the Coolgardie Water Scheme is a burden to the State. That work was a very small present to the

Eastern Goldfields for the tremendous revenue and profits received from those fields. Two sessions ago a Civil Service Commissioner was appointed to effect economies in the various departments of the State, but what do we find? He has presented a report, but the Government have not taken any notice of his proposals for effecting economies; and the same condition of things is going on now as before he was appointed, and I find more hands have been put on since he was appointed; consequently we have to maintain a new department, and we get no benefit from it. So it will be with this Bill when passed; there will be another department created for carrying it into effect, and of course it will be carried on in an expensive way. Mr. Moss referred to the public hospitals. I think the management of public hospitals could be greatly improved. I believe that department is under the control of the Colonial Secretary, and I know from experience in Kalgoorlie that the hospital there is practically run by two or three medical men; and if another doctor happens to have a patient he desires to put in the hospital for treatment, that doctor is not allowed to attend that patient in the public hospital. This is not right. If the public hospitals are intended to be payable institutions, I think any medical man in Perth or in other parts of the State, if he wants to put a patient in the hospital and attend him there for treatment, he should be allowed to do so, and the public hospital would thus get the benefit of some revenue from such patients, instead of being carried on at a loss. Doctors who are treated in this way have to send their patients to private hospitals, and the public hospital loses revenue it might otherwise obtain. Most of all do I consider that the present Government should make big reductions in the railway administration, which I believe is overmanned. I do not think Mr. George, as Commissioner of Railways, has been the success he was expected to be. I suppose I am one of the biggest travellers on the railway, and of course it does not cost me much with my free pass; but I am also an observer of things, and I feel sure that we could get a greater revenue from the Railway Department if managed in a different way. An instance was quoted

by Mr. Kingsmill, showing that goods could be carried 100 miles farther at a less rate. I am hopeful that the Government will see fit to take back the railways and have them placed again under Ministerial control; or if that is not done, then the control should be put under three commissioners instead of one; for I think that department is too large to be managed efficiently by one commissioner. Five years ago I opposed the Bill for appointing a commissioner, and subsequent events have fully justified my anticipations; and I really think the present commissioner is partially to blame for the introduction of this land tax to-night. I intend to support the second reading, and I regret that the Government have had to bring down this Bill. I have this much confidence in the Government, that I think they would not have brought it down unless they felt it was really necessary to have more taxation for carrying on the work of the country.

On motion by the Hon. C. E. DEMPSTER, debate adjourned.

FEDERATION RESOLUTION—TO WITHDRAW.

Message received from the Legislative Assembly, requesting the Council's concurrence in a resolution affirming that Western Australia should withdraw from the Federal Union (as proposed by Mr. Monger).

THE COLONIAL SECRETARY: Will any member take charge of this motion?

HON. M. L. MOSS: I have had no request to take charge of this, but I will move that consideration of the Message be made an order for this day week.

Question passed.

HON. M. L. MOSS: I believe there is another hon. member who desires to father the resolution.

ADJOURNMENT.

THE COLONIAL SECRETARY expressed a hope that the debate would be concluded at the next sitting, because the Treasurer had arranged to deliver his Budget on Monday evening next, and having to leave for Melbourne on the

Tuesday the delivery of the Financial Statement could not be delayed. It was necessary therefore that the debate in this House should be concluded in order that the Treasurer might know the effect this Bill would have on his financial arrangements. If the debate were not concluded at the next sitting, it would be necessary to adjourn till Friday, and conclude it then.

The House adjourned at 10-30 o'clock, until the next day.

Legislative Assembly.

Wednesday, 26th September, 1906.

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THE SPEAKER took the Chair at 4-30 o'clock p.m.

PRAYERS.

PAPERS PRESENTED.

By the PREMIER: 1, Balance-sheets of the Government Refrigerating Works for the three years ended 30th June, 1906.

By the MINISTER FOR MINES: 1, Papers relating to the Sale of the Government Smelter at Ravensthorpe.

PAPERS ON TABLE, REMOVAL.

THE PREMIER: Was there any period for the papers to lie on the table, or had they to remain there during the session? There were several files that