

applications for variation in the forms of election.

To enable a satisfactory adjustment to be made in regard to the Police Benefit Fund, which it is proposed to close as from the commencement of contributions for superannuation, a Bill will be introduced to govern the procedure in winding up and disposing of the balance in that fund. The majority of the Police Benefit Fund members have joined the superannuation fund.

Provision has been made in the Bill for the definition of "department" to be amplified so as to include any public hospital financed wholly or partly by the hospital fund or any board, trust or other Crown instrumentality constituted under an Act of the State and approved by the Minister for inclusion as a department for the purposes of the Act and subject to suitable arrangements having been made with the Treasurer in regard to the employer's share which would be payable fortnightly with the employees' contributions. We had an application from the King's Park Board. They said, "We get a certain subsidy, all of which we use in connection with the activities of the board. We would like our employees to become contributors but cannot make the payments ourselves unless you increase our grant." That would mean that the Government would be taking over the liabilities of that board and such a practice could be extended indefinitely. If a board cannot out of its own revenue make contributions to the fund, the employees will not be eligible to join the fund. But if Government hospitals or board hospitals—

Hon. C. G. Latham: Committee hospitals, you mean?

The PREMIER: I do not know about them. I am doubtful whether committee hospitals could be included. If such committees are sufficiently strong financially to satisfy the Government of their ability to continue making contributions in the indefinite future—and such contributions would in some instances extend over 20 or 30 years—then they will be able to become contributors to the fund. But the onus for the payment of the employer's share will be on the committee concerned.

In conclusion, I may say that most of the amendments now submitted are the outcome of requests by the organisations of the officers and employees covered by the Superannuation Fund. The remainder are the result of the experience gained since the

Act came into force and the necessity for them could not be foreseen when the Act was being drafted. Possibly, with further experience, other amendments may be necessary. During the last six or seven months, however, the Act has been placed on a workable basis and we believe that we shall be able successfully to administer it to the satisfaction of the contributors, the taxpayers and the Government. I move—

That the Bill be now read a second time.

On motion by Hon. C. G. Latham, debate adjourned.

House adjourned at 10.33 p.m.

Legislative Council.

Tuesday, 7th November, 1939.

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

QUESTION—GOVERNMENT MOTOR VEHICLES.

As to Number, etc.

Hon. C. F. BAXTER asked the Chief Secretary: 1, What is the total number of Government owned motor vehicles at present in use in the State Public Service? 2, How is this number apportioned among the several Government Departments?

The CHIEF SECRETARY replied: 1, 543. 2, Aborigines 3, Agricultural Bank 13, Agricultural Department 9, Chief Secretary 6, Forestry 47, Health 4, Lands and Surveys 12, Metropolitan Water Supply 76, Mines 24, Police 27, Premier 19, Public Works (including Main Roads) 239, Railways and Tramways 29, State Saw Mills 18, Treasury 8, Wyndham Meat Works 9.

BILL—DEATH DUTIES (TAXING) ACT AMENDMENT.

Second Reading.

Debate resumed from the 2nd November.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West—in reply) [4.36]: When I introduced this Bill I thought I made it perfectly clear that it was one of the items considered necessary by the Treasurer to enable him to balance the Budget. The debate on the Bill seems to have taken what I might describe as a rather wide range, arising perhaps from the fact that we have other taxation Bills before the House. It has certainly given some members an opportunity to express views totally at variance with accepted principles of taxation in other parts of the world, more especially so far as death duties taxation is concerned. It is not a new tax; it is an old tax, and it is in force in every civilised country. I suggest that this is the fairest form of taxation; although, if one is to accept the viewpoints expressed by one or two members, it should be looked upon as being iniquitous. Very strong terms were used in the criticism offered to the Bill. Some of the arguments used and the criticism offered will hardly bear examination. For instance, one member said that the measure would have the effect of preventing investors from coming to Western Australia and investing their money here. Another member went further in his criticism, but the principle was the same. I do not think we can by any stretch of the imagination stand for an argument of that kind. The facts of the case disprove any such contention, because for many years our death duties taxation has been by far the lowest of any State of the Commonwealth. In my opinion, no member can claim that investments have been made in Western Australia because of the fact that our death duties have been so much lower

than those of the other States of the Commonwealth. So there is nothing in an argument of that kind. Another argument put forward is that the increased rates will penalise the thrifty individual, that because a man has been thrifty during his lifetime and has amassed a certain amount of money, valuables, property or whatever it might be, the estate should not be taxed when he dies. From the point of view of authorities in every country of the world, death duties are considered to be the fairest form of taxation, because they do not tax the individual. Certainly the estate left by the individual is taxed, and obviously the beneficiaries would not receive as much as they otherwise would, but these duties cannot be described as being unfair in their incidence on that account.

Some amendments have been placed on the notice paper, the object of which is to reduce the maximum of 20 per cent. to 15 per cent. I hope that amendment will not receive support. I have already pointed out that this tax is estimated to produce an additional £35,000, and the Treasurer has used that figure in arriving at his Budget statement. We do not know that it will be exactly £35,000; the amount might be less or it might be slightly more, but that is the estimate arrived at by the officers who are experts in these matters and have given the subject their attention.

Another argument used, I think by Mr. Nicholson, was that we should continue to approve of a testator's relatives receiving the reduced rate of taxation applying at present, irrespective of the value of the estate. This reminds me of the fact that an estate comes under the 20 per cent. rate only when it is of a value of £120,000 or more. Therefore I do not think much fault can be found with that proposal, more especially when we compare the rates that have applied here for years with the rates existing in other places. We provide in the Bill that relatives shall be entitled to the concession when the estate is of a value up to £6,000. That is a very big concession when compared with the concessions applying in the Eastern States. In Victoria the corresponding concession applies to an estate up to £2,000 in value, and yet we are proposing that that advantage shall apply to an estate of a value up to £6,000.

It matters not from what point of view we regard the measure, if we accept the position that the Treasurer is entitled to

take action of this kind with a view to balancing the Budget, this House should not take exception, especially when we are providing that, although there shall be an increase in the rates, our rates shall then be less than those in some parts of the Commonwealth. When making comparisons, we would do well to go a little further than members who have spoken on the Bill have gone. If we take the Old Country as an example we find that death duties there at present rise to 50 per cent., and legislation is being proposed to increase the rate to 60 per cent. This shows that the principle of death duties taxation is regarded as fair in its incidence, and is a legitimate source of revenue for the Government.

Members have argued that a man might spend a lifetime, assisted by members of his family, in building up an estate of great value, and that when he dies the family might suffer because the tax has to be paid in cash and forced sales might be necessary to raise the amount demanded by the Taxation Department. From a sentimental point of view, there might be some substance in that argument, but on analysis I am afraid it falls to the ground. Not in every case does a family assist to build up such an estate. Certainly it applies in some instances, but in the great majority of cases it does not apply, and to a majority of the large estates I imagine that it certainly would not apply. If we cast our minds over the last few years and examine the large estates that have been left in Western Australia, we find hardly one that can be said to have been built up with the assistance of the family or relatives of the testator. In many of those instances, we can legitimately claim that those estates have reached large proportions only because Western Australia in the last 30 years has gone ahead rapidly and there has been a marked increase in the value of properties, mainly as a result of the expenditure of public money. That statement cannot be contradicted; I care not what estate is cited.

Is not the State entitled to some recognition *after it has spent millions of money on development works, providing railways, water supplies, harbours, and other requisite facilities?* Even though a man was a pioneer, what success could he have gained but for the fact that Governments have gone to the extent this Government has done in

developing the country and providing facilities which have enabled those so-called pioneers to amass the wealth they have? I do not make these remarks with any idea of deprecating in any shape or form the efforts or activities of any individual. I give the pioneers all possible credit for their work, but at the same time we must also give the State credit for its share in those activities. Mr. Holmes said he knew of a case where owing to several deaths having taken place during the last year or two an estate had been nearly wiped out, or that at any rate it had been severely affected. By this statement the hon. member suggested that if we agreed to the proposed increase in taxation, there might be some other estates in Western Australia that would possibly be affected equally seriously, as the result of the decease of several owners of the same estate within a few years. Mr. Nicholson, too, declared that we were not giving any consideration to that aspect. The hon. member went further and said that we should provide a particular date before which death duties should not be levied a second time.

Hon. J. Nicholson: I did not say that.

The CHIEF SECRETARY: Mr. Nicholson may not have used those words.

Hon. J. Nicholson: I said that when the Administration Act was before us, we made certain provisions in that regard.

The CHIEF SECRETARY: I do not desire to attribute to any member a statement he did not make. However, this is what Mr. Nicholson actually said—

Very often when a person dies, his estate is heavily encumbered. The family has to provide for payment of death duties, which must be met in hard cash. No provision exists in our legislation by which the payment could be made with bills extending over a period. The family may be compelled to sell, and the estate has to be put under the hammer. That represents a serious loss to all concerned, and to the State generally.

Mr. Nicholson was dealing with the aspect of the family having to raise money in order to meet this taxation. But I would point out that the hon. member is not dealing with the Administration Act as it stands, because under that Act it is quite admissible—and in fact it is frequently done—to have arrangements made whereby, if it is not possible to pay the amount of tax at the time, by various means the diffi-

culty may be overcome. For instance, the Administration Act, Section 10, sub-section 4 provides—

Subject as hereinafter provided no probate or letters of administration shall be receivable in any case in any court of justice unless it bears the endorsement that duty has been paid; provided that if the duty is secured to the satisfaction of the Commissioner, or is part paid and part secured, the Master may issue the said probate or letters of administration on receiving a certificate from the Commissioner to that effect.

Subsection 5 provides—

Security before the payment of duty may be given by an executor or administrator by mortgage over the estate of the deceased or any portion thereof or bond with or without security, or in any manner the Commissioner thinks fit.

So that the hon. member was under a misapprehension when he made the statement to which I have referred.

Hon. J. Nicholson: No.

The CHIEF SECRETARY: I may point out, too, that this provision has enabled the Commissioner to give time to trustees to pay the duty where there are no assets or cash immediately available.

Hon. J. J. Holmes: That is done in the case of a trustee company. Otherwise, the department is extremely careful.

Hon. J. Nicholson: The department will not do it for an individual at all.

The CHIEF SECRETARY: Of course the department must be most careful.

Hon. J. Nicholson: That is where the trouble arises.

The CHIEF SECRETARY: Even promissory notes have been accepted as security, and in many cases the Commissioner has had no security at all. So no matter what may have prompted the hon. member to make the criticism which I have quoted, it must be recognised that on the part of the department every effort is made to render the position easy in those cases where the estate is unable to find the money at the given time. Now to deal with the point raised by Mr. Holmes, and I think by one other hon. member, with regard to an estate having to pay death duties several times within a few years. From what was said it would be assumed that our law makes no provision dealing with that particular situation. As a matter of fact, however, Western Australia is the only State in the Commonwealth which does make such provision.

Our Act provides that death duties shall not be payable within two years of death duty having been paid. That is the effect of the relevant section.

Hon. J. Nicholson: Which is the result of the select committee's recommendation.

The CHIEF SECRETARY: That is immaterial. The statement was made here that it was possible for an estate to be absorbed, or very seriously reduced, by payment of death duties repeatedly within a small number of years. This also does away with the argument which has been used that because we are increasing our death duties taxation, an adverse effect on the investment of moneys here will result. In point of fact, I do not think that that aspect is ever taken into consideration by prospective investors. For instance, I do not believe it can be argued that there has been any money introduced into Western Australia because of our low taxation in the matter of death duties.

Hon. H. S. W. Parker: I think that has happened.

The CHIEF SECRETARY: I think the hon. member would be hard put to it to provide a case where it could be stated definitely that certain money had been invested in Western Australia on that account.

Hon. H. S. W. Parker: Yes; I can adduce such a case.

The CHIEF SECRETARY: If that is so, it is rather remarkable that when we look through the estates on which death duties have been paid for many years past, there are so very few of any great amount.

Hon. A. Thomson: How many do you estimate were over £20,000?

The CHIEF SECRETARY: I can answer that question with regard to estates which were assessed in Western Australia in 1936-37. That is the latest information available to me. Of estates exceeding £20,000 in value there were four. One was over £20,000 and less than £25,000; one over £25,000 and less than £30,000; one over £30,000 and less than £40,000; and one over £40,000 and less than £50,000. There was none over £50,000. In fact, these figures which have been provided show that in respect of estates of a dutiable value exceeding £1,000, 84 per cent. were of a value not exceeding £6,000. I obtained the figures because £6,000 is the amount stated in the Bill. As a matter of fact, 42 per cent. of the estates were between £1,000 and £2,000. I

have the figures for the year 1936-37, and it might be as well if I gave the House the benefit of the information. These are the figures dealing with the estates of £1,000 and over—

Estates—(Grade). £	No.	Percentage of Total.
1,001 to 2,000 ...	148	42
2,001 „ 3,000 ...	83	24
3,001 „ 4,000 ...	31	9
4,001 „ 5,000 ...	24	7
5,001 „ 10,000 ...	40	11
10,001 „ 15,000 ...	14	4
15,001 „ 20,000 ...	7	2
20,001 „ 25,000 ...	1	·3
25,001 „ 30,000 ...	1	·3
30,001 „ 40,000 ...	1	·3
40,001 „ 50,000 ...	1	·3
50,001 and over ...	nil	...

That will give an indication of the estates which we can expect will pay death duties. Of course I do not say that those figures will stand for all time. We cannot very well take exception to an estate of, say, of the value of £120,000 paying the maximum rate, and we cannot complain of concessions given to relatives when we agree that they shall pay only half rates when the estate is less than £6,000 in value. There is another argument why there should not be any alteration when the amount of £6,000 is reached. I find that the other States are also giving attention to the question of death duties, notwithstanding that their existing duties are much higher than those in Western Australia. Members must recognise that this is a tax on an estate that is left, and I think I have pointed out, or have used the argument—which very few members in this House would be willing to refute in regard to death duties—that in many cases it is not the relative who gets the benefit of the estate. I think I have made it clear, or have contended in a way that is reasonable, that the State is entitled to consideration, mainly because of the fact that many millions of pounds are provided by the taxpayers from which the testators benefit, that benefit arising from development that has taken place, resulting in the increase of values. New South Wales is making provision for an increase in its death duties taxation, and that increase will provide approximately £400,000 more than that State has been receiving annually. At the present time this taxation in New South Wales is 25 per cent. in regard to both widows and children and strangers. Elsewhere also the necessity has arisen to

find more money from this form of taxation, and increases are being made. One would imagine from what members have said, that the proposed increase will result in beneficiaries making a sacrifice. I suggest there is no sacrifice at all, because in many instances the money going to them is merely a windfall. Therefore they have no cause for complaint. In other instances a beneficiary's claim to part of an estate may be the result of his association with the testator.

Hon. J. Cornell: Why not take the lot?

The CHIEF SECRETARY: That is a principle that is advocated in some countries, and it is quite possible that in the future we may be obliged to have recourse to a suggestion of that nature. The present Government has been generous in that it has not increased the amount to anything approaching the figures in the other States. Even if the House agrees to the proposal contained in the Bill, we shall still be below a number of the other States. Certainly with regard to estates of the value of over £2,000 and less than £6,000, Western Australia is a long way below the other States. There have been other arguments used, or statements made, in regard to this matter, some of which I have already pointed out are more applicable to other taxation measures. I hope to be able to deal with them in replying to the appropriate Bills. I do not think I need say any more than to impress upon this House that the Treasurer is making a genuine attempt to balance the Budget. He has estimated for a deficit of a little over £30,000. After he had reached the stage at which he could estimate a balanced Budget, certain war expenditure came into the offing, and it was not possible for anyone to assume what that would be. The Treasurer, however, fixed the amount of the deficit at £30,000. I desire to dispel the suggestion made here that this taxation has been rendered necessary as a result of the war. I have never used that argument. The money is necessary so that the Premier may be able if possible to balance the Budget. The amount it is thought that the increased death duties tax will provide is approximately £35,000, and if the Treasurer does not obtain that sum of money from this source, it will have to be found from some other source, or the deficit will be correspondingly increased.

Question put and passed.

Bill read a second time.

In Committee.

Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

Clause 1—agreed to.

Clause 2—Amendment of First Schedule. to Principal Act:

Hon. J. NICHOLSON: I move an amendment—

That in line 10 the figures "20" be struck out and "15" inserted in lieu.

Instead of the maximum rate of 20 per cent. the amendment will provide for 15 per cent. The Chief Secretary in the course of his address traversed the ground very fully. He pointed out that we stand in a better position than do the Eastern States. I have already stated, however, that it is unfair to make a comparison between Western Australia, which is a comparatively undeveloped State, and the other States of Australia. We are in a totally different position. We have only to look at the advantage possessed by the other States over our State. The figures for 1936-37 given to the House by the Chief Secretary, are the best evidence that we in this State are not in the position to pay increased duty. Everyone, I am sure, is quite willing to try to assist the Government in a fair way, but I think it is only right to suggest that the Government should do some thing in the way of economising so as to get over the difficulty, instead of carrying on affairs as has been done during the last few years. The Government should easily be able to find means of practising economy, and if we wanted to point to an instance of that, we could take the position as it has existed between 1933-34 and the present time. The revenue in 1933-34 was £8,000,000 odd and for the last financial year it was over £10,000,000, an increase of £2,000,000. Strange to say, the expenditure also increased from £8,276,000 in 1933-34 to £11,170,000 odd. That suggests the need for the Government's finding avenues for economy. Instead of doing that, however, it appears to have increased its expenditure enormously over the years. Now we are asked to pass a Bill to increase death duties. We have only to pursue this course long enough to land the State in bankruptcy. The people in Western Australia possess only small estates compared with people in other places, because an estate worth £50,000 is not a big one.

Hon. T. Moore: It would be pretty handy to have.

Hon. J. NICHOLSON: That may be; but we must bear in mind that that value is probably represented not by hard cash but by freehold property needing a great deal more development. Whatever may be said about consideration being given by the Government to estates encumbered or in difficulties, we know that the department must exact the duties, and will not give consideration to such estates unless there is a definite prospect of payment of duties. New methods of taxation were proposed last year and there will be more next year unless the Government reduces its expenditure. If the present practice continues, the State will be bankrupt and there will be unification.

Hon. J. J. HOLMES: I support the amendment, because I want to leave some avenue of taxation available to the Receiver.

Hon. W. J. Mann: Are you expecting him soon?

Hon. J. J. HOLMES: Judging by the present condition of affairs, he is on the way here now. The more revenue the Government receives, the greater its expenditure seems to be. I have a table to which I would like to refer. Last year the railways carried 205,000 tons less paying traffic than was carried in the previous year, and 631 more men were employed. There was an increased expenditure of £220,000 and a decrease in earnings of £93,000, creating a loss of £313,000 on a year's trading. The Tramways Department expended £38,000 more in 1939 to earn £16,000 less, a loss of £22,000. The loss on State Trading Concerns in 1938 was £21,000 and last year nearly £80,000. The State General Accident Insurance Department showed a loss of £21,000 in 1939. The total loss on State Trading Concerns since their inception has been no less than £2,162,621. That amount includes a loss of £326,931 on the State Implement Works, which last year lost £8,233. In his report the Auditor General, referring to these works, states—

As the profit and loss account shows a substantial loss each year the interest must gradually absorb the capital assets, and a complete loss of loan moneys provided for the establishment of this concern.

If that is not heading for bankruptcy, I do not know what is. The Chief Secretary

tells us we need £35,000 to assist in balancing the Budget. The Government is proposing to relieve the living of taxation to the extent of £35,000, and to tax the dead to that extent. I shall do everything I can while I occupy this seat, and the present Government is in office, to bring about a curtailment of expenditure in order that there will be some avenue of taxation left to another Government when it takes over the Treasury benches, as it undoubtedly will.

Hon. V. HAMERSLEY: I support the amendment because we should do everything possible to call a halt to the general onslaught by this and other Governments on the people's money. The Chief Secretary stated that the rates are higher here than in the Eastern States. I admit we have been successful in avoiding some of the less desirable practices of the Eastern States. The Chief Secretary wants to know whether we can mention anyone who has refused to invest capital in Western Australia on account of the high taxation. We all know that several million pounds that were to have been invested in mining in this State were withdrawn and invested in South Africa. I also know personally of several amounts of money—one of £150,000—that have been withdrawn from Western Australia. The gentleman who invested the large amount said he was quite proud of the success of his enterprise in this State compared with that achieved by people who had invested elsewhere; but he had to be honest and look at the other side of the picture, and when he did so he was convinced that people should not invest their money in this State and he took his own money away.

The CHIEF SECRETARY: I believe Mr. Holmes when he states he will do anything he can to reduce expenditure. I have no reason to doubt his statement but I have much reason to doubt the accuracy of the arguments he is using to support that statement. I am wondering when the hon. member will discard those notes from which he has quoted and use others that are more up to date.

Hon. J. J. Holmes: They are up to date.

The CHIEF SECRETARY: He should use up-to-date notes instead of making such statements, as he has done many times,

statements that do not disclose the actual facts or the whole of the facts.

Hon. J. J. Holmes: I have quoted from the Auditor-General's report for 1939. If you want something more, I cannot help it. Perhaps you had better get a new Auditor-General.

The CHIEF SECRETARY: The hon. member has done more than quote the Auditor-General; he has misquoted him. I will deal with that phase when discussing another Bill. I ask the hon. member, when criticising State Trading Concerns and quoting figures such as he has quoted, where he would like us to make a start at reducing expenditure—in the North or in the South of the State.

Hon. J. M. Macfarlane: All over, on that principle.

The CHIEF SECRETARY: I would not like to be one to suggest that we should start at the Wyndham Meat Works or on the State Shipping Service. We have had indications frequently this session of the attitude of members regarding at least one of those concerns. I notice that the hon. member also included railways amongst the State Trading Concerns. There is not one hon. member who has not from time to time importuned the Government or the Minister to provide a concession for one or another section of the community. Our record during the last 10 or 15 years has been nothing else but the granting of concessions; yet when the Commissioner says "I must make a small increase," this Chamber without hesitation says "We have the power and we are not going to allow you to do it."

Hon. L. B. Bolton: You selected only one section.

The CHIEF SECRETARY: Mr. Holmes quoted figures dealing with the operations of the railways last year. They are misleading, because they do not constitute a proper comparison. Mr. Nicholson says that if an estate is valued at £120,000, we should be prepared to reduce the proposed duty from 20 per cent. to 15 per cent.

Hon. J. J. Holmes: You said there were no estates of that value.

The CHIEF SECRETARY: My remark applied to 1936-37. If there were only one such estate, in accordance with the principles we usually apply in such matters that estate

should pay the maximum of death duty. The 20 per cent. provided in the Bill is less than the New South Wales rate by 5 per cent., less than the New Zealand rate by 10 per cent., less than Queensland rate by 5 per cent., but higher than the Tasmanian rate by 5 per cent.

Hon. J. Nicholson: The rate in New Zealand is the total rate, without there being any Federal rate added to it.

The CHIEF SECRETARY: The hon. member ought to be able to support such a statement. He should know better than I the details concerning matters of this kind. The 20 per cent. we are asking for is much lower than the maximum ruling in some of the other States, and cannot be compared with the rates being charged in other countries. An endeavour is being made in New South Wales to obtain a much larger sum from death duties than is now received.

Hon. J. J. Holmes: What about Victoria?

The CHIEF SECRETARY: In that State the rate is 10 per cent. all round, but an increase in the duty is now being considered by the Victorian Government. Mr. Hamersley knows that we have done a great deal for the goldmining industry in this State. We charge no stamp duty on scrip, although very few of the companies are registered in this State, and we exclude mining companies from payment of income tax until the capital has been returned. To those things we can ascribe the large increase in investments in our mining industry.

Hon. V. Hamersley: I was speaking of taxation generally.

The CHIEF SECRETARY: It is annoying when members make statements that are not in accordance with facts, and I also deprecate an argument that is based on an erroneous statement made by another member. The Treasurer desires that the increased duties should be passed, so that he may be assisted in balancing his Budget. If he does not get the money from that source, he must get it elsewhere; otherwise the deficit will be increased accordingly. No reasonable argument can be adduced in favour of the maximum rate being reduced from 20 per cent. to 15 per cent.

Hon. E. H. H. HALL: The Chief Secretary said this Bill must be passed so that the Treasurer may be assisted to balance his

Budget. That does not worry me; neither am I worried by the arguments advanced by Mr. Nicholson. Perhaps the sooner we reach the stage of unification, the better it will be for us all. What is required is a reduction in the number of Parliaments and everything attached thereto. The cry about balancing the Budget has "whiskers on it." The thing that affects me most is the miserable pittance that is paid to widows for the upbringing of their children. If an increase in death duties will enable the Government to do a little better than it did last year in that respect, I hope it will be agreed to. It is a disgrace to us all that widows should be given the little they now receive for the upbringing of their fatherless families. I will vote against the amendment.

Amendment put and negatived.

Clause put and passed.

Clauses 3 to 6, Title—agreed to.

Bill reported without amendment, and the report adopted.

BILL—MUNICIPAL CORPORATIONS ACT AMENDMENT (No. 2).

Received from the Assembly and read a first time.

BILL—RIGHTS IN WATER AND IRRIGATION ACT AMENDMENT.

Assembly's Message.

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

BILL—ADMINISTRATION ACT AMENDMENT.

Second Reading.

Debate resumed from the 1st November.

HON. J. J. HOLMES (North) [5.44]: I secured the adjournment of the debate on this Bill, but as the Death Duties (Taxing) Act Amendment Bill has now passed through Committee, and as this Bill is complementary

to the Death Duties Bill, I have nothing further to say.

Question put and passed.

Bill read a second time.

In Committee.

Hon. J. Corneli in the Chair; the Chief Secretary in charge of the Bill.

Clause 1—agreed to.

Clause 2—Amendment of Section 98:

Hon. J. NICHOLSON: By passing the Death Duties (Taxing) Act Amendment Bill, the Committee has decided in favour of £6,000 as the value of estates to which the benefit of the half-rate shall apply. Obviously the Bill now before the Committee must be agreed to, but I ask members to reconsider the provision regarding the limit of £6,000. I urge them to increase the amount of £10,000, so that the advantage of the half-rate may be allowed to the near relatives of a deceased person, such as the widow and children. I move an amendment—

That in line 3 of the proviso the word "six" be struck out and the word "ten" inserted in lieu.

If the Committee agrees to the amendment, the Death Duties Bill can be recommitted and brought into line with the Administration Bill.

The CHIEF SECRETARY: My reply to Mr. Nicholson will be brief. The exemption granted in the previous Bill is larger than that obtaining in any other State. In most instances the exemption is £2,000.

Hon. J. Nicholson: We are in a very different position.

The CHIEF SECRETARY: Possibly so, but at the same time I think £6,000 very fair. I have spent a lot of time trying to convince Mr. Nicholson that that provision is fair, and I shall not spend any more time in that direction.

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

Ayes	10
Noes	14
Majority against .. .	4

AYES.

Hon. C. F. Baxter	Hon. H. V. Plesse
Hon. V. Hamersley	Hon. R. Seddon
Hon. J. J. Holmes	Hon. A. Thomson
Hon. J. M. MacFarlane	Hon. C. H. Wittenoom
Hon. W. J. Mann	Hon. J. Nicholson

(Teller.)

NOES.

Hon. E. H. Angelo	Hon. W. R. Hall
Hon. L. B. Bolton	Hon. W. H. Kitson
Hon. J. A. Dimmitt	Hon. G. W. Miles
Hon. J. M. Drew	Hon. T. Moore
Hon. J. T. Franklin	Hon. H. S. W. Parker
Hon. E. H. Gray	Hon. C. B. Williams
Hon. E. H. H. Hall	Hon. G. Fraser

(Teller.)

PAIR.

AYE.	NO.
Hon. G. B. Wood	Hon. E. M. Heenan

Amendment thus negatived.

The CHIEF SECRETARY: I move an amendment—

That a further proviso be added as follows:—"Provided also that notwithstanding the next preceding proviso this section shall apply if and when the person from whom the property passes, whether under a will or a settlement or settlements or a non-testamentary disposition, is at the time of his death a member of the military, air, or naval forces of His Majesty the King, engaged on active service in connection with any war being waged between the Commonwealth of Australia and any other Power, and his death is the direct result of such person being engaged on such active service aforesaid."

The CHAIRMAN: I recommend the Minister to correct the drafting of his amendment because the naval forces, which constitute the senior service, are therein made to play second fiddle.

Hon. C. B. Williams: What does that matter?

The CHIEF SECRETARY: I cannot accept any responsibility; a legal member of another place drew up the amendment.

The CHAIRMAN: The Navy is the senior service.

Hon. C. B. Williams: That does not worry us very much.

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

Clause 3, Title—agreed to.

Bill reported with an amendment.

BILL—FINANCIAL EMERGENCY TAX.

Second Reading.

Debate resumed from the 1st November.

HON. J. A. DIMMITT (Metropolitan Suburban, [5.55]: Most of what can be said about the measure has already been uttered,

and in consequence I shall not detain the House very long. Before the debate closes I wish to make one brief comment. I cannot understand how the Treasurer can square his conscience with his actions when on the one hand he budgets for a deficit of £31,000 and at the same time presents to Parliament a measure that will, in effect, reduce his revenue by £35,000. Just a few minutes ago the Chief Secretary pleaded the cause of the Treasurer with regard to the collection of taxation from another source. In fact, the Government is exploring every possible avenue by which to increase revenue, yet here we have the spectacle of the Treasurer throwing away in one amount no less than £35,000.

Hon. G. Fraser: Not throwing it away, but rendering assistance to very deserving people.

Hon. J. A. DIMMITT: Here we have the spectacle of the Treasurer throwing away an amount that is practically in his grasp. Surely it is time that either the Treasurer was made to change his views or that we changed the Treasurer.

Hon. G. Fraser: This House has done what it can in that direction!

HON. H. SEDDON (North-East) [5.57]: The Bill sets out the Government's policy with regard to the financial emergency tax and, as usual, the proposal is to raise once more the exemption above the basic wage. Members will recall with interest that the Lieutenant-Governor's Speech delivered at the opening of the present session embodied the ideas of the Government regarding taxation, and therein we find that the Government intends to abolish the financial emergency tax and to collect in the form of a combined tax what is now being paid as two separate taxes. The Speech also contains the statement that the Government proposes to give greater effect to the principle of taxation according to the ability to pay. When we examine the Bill we have an opportunity to gauge what the Government regards as the ability to pay. During the election campaign Ministers made a great feature of their proposal to abolish the financial emergency tax, and I am pleased to note that effect is being given to that promise by the introduction of a Bill in another place. When that

measure is before us we shall be able to examine it and criticise its provisions. As to the Bill now before members, all the Government proposes is to raise the exemption beyond the basic wage and to reduce the rates for the two lowest grades of financial emergency tax payers. That amount collected as financial emergency tax is very much greater than that paid as income tax. If the object of the Government is to collect an equal amount—I take it from the Estimates that it intends to secure nearly the same amount from the combined tax as from the two separate taxes—members can ascertain for themselves what must be done to increase the rates, especially those applicable to the higher grades of tax. We must remember that under the financial emergency tax, no allowance is made for exemptions for the married man or the man with a family, whereas under the income tax such exemptions are provided. The Government's proposal will certainly afford very considerable relief to men on incomes below £216 per annum or £4 3s. per week. The men receiving a rate of pay higher than that will secure a reduction of one penny in the pound up to a salary of £337 per annum. I have taken the trouble to work out the reductions in order to ascertain exactly the extent of the Government's generosity. Hon. members must bear in mind that the total amount provided for is £35,000; but when the effect of the Government's concession is examined, it will be seen what a large proportion of that sum of £35,000 will benefit those who come within the rates that are totally exempted on account of the raising of the basic wage exemption. The tables I will quote indicate clearly the incidence of the existing taxation, the taxation now proposed, and the resultant saving or increase to the taxpayer. The tables deal with the position of a man and one dependant (wife); and a man with wife and two children. Then follows a table showing the combined taxes compared. I draw the attention of members to the fact that the combined table shows a marked difference between what is paid by a man on £216 a year and the man who is receiving £337 per year. Hon. members will note how steeply the grading rises with the increase of income; perhaps someone will be

able to prepare a graph showing the steps. The curve should be a very interesting one to follow. There is a great difference between the increase in the amount of the income and the increase in the amount of taxation. I am wondering what will happen when the other measure comes for-

ward, because I notice that higher rates of income tax are proposed. The following are the tables referred to, including a table showing the effect of the proposed alteration of the financial emergency tax and income tax on incomes ranging from £201 per annum to £494 per annum:—

GOVERNMENT'S TAXATION ALTERATIONS.

MAN AND ONE DEPENDENT—(WIFE).

Income.	Financial Emergency Tax.			Income Tax.			Resultant Saving.
	Old Rate.	New Rate.	Saving.	Old Rate.	New Rate.	Increase.	
£	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
201	3 7 0	nothing	3 7 0	nothing	nothing	nil	3 7 0
215	3 11 8	do.	3 11 8	do.	do.	do.	3 11 8
216	3 12 0	2 14 0	0 18 0	do.	do.	do.	0 18 0
259	4 6 4	3 4 0	1 1 7	1 3 2	1 6 0	0 2 10	0 18 9
261	5 8 9	4 7 0	1 1 9	1 4 8	1 7 9	0 3 1	0 18 8
337	7 0 5	5 12 4	1 8 1	3 19 1	4 8 11	0 9 10	0 18 3
339	8 9 6	8 9 6	nil	4 0 0	4 10 0	0 10 0	Increase. 0 10 0
415	10 7 6	10 7 6	do.	5 17 3	6 11 10	0 14 7	0 14 7
417	12 3 3	12 3 3	do.	5 18 3	6 13 0	0 14 9	0 14 9
494	14 8 2	14 8 2	do.	8 3 1	9 3 5	1 0 4	1 0 4

MAN AND WIFE AND TWO CHILDREN.

Income.	Financial Emergency Tax.			Income Tax.			Resultant Saving or Increase.
	Old Rate.	New Rate.	Saving.	Old Rate.	New Rate.	Increase.	
£	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
201	3 7 0	nothing	3 7 0	nothing	nothing	nil	3 7 0
215	3 11 8	do.	3 11 8	do.	do.	do.	3 11 8
216	3 12 0	2 14 0	0 18 0	do.	do.	do.	0 18 0
259	4 6 4	3 4 9	1 1 7	0 2 6	0 2 6	do.	1 1 7
261	5 8 9	4 7 0	1 1 9	0 2 6	0 2 6	do.	1 1 9
337	7 0 5	5 12 4	1 8 1	1 12 10	1 16 11	0 4 1	1 4 0
339	8 9 6	8 9 6	nil	1 13 5	1 17 7	0 4 2	Increase. 0 4 2
415	10 7 6	10 7 6	do.	2 19 9	3 7 2	0 7 5	0 7 5
417	12 3 3	12 3 3	do.	3 0 4	3 9 4	0 9 0	0 9 0
494	14 8 2	14 8 2	do.	4 13 11	5 5 7	0 11 8	0 11 8

COMBINED TAXES COMPARED.

Income.	Man and Wife.			Man, Wife and two Children.		
	Old Rates.	New Rates.	Percentage.	Old Rates.	New Rates.	Percentage.
£	£ s. d.	£ s. d.		£ s. d.	£ s. d.	
201	3 7 0	<i>nil</i>	1·6	3 7 0	<i>nil</i>	1·6
215	3 11 8	<i>do.</i>	1·59	3 11 8	<i>do.</i>	1·59
216	3 12 0	2 14 0	1·6—1·2	3 12 0	2 14 0	1·6—1·25
259	5 9 6	4 10 9	2·1—1·8	4 8 10	3 7 3	1·71—1·43
261	6 13 5	5 14 9	2·5—2·2	5 11 3	4 9 6	2·14—1·7
337	10 19 6	10 1 3	3·2—2·9	8 13 3	7 9 3	2·57—2·21
339	12 9 6	12 19 6	3·6—3·8	10 2 11	10 7 1	
415	16 4 9	16 19 4	3·9—4·0	13 7 3	13 14 8	
417	18 1 6	18 16 3	4·3—4·5	15 3 7	15 12 7	
494	22 11 3	23 11 7	4·6—4·7	19 2 1	19 13 9	
						3·8—3·985

FINANCIAL EMERGENCY TAX—WEEKLY RATES COMPARED.

Weekly Wage.	Amount of Emergency Tax per Week.			
	Old Rate.	New Rate.	Saving per Week.	Saving per cent.

Government's Amendment.

£ s. d.	s. d.	s. d.	s. d.	
4 2 6	1 4	nothing	1 4	total amount
4 3 6	1 4	1 0	0 4	25 per cent.
4 19 0	1 8	1 3	0 5	25 "
5 1 0	2 1	1 8	0 5	20 "
6 9 0	2 6	2 0	0 6	20 "

Government's Proposal Ceases—Council's Proposal Added.

£ s. d.	s. d.	s. d.	s. d.	
6 11 0	3 6	2 11	0 7	16·6 per cent.
7 19 0	4 0	3 4	0 8	16·6 "
8 1 0	4 8	4 0	0 8	14·2 "
9 9 0	5 3	4 6	0 9	14·2 "
9 11 0	6 8	5 10	0 10	12½ "
10 19 0	7 4	6 5	0 11	12½ "
11 1 0	8 3	7 4	0 11	11 "
12 9 0	9 0	8 0	1 0	11 "
12 11 0	10 10	9 9	1 1	10 "
13 19 0	11 8	10 6	1 2	10 "
14 1 0	12 10	11 8	1 2	9 "
15 9 0	13 9	12 6	1 3	9 "
15 11 0	16 0	14 8	1 4	8·2 "

Sitting suspended from 6.15 to 7.30 p.m.

Hon. H. SEDDON: Before tea I had given certain figures showing the actual amount of taxation paid by various grades of income under the headings of a man and his wife, and a man with his wife and two children. Summarised, in the case of a man and his wife, an income rise of 50 per cent. above the basic wage is accompanied under the new scale by a taxation rise of four times the amount of tax. In the case of a man with a wife and two children, an income rise of 50 per cent. is accompanied by a taxation rise of three times the amount of tax. Then again, on an income representing 100 per cent. rise on the basic wage, in the case of a man and his wife, the taxation rise is nearly eight times the amount a man pays on the minimum rate, while in the case of a man with a wife and two children, a rise of 100 per cent. in the income is accompanied by a rise of seven times in the taxation. Members will realise how steep the grading of income taxation now is. It would be interesting to work out what the corresponding increase in each grade is under the new taxation when it comes forward.

I have explained the actual effect of the Government's relief and have shown how small it is for the individual, from 4d. to 6d. per week. When we remember that in 1937 the basic wage in the metropolitan area was raised by 6s. 3d. a week, and that the basis upon which that rise was given by the Arbitration Court was the evidence submitted by a professor of economics, we must realise that the court on that occasion came nearer to the formula laid down in the Arbitration Act than it had done on previous occasions, and that it did adopt the basis of a reasonable standard of comfort. If we take a reasonable standard of comfort as a basis, there can be no real objection to the proposal to ask the men on the lower ranges to pay something towards the cost of the social services they are enjoying. If the Government wishes to give real relief to the married man, especially the married man with a family, I contend that this fiddling with the income tax is only playing with the question. If the Government wishes to give sound benefit to the man with a family, the only way to do it is by introducing some scheme of child endowment. That would represent real assistance for the man with a family, and a system of that kind would be of more real benefit and would be more

highly appreciated than would these reductions given on the various grades of income. In conclusion, I point out once more that the reductions under the emergency tax for which this House has proposed amendments work out far more equitably than the flat-rate basis. The rates are fairer and will compensate for the proposed 12½ per cent. increase in the income tax. I shall support the second reading in the hope that the Bill will be amended in Committee.

HON. J. M. MACFARLANE (Metropolitan-Suburban) [7.35]: I propose to say only a few words in supporting the Bill, including the amendments of which notice has been given. In the course of the discussion that took place on another measure this afternoon, I was struck with the remarks of the Chief Secretary. He said that the people who had done so well in this country had profited as a result of advantages arising from the activities of Governments in spending money on the provision of facilities year by year. If those words apply in that direction, they certainly have equal application to the worker who, during those years, has benefited by the same activities of Government. I have always held that it is only just for everyone in the community to contribute something to the upkeep of the country in which he lives—something for the benefits he receives, and especially for the enjoyment of all the social services provided for him. From time to time I have opposed the Government's proposals to alter this law, and I must be consistent on this occasion by again acting in accordance with the views I have advanced from year to year.

HON. C. H. WITTENOOM (South-East) [7.37]: I suppose we have to pass the Bill, although I do not like it. In the circumstances now prevailing, the Government must have the money. Even if this tax had been abolished, as has been suggested, we would probably have had another tax very much like it, though under another name. We do not know what lies in the future; we do not know what the unemployment position will be. During the next few years, especially if this unfortunate war continues—I suppose it will, though I hope it will not—conditions are more likely to become worse than to improve. The Act as it stands is objectionable in many ways. It is an extraordinary position that a man with several

children dependent upon him and earning only a small wage or salary has to pay the same tax as the man with a wife and one or two children. That is most unfair. However, I shall support the second reading because I realise that the Government must have the money. There is no doubt that this House has been very generous to the present Government, and unless we are more careful, we shall probably find ourselves doing harm in the future. In making that statement I have in mind particularly the Bill we passed a little while ago—the Death Duties (Taxing) Act Amendment Bill. I shall support the second reading.

HON. E. H. H. HALL (Central) [7.39]: I support the second reading. I commend Mr. Seddon for pointing out something that should not have needed pointing out. To me, and I am sure to most other members, the failure of the Labour Government to give effect to what is after all a democratic principle has been very obvious. I refer to the need for easing the burden upon the man who has family responsibilities. Why the Government has failed to do so for such a long period passes my understanding. What is more, why the people who return the Labour Party to power put up with it, I cannot understand. There are many inequitable things that might be mentioned, but one of the most inequitable I know of is the manner in which the basic wage is arrived at. The basic wage is designed to provide for the needs of a man, his wife and two children. Yet we have members of this Government, as well as of other Governments, stressing the need for population. We in this State have put the taxpayers to great expense in providing for migrants. I refer to the group settlement scheme, bringing people from England, even going to the length of painting a very rosy picture which, alas, faded away on examination, in order to induce people to come here. But when we got them here, we gave them and the people already here no encouragement to do their duty to the State by way of increasing the population. How the members of the present Government can stand up and face that position, I do not know, and I repeat that I cannot understand how the people who are the masters of the Government tolerate it.

The members of the Government claim to be democratic, but I think they have failed

dismally in that respect. I feel that Ministers individually realise their failure. The Honorary Minister is a man I regard as one having a more than a fair share of human feeling. I know from the sentiments he has uttered in this Chamber from time to time that he realises the heavy responsibility resting upon those parents who have seen fit to bring into the world more than two children. Where is the equity of the present structure of the basic wage? Instead of Ministers doing something to ease the burden for the man on the lower rungs of the ladder, I say they have failed. Mr. Seddon has effectively blown their argument to ribbons by his careful analysis of this measure. He has shown that where the Government could give relief in a much needed direction, it has failed to do so. I think the people should ask themselves why the Government has failed to realise its duty in this very important matter.

HON. L. B. BOLTON (Metropolitan) [7.44]: I desire briefly to support the second reading of the Bill, which, of course, is quite necessary. At the same time I intend to support the amendments of which notice has been given by Mr. Baxter. I think Mr. Seddon and Mr. Nicholson are to be congratulated upon the very able manner in which they have placed the facts before those members who have not made such a close study of the financial position as they have done. There is little to say, after the able observations of those two members. However, I desire to make it clear that I, like many other members, oppose the Government's suggestion to reduce taxation on the two lower grades at the expense of other taxpayers. I have always taken up the attitude, which I still feel satisfied to adopt, that even lower-grade taxpayers are not anxious for the proposed reduction. They are the members of the community who receive the greatest service and the greatest return from public utilities. They are people who, I feel sure, would feel they were justified in paying something, even a mite, towards the cost of the services which the State renders them. That has been consistently my attitude, in which I feel perfectly justified. I appreciate that the Government must obtain all the revenue it can. As other speakers have said, undoubtedly the Government is leaving no stone unturned to increase revenue in every possible direction. Further, I agree

with other members' remarks to the effect that the Government should pay more attention—one must especially appreciate this after carefully reading the Auditor General's report—to reducing expenditure, in which case it would not be so necessary to increase taxation as we are now doing. I supported the previous measure because I considered that it offered a fairer means of raising revenue than the present Bill does. I oppose increased taxation on one section of the community for the benefit of another. While supporting the second reading, I shall also support Mr. Baxter's suggested amendments.

THE CHIEF SECRETARY (Hon W. H. Kitson—West—in reply) [7.48]: Mr. Seddon's remarks of to-day again set up comparisons which are certainly interesting but which I fear do not carry us very far. For many years the hon. member has consistently advocated that everyone, irrespective of earnings, should make some contribution to direct taxation. He says nothing about indirect taxation, which probably affects persons on the lower grades of income more than it affects other people. However, I do give the hon. member credit for being consistent in his attitude. He is prepared to admit that the Bill before us is an endeavour to carry out the Government's policy, which of course is perfectly true. The Bill contains nothing but an attempt by the Government to give effect to the promises it made during the last general election. In the course of that campaign it was pointed out that in the Government's opinion the incidence of financial emergency taxation bore with especial harshness upon persons on lower incomes, and most particularly on persons receiving up to £6 10s. per week. The people were told that if the Labour Government were again returned to power, some relief would be given in that respect. And members supporting the present Government were not alone in such advocacy. The Leader of the National Party, for instance, said the same thing. We also found supporters of the Country Party expressing themselves to a similar effect on the hustings. But, remarkable to relate, when it comes to a debate in this Chamber, such members are found not to be in accord with the policy expressed by their leaders.

Hon. H. S. W. Parker: We have no leaders.

The CHIEF SECRETARY: We are all well aware what is the position.

Hon. T. Moore: They have very poor leaders.

The CHIEF SECRETARY: There is no need to hide the fact.

Hon. H. S. W. Parker: We have leaders only in this Chamber.

The CHIEF SECRETARY: The present Bill is strictly in accordance with the Government's policy, as I have said. First of all we say that the man on the basic wage, or on less, shall be relieved of payment of financial emergency tax. Consequently we are on this occasion adopting the method repeatedly forced upon us by this Chamber on previous occasions. We have, as hon. members are aware, previously endeavoured to exempt men who were receiving the basic wage, or less, in the district in which they resided. But this House refused to agree to that proposal, and forced the Government into a position where we had to accept the figures which appear in the Act as it stands—figures slightly in advance of the basic wage in the metropolitan area. Thus on this occasion we find ourselves compelled, because of the increase in the basic wage, to amend the figures in the Act so that they may be slightly ahead of the basic wage as now existing. With regard to the other point, relieving those people who receive £6 10s. per week or less, we are again endeavouring to carry out a promise. While it may be argued, as has been argued in this Chamber, that a penny in the pound does not amount to much, nevertheless it is a highly important consideration to the people affected.

Hon. A. Thomson: Not the price of a packet of cigarettes!

The CHIEF SECRETARY: The promise of a packet of cigarettes every week is equivalent to a promise of 26s. per annum, or more than the equivalent of the rent of a working man's house for a week. From that aspect the amount is of moment to a working man. Members have strayed away from the subject matter of the Bill very considerably. No doubt that arises from the fact that several taxation measures are before the Chamber, members therefore taking the opportunity to refer to certain aspects of administration. With regard to

these matters I feel myself entitled to reply. We have the repeated statements of Mr. Holmes regarding the railways generally and especially regarding their administration. The hon. member has referred in detail to the number of men employed, the earnings of the railways, and the reduction in the quantity of freight carried. As on previous occasions, Mr. Holmes has not been too particular in regard to the figures he adduced. Therefore I feel quite justified in giving the House some information on that subject, information which I believe will put an entirely different aspect on the position as outlined by Mr. Holmes. He has made no bones about the matter at all. More than once he has made the bald statement that over 400 additional men are employed by the Railway Department to earn less money and transport less freight.

Hon. J. J. Holmes: Is not that a fact?

The CHIEF SECRETARY: The hon. member has quoted the report of the Commissioner of Railways. The hon. member's exact words were—

We discover that last year it cost £220,000 more to earn £93,000 less. Are we going to sit down to this any longer—we, the taxpayers on whom it is intended to impose this additional burden? It is not taxation we want in this country, but administration. We should economise in administration.

Although Mr. Holmes and other members are fond of suggesting that there should be economies, not many members have been able to indicate just where economies should be made.

Hon. J. J. Holmes: Several members have given such indications.

The CHIEF SECRETARY: I except the hon. member, who has not hesitated to suggest that those economies should take place in one direction. The only suggestion he has made in that regard is a reference to the unemployed. He said that if the Government wanted money for the unemployed, it should not be obtained by taxation. He painted a picture of what he is supposed to have seen, in travelling about this country, of the way in which relief workers go about their employment. He said a percentage of them did nothing, and of another percentage he said that, I think, 20 per cent. smoked. The rest, he said were not doing much more.

Hon. J. J. Holmes: The others are leaning on their shovels.

The CHIEF SECRETARY: Then he told a story about what some foreman or engineer said to him when he inquired how many men were working on the job. This foreman or engineer is reputed to have replied, "About half." Mr. Holmes tells the story with much satisfaction to himself.

Hon. T. Moore: It is a libel on the men of this country.

The CHIEF SECRETARY: Might not the same thing be said about the hon. member himself? He works sometimes, and he plays at other times. One could, perhaps, be a little critical too as to the nature of his work at times.

Hon. E. H. Angelo: But the Government does not support him.

Hon. T. Moore: As regards this Chamber it may be said too.

Hon. C. F. Baxter: The Chief Secretary is drifting into personalities.

Hon. E. H. Angelo: And that is very dangerous.

The CHIEF SECRETARY: I try to keep away from personalities as far as possible. I do not think any member of the Chamber can contradict that statement. Hon. members are not entitled to say what they please—

Hon. T. Moore: About the man outside.

The CHIEF SECRETARY:—without incurring the liability to receive replies couched in similar terms.

Hon. J. J. Holmes: You can say what you like about me. The country knows me, and the country knows you.

The CHIEF SECRETARY: That is so; and the hon. member does not mind. Any man, especially a member of this Chamber, who is prepared to make such strong statements regarding men who are not in a position to help themselves is not doing much credit either to himself or to the country. At present we have approximately 7,000 men who are unable to obtain any employment, except relief work through the agency of the Government. Most of those men are very estimable citizens. Their characters stand just as high as the character of any member of this Chamber, and no one is entitled to express opinions concerning them holus bolus as Mr. Holmes has done. I have no doubt there are black sheep

amongst them just as there are perhaps amongst others of the community. Whenever I hear an hon. member making such strong statements about the unemployed, I shall try to defend them. Referring to the railways I have already quoted what Mr. Holmes said. He went on to point out that 400 additional men were required last year to haul 202,000 tons less goods traffic. He did not qualify those figures at all; he simply quoted them as they have been quoted by other hon. members.

Hon. J. J. Holmes: I quoted from the Commissioner's report.

The CHIEF SECRETARY: The Commissioner's report said nothing at all like that. The hon. member was astray in his figures. The Commissioner's report shows that the increase was 176 on the average for the previous year, not an increase of 400 as stated by the hon. member, and the reasons for that increase are explained on page 29 of the annual report. The hon. member did not give any of the reasons, nor did he attempt to do so; he simply exaggerated the figures and left it at that. The Deputy Commissioner in his report, sets out that the increase was principally in the transport and traffic branch (85) and in the mechanical branch (82). Then the Deputy Commissioner goes on to state that the buoyant condition of the traffic at the close of 1937-38, necessitated the appointment of additional staff to cope with the business and that that continued until the early part of 1938-1939, but that in view of the railway personnel being trained for the work and the prospective seasonal increase in traffic occasioned by the wheat harvest, it was considered desirable to retain the staff for the purpose of reducing the outstanding service leave. To that end, the Commissioner went on to point out, over 40 additional men were utilised to clear annual and long service leave. That had improved the position and had reduced considerably the department's liability in respect of leave. There we have a reason given by the Deputy Commissioner for the particular number of men employed at that time. Then the Deputy Commissioner points out that in the mechanical branch the efforts to reduce the arrears of maintenance necessitated additional staff, the average in 1938-39 for all purposes being 2,090 compared with 2,043 in 1937-38. The Deputy Commissioner further points out that notwithstanding the re-

quirements mentioned, in view of the continued decline in business towards the close of the year, it is necessary to take steps to prevent further financial retrogression. For the last six months the majority of the positions rendered vacant by retirements have been filled by the re-arrangement of staff. The effect of this action is indicated by the position at the close of 1938-39 when the number employed solely on working expenses had been reduced considerably. If members themselves will examine the Commissioner's report they will find there that the number employed at the end of the year was less than the number employed at the end of the previous year. Yet we have an hon. member here asking us to believe the definite statement that he made that 400 more men were employed last year.

Hon. T. Moore: And he suggested that they be put off.

Hon. J. J. Holmes: The figures are in the Commissioner's report.

The CHIEF SECRETARY: The hon. member is not justified in taking a small extract from the Commissioner's report solely to suit his argument. Mr. Thomson when speaking, also misread the position in respect of the numbers employed. He too at one stage said that over 600 more men were employed and then he modified that figure to something over 400. Later he quoted another section of the Commissioner's report showing that the figure was 167. If we are seriously to accept those figures we will get an entirely wrong idea of the position.

Hon. J. J. Holmes: According to the Commissioner's report the number is 631.

The CHIEF SECRETARY: If the hon. member will turn to page 90 of the report, he will find that in June, 1939, the total number of men employed on the railways was 9,511, whereas in June, 1938, the number was 10,092 which shows that last year there was a reduction of several hundreds. I have already pointed out that at the beginning of the year the buoyant traffic was responsible for the increase in the numbers.

Hon. H. Seddon: You are quoting the figures for the railways, tramways and electricity supply. Mr. Holmes quoted only the railway figures.

The CHIEF SECRETARY: Very well; I shall quote the railways figures. We find that the number employed at the end of

June, 1939, was 8,424, omitting railway construction, whereas in June, 1938 the total was 8,813, a reduction of 389, instead of an increase of over 400 as Mr. Holmes stated.

Hon. A. Thomson: It all depends on how you read the report.

The CHIEF SECRETARY: I am giving the facts. If hon. members desire to be fair, instead of quoting an extract relating to only one phase of the department's activities, they will quote everything. Dealing with the railway construction section, at the end of June 1939, we find that the total number employed was 147, whereas in June, 1938, that figure was 357, a reduction of 210. So that we cannot accept the figures quoted by hon. members as being the actual state of affairs.

Hon. J. J. Holmes: My figures were taken from page 4 of the Commissioner's report.

Hon. T. Moore: He picked out what suited him very nicely.

The CHIEF SECRETARY: Of course he did. I just want to make the position clear.

Hon. T. Moore: Quite right too.

The CHIEF SECRETARY: The hon. member really took the Deputy Commissioner to task when he said that that officer was a very poor administrator and that he employed hundreds more men than were really necessary in order to carry less traffic.

Hon. J. J. Holmes: I never said anything of the kind.

The CHIEF SECRETARY: I desire to emphasise that the increased number of men employed at one stage during the last financial year was rendered necessary by work that it was anticipated would have to be done. Everything was very buoyant then, but during the course of the year the position changed considerably and it became necessary for the department to reduce the number of men employed, and they were reduced to the extent I have already mentioned. Had the season remained normal, there would have been no necessity for action of that kind to be taken. Excluding work of a staff nature, the position at the end of June 1939, was that the railway personnel consisted of 8,223 compared with 8,341 at the close of the preceding financial year, a decrease of 118. Turning now to the goods traffic—and that is very interesting—we find that of the total decrease of 202,780 tons, over 107,000 tons is accounted for by the decrease in firewood handled. This was due to the mines at Kalgoorlie being supplied direct from the

private company's line without passing over the Government railways. The balance of the decrease was due mainly to the decline in timber railed for export. That is rather interesting because we see that 203,000 less tons were handled by the railways than in the year before. Members are aware that there has been a change with regard to the supply of firewood to the mines and it was responsible for over half the reduction in the figures I have given. So we place entirely out of consideration the position the hon. member would have us believe to be correct.

Hon. J. J. Holmes: Is that why the railways spent £97,000 more than was spent in the previous year?

The CHIEF SECRETARY: I will deal with that also. On page 6 the Deputy Commissioner states that the increase is due principally to additional wages payments as a result of basic wage increases and amendments to industrial awards, and he adds that the sum of £160,000 is attributable to those causes. The cost of fuel, he further adds, shows an increase of £18,000 due mainly to the higher rates payable, principally as a result of variations in industrial conditions. An additional amount of £9,000 was expended on sleepers for re-sleeping, and £6,000 on the renewal and replacement of tarpaulins, while two extra working days in the year, 1938-39, represented £8,000. These are all details that are incidental to the position, and if members desire to be fair in their criticism, one would think that they would look up these points and give credit where credit is due. If one cares to analyse the position a little more closely, he will find ample justification for the position as disclosed at the end of June, 1939. I do not want to quote the whole of the Deputy Commissioner's report, but I do consider that instead of making bald statements the hon. member should examine the position from all points of view.

Hon. J. J. Holmes: I got it from page 4 of the report; it is all there. There was £38,000 more expended for a return of only £16,000 more.

The CHIEF SECRETARY: If the hon. member will look a little further into the report and examine the details of those figures, he will admit, being a business man—as he claims to be—that there can be placed on those figures, a construction entirely different from that which he has placed on

them. I wish now to refer to Mr. Nicholson's remarks.

Hon. J. J. Holmes: Have you finished with me?

The CHIEF SECRETARY: Yes, for the time being. Mr. Nicholson said—

In place of keeping the expenditure within the bounds of revenue, there has been a gradual expansion of expenditure to the detriment of the State and with a resultant increase in the deficit. I contend that if care had been exercised in the expenditure even last year the Government would not have been faced with the position confronting it at the close of the last financial year.

What does the hon. member mean by saying, "If care had been exercised?" He must be aware that every care is exercised in regard to expenditure to-day. Never was there a time in the State's history when every pound of expenditure was more closely scrutinised than it is to-day.

Hon. J. Nicholson: I would like to see the scrutiny more effective.

The CHIEF SECRETARY: When I am dealing with another Bill, I shall be able to give the hon. member facts and figures, of which he has already been advised on previous occasions, and when he has heard them it will be beyond his ingenuity at any rate to find a method of reducing the expenditure or economising to a greater extent than has been done by this Government. Hon. members must be aware that before any expenditure is authorised to-day it has to run the gauntlet of our Treasury officials. Even though Ministers may approve of expenditure they have not the last word. Every item of expenditure is scrutinised with the object of ascertaining whether it is essential or not, and we are bound by the decision of the Treasurer. Never in the history of the State has the expenditure been more closely scrutinised or controlled than at present. Mr. Seddon made these remarks—

One is inclined to think that the Government has made use of the war as an excuse to advance the policy that has guided it for many years. By that legislation it has effected a very rigid control over profits and over returns for rents.

I do not know where the hon. member got his idea that we have exercised very rigid control over profits.

Hon. H. Seddon: You have just passed a profiteering prevention Bill.

The CHIEF SECRETARY: That is not controlling profits, but only an effort to prevent an increase in profits on account of the war.

Hon. J. Nicholson: There is control.

The CHIEF SECRETARY: There is no control. I am only sorry that we have not control. I think the hon. member did not express what he meant when he made his statement. He knows full well that we have never had the power to control profits. If we had had that power we might have an entirely different state of affairs from that which exists at present. The hon. member went on to say—

Now by the Bill we are discussing it proposes to go further and exact increased taxation from the people who are paying the income tax. In one case the Government is controlling profits and income tax, and in the second place it is taking from existing incomes an increased tax of 12½ per cent.

That 12½ per cent. of course is dealt with in another Bill. All we are doing by means of this Bill is endeavouring to carry out the policy of the Government. We say—and in this we are supported by the Leader of the National Party—that there is room for relief to be given to those on the lower rungs of the income ladder, and that refers to those earning £6 10s. a week or less. We propose to relieve them of one penny in the pound, the maximum tax being 6d. a week. Mr. Seddon when speaking on this Bill a little while ago made a comparison with regard to the percentages so far as the reductions proposed in the amendment are concerned. He pointed out that the reduction of one penny on the lower incomes represented a higher percentage than the reduction of a penny on the higher incomes. That is quite obvious; it must necessarily be so. The maximum relief than can be given by means of a reduction of a penny in the pound is determined by the amount of wages earned—£4, £6, or £10 as the case may be. The higher the income the lower the percentage will be. There is not very much point in that argument, but there is point in this: that in relieving a man with family responsibilities who is receiving less than £6 10s. a week, we are at least making it a little easier for him to carry on than has been his experience in the past. When I hear members complaining about the method adopted by this Government, in imposing financial emer-

gency taxation, I feel that I would like to refer them to the position that obtained only a few years ago when a flat rate prevailed for everybody irrespective of his position. All we are trying to do now is to give the man with some family responsibilities a little relief. The man without dependants—the single man and others with no dependants—will get no relief under this Bill. We are merely carrying out a promise made by the Government, which was sincere when it made the promise. I know some members believe that on principle, quite irrespective of what their earnings might be, all citizens of the State, men and women, should be called upon to pay some small sum.

Hon. H. Seddon: So long as they are earning.

The CHIEF SECRETARY: Some members believe that all citizens should be called upon to pay to the State in direct taxation some part of their income. Those members are entitled to their opinion, but that is not the policy of the Government, which claims that those on the basic wage or less are entitled to be relieved of this taxation. The Government also claims that those receiving less than £6 10s. a week are entitled to be relieved to the extent set out in the Bill. If the House does not agree with the Bill as presented and insists on amendments being made, I do not know just what the effect will be on the Treasury. I can imagine that if the amendments suggested by Mr. Baxter are agreed to, they will make a tremendous difference to the Treasury. If a reduction of one penny in the pound in the tax on those earning £6 10s. means a loss of £35,000 annually to the Treasury, a reduction of one penny on all wage-earners must mean a tremendously larger loss. Naturally, therefore, I will have to oppose that amendment. Most members will agree with my contention that married men with responsibilities are entitled to any relief we can give, and I hope that the House will not disagree to the Bill as presented by the Government. I have to advise the House that all these matters have been taken into consideration by the Treasurer in preparing his Budget. He has found a method by which he believes he can give effect to the policy of the Government, afford relief to certain persons, and at the same time come within reach of balancing

the Budget. Any alteration made in the taxation or financial proposals of the Government can only mean that the money will have to be obtained from some other source or that our deficit will be increased. May I point out that any deficit that we might have at the end of the year—whether it be small or large—will have to come out of our loan appropriation for the following year. Consequently, whatever that amount might be, there will be so much less money available for the purpose of finding work for the unemployed than there would otherwise be. The suggestion has been made in this House that the number the Government is responsible for is not as large as has been asserted, but I want to assure the House that those relying on the Government for employment at present total between 6,500 and 7,000.

Hon. T. Moore: And the number is growing.

The CHIEF SECRETARY: It varies from time to time.

Hon. T. Moore: It will grow.

The CHIEF SECRETARY: The indications are that the number will increase.

Hon. T. Moore: After this harvest.

The CHIEF SECRETARY: We know that in many instances private enterprise is not in a position to continue to employ all its employees and there will consequently be an increased number of unemployed from that source. We also know that if there is a better season this year than last year, certain avenues of employment will be open; consequently the number of unemployed will vary from time to time. We can, however, take it for granted that the number for which this Government will be responsible is between 6,500 and 7,000. That is a large number of men for the Government of Western Australia to be responsible for and unless the Treasurer can secure an acceptance of his financial proposals, the position of the Government in endeavouring to find employment for the workless will be far more difficult than will be the position if those proposals are accepted. I hope that, notwithstanding the arguments used in this Chamber, the House will agree to the Bill.

Question put and passed.

Bill read a second time.

In Committee.

Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

Clauses 1 to 3—agreed to.

Schedule:

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

That in the second part of the Schedule, column (1) (b) the word "fivepence" be struck out and the word "sixpence" inserted in lieu.

I realise that the Government must have money and that we in this Chamber cannot deny it to them. According to this Bill, however, money is being given away by reducing the revenue to be derived from two grades of taxpayers. The reductions mean practically nothing to the individual, but in the aggregate they represent, I am assured, an annual sum of approximately £60,000. Is this Committee prepared to allow the finances of the State to drift along as they are drifting, so that the Government may relieve a few people of small amounts of taxation? By the emergency tax Bill the Government proposes to halve the rebate, thereby increasing the revenue from that source by 12½ per cent. It is prepared to do that, and at the same time budgets for a deficit. If sectional reductions in taxation are the object of the Government, they must be applied to all grades. Many of us do not believe that stringent economy is practised by all Government departments, as has been stated, and believe that further savings could be effected in many directions. It is time this Chamber took a stand on this important question.

Hon. H. S. W. PARKER: I support the amendment. The Minister for Labour said recently that the basic wage should be the same throughout the Commonwealth. We know that in this State it is higher than in most other States. The Chief Secretary also said that every person should be prepared to pay something for the benefits he receives from the State. The basic wage earner in Western Australia receives many benefits from living here, and should be willing to pay something for those privileges. His indirect taxation is already allowed for in the fixation of the basic wage, whereas if he pays direct taxation he must forego some of his actual earnings. I am sure the basic wage earner is willing to pay a little towards the revenue of the State.

We understand the Government will have to provide for upwards of 7,000 people. For the employment they will receive they should be prepared to contribute some small amount to the revenue of the Government. This is the Bill whereby they can do so. The time is not ripe for a reduction in taxation in favour of one class at the expense of another. Great losses of income will be apparent during the coming year, and it may be that the only people who will have money with which to pay taxes will be the permanently employed wage earners. We should not permit the Government to fall blindly into a trap, or to leave this field of taxation open when it could be used for revenue purposes. It is unfair that the man in a permanent job and receiving the basic wage should be relieved of all direct taxation.

The CHIEF SECRETARY: The amendment will involve a considerable sum of money. While there is an argument for relieving the lower-paid man with family responsibilities, it cannot apply in the case of persons receiving higher salaries. When a man is receiving £500 or £700 per year, the necessity for relief cannot be compared with the necessity that arises in the case of those in receipt of lower incomes. It is part of the Government's policy that lower-paid persons shall be relieved of a little of their burdens. We do not propose to relieve them entirely, but to reduce the burden by 1d. in the pound per week. That will mean a great deal to people with dependants. The proposal is a fair one and the Committee should not stand in the way of the Government giving effect to its policy.

Hon. T. MOORE: I am with the bottom dog, because the top dog can look after himself. Few, if any members, know what it is to have reared a family on the basic wage. If they had done so, their views on the subject would have changed. It is unfair that the man in receipt of the basic wage should be asked to pay taxation. Whilst there is a need for population in this State, very little encouragement is given to people to rear families. Men who are rearing families have to provide for sickness, which is likely to occur in every home. Mr. Holmes objects to arbitration, and he would revert to the law of supply and demand.

Hon. J. J. Holmes: I do not object.

Hon. T. MOORE: Only recently Mr. Holmes objected to arbitration, and said

that system had been responsible for the railways being in their present state.

Hon. J. J. Holmes: I said that Arbitration Court awards must be obeyed.

Hon. T. MOORE: Arbitration Court awards make no provisions for medical expenses, and that is most unfortunate. I consider it disgraceful that people in possession of higher incomes should attempt to inflict injustice on men in receipt of the basic wage.

Hon. H. S. W. Parker: Should not this tax be abolished altogether?

Hon. T. MOORE: If I had my way, I would abolish this House.

Hon. C. F. Baxter: You could resign, for a start.

Hon. T. MOORE: If we had one legislature, as in Queensland, the State would be the better off.

Hon. A. Thomson: One of your own leaders once said, "Thank God for the Upper House."

Hon. T. MOORE: Members should not try to inflict this impost upon men in receipt of the basic wage.

Hon. C. F. Baxter: A mere 6d. a week!

Hon. T. MOORE: The hon. member must know that housewives have to look at every threepence and every sixpence. Why are not the hon. member and others fair? Why endeavour to force the Government into an unenviable position by these devious methods? The object is to get the Government into a corner.

Hon. H. S. W. Parker: By increasing taxation!

Hon. T. MOORE: Members are trying to decrease taxation by way of a subterfuge. Mr. Holmes interjected, "We will find a way." Apparently this is the devious method proposed. I hope the Committee will be honest, and not penalise those who are rearing families.

Hon. H. S. W. Parker: Do not you think those who have means should rear families?

Hon. T. MOORE: They can rear families.

Hon. G. Fraser: But do not!

Hon. T. MOORE: Men on the basic wage have to fight for every penny they get from the Arbitration Court, and then too often their womenfolk are expected to drag up families on the small wage their husbands get. I have been in Parliament long enough

to know members. If they are honest, they will ask themselves if they really wish the wife of the man in receipt of the basic wage to be deprived of 26s. a year.

Hon. J. M. Macfarlane: Cut out the 25s. union fee.

Hon. T. MOORE: The men get results from that payment.

Hon. H. S. W. Parker: And you suggest the Government provides them with no results?

Hon. T. MOORE: I hope members will realise that Western Australia needs population, and men in receipt of the smaller grades of wages, who are rearing families, should receive every consideration possible. Members should not resort to the devious methods indicated in the amendment.

Hon. A. THOMSON: I, too, hope that members will be honest with themselves. The Chief Secretary and Mr. Moore told us that 4d. a week meant a lot to men in receipt of the basic wage. I trust those hon. members will use their influence in other directions. The Minister told us that he expected the Government would have to provide employment for about 7,000 men. Are Ministers honest to this House, to the workers, or to the oath they took to act with justice to all men, when they support the decision that men who do not receive even half the amount of the basic wage must subscribe to the rules and regulations of trade unions and contribute to their funds?

Hon. T. Moore: For their own protection.

Hon. C. B. Williams: You and others like you would pay workers £1 a week, were it not for the unions. That is all you can talk about.

Hon. A. THOMSON: I want members to be consistent.

Hon. C. B. Williams: We are consistent regarding trade unions.

Hon. A. THOMSON: No; the hon. member says that single men must pay 25s. a year to a trade union.

Hon. C. B. Williams: Nothing of the sort.

Hon. A. THOMSON: And he says that a married man, irrespective of how many children he may have, must also pay 25s. to the union.

Hon. C. B. Williams: So that we can protect him from unscrupulous employers.

Hon. A. THOMSON: Thus the hon. member and those with him are not consistent where the interests of the lower dog are

concerned. Employers are bound by Arbitration Court awards. Doubtless, industrial unions have performed a useful function.

Hon. C. B. Williams: How can they do that without funds?

Hon. A. THOMSON: What I object to is the inconsistency of the Government in utilising funds for providing work and sustenance for men and then requiring them to contribute 25s. to union funds before those men are permitted to work. The Government claims to be anxious about the interests of the under-dog, but is not so concerned when it comes to contributing to union funds. I sometimes think there is a certain element of hypocrisy in the remarks of some members of this House and of another place. Mr. Moore was rather insulting in his suggestion that the workers could not rear families.

Hon. T. Moore: On a point of explanation; I did not say anything of the kind. I said that they could only drag up their families on £4 a week. The hon. member should not misquote my statement.

The CHAIRMAN: The hon. member has made his explanation.

Hon. A. THOMSON: I do not desire wilfully to misrepresent the hon. member.

Hon. T. Moore: It was pretty wilful.

Hon. A. THOMSON: Probably quite a number of members of this House know as much as Mr. Moore does about the struggles of those on the lower rungs.

Hon. G. Fraser: They may—but they have forgotten.

Hon. A. THOMSON: To make such cheap interjections is easy. Other members are quite as honest and sincere in their views.

Hon. G. Fraser: Their actions do not suggest that.

The CHAIRMAN: Order! I hope Mr. Thomson will not further refer to the taxing of the workers in receipt of the basic wage, because they are exempt.

Hon. A. THOMSON: I am drawing attention to the attitude of the Government in relation to the matters I have referred to. Now it is sought to increase taxation by 12½ per cent. I repent that the man who is fortunate enough to have a job will, in most instances, cheerfully pay 4d. or 5d. a week, to which extent the Government proposes to relieve him. I have not noticed any falling-off in attendances at sports

gatherings or picture shows, nor yet in hotels. There is not the dire necessity for relief that has been suggested, and decidedly the Government has not been consistent in its attitude. The people in the country districts and on the goldfields will have to pay a fairly substantial tax. The basic wage on the goldfields is higher than that applicable to the metropolitan area.

Hon. T. Moore: A year or two ago this House was responsible for knocking out the basic wage.

Hon. A. THOMSON: I claim I have always been consistent.

Hon. T. Moore: In your inconsistency.

Hon. A. THOMSON: Since I first entered Parliament 25 years ago, I have always been convinced that everyone should pay his quota, no matter how small it might be, and that is the aspect from which this question should be viewed. We provide hospitals where people without means can secure free and proper treatment. We provide free education. Certainly in the country we do not provide the palatial accommodation one finds in the city. It is difficult for the Government to favour the country districts to the same extent. These social services must be paid for; money has to be found for them. Yet the Government proposes to reduce taxation. No man ever spoke a truer word than did Mr. Parker when he said that many persons would have no income at all to tax. I know of business people—men in St. George's-terrace—who are earning less than the basic wage.

Hon. T. Moore: They will pay no tax.

Hon. A. THOMSON: They had larger incomes in previous years.

Hon. C. B. Williams: What is the matter? Why has their business disappeared so suddenly? Are they living on somebody else?

Hon. A. THOMSON: Possibly the hon. member may be living on someone else.

Hon. C. B. Williams: No, I am not an interest-monger.

Hon. A. THOMSON: At all events, those persons render services for the money they are paid. Members who have already spoken on this subject are not consistent. If this Bill passes, men on the lower scale will benefit to the extent of 4d., 5d., or even 6d. a week. On the other hand, we have unfortunately 7,000 unemployed who, before they can secure work, are compelled to contribute to a union. At a minimum, the

union would benefit to the extent of £7,000 by such contributions. Whether these unfortunate men work the whole year or not, they must pay the union dues. If the Government proposes to reduce the taxation of one section of the community, then it should be consistent and reduce taxation all round.

Hon. C. B. WILLIAMS: I have always opposed this measure. I have five children under 16 years of age and was paying a tax of 4d. in the pound. This Government, of which I am a supporter, then taxed me 9d. in the pound, with the concurrence of this Chamber. I pay no Federal income tax; a man with five children under 16 years of age must earn over £600 a year before he is required to pay that tax. I rose principally to speak on the question of payment of union dues. I will not argue on farming products, as I do not know much about that subject. Mr. Thomson said that the unemployed men were compelled to contribute to a union and that as a result the union benefited to the extent of £7,000. The statement shows how little he knows about the matter and how unworthy of consideration is his statement. The political wing of the trade union movement would benefit from those contributions to the extent of about £350. Some unions on the goldfields are not affiliated with the Trades Hall, nor have they been for a quarter of a century. If members make such extravagant, stupid statements, no wonder Parliament is belittled.

Hon. A. Thomson: But those men have to pay the 25s.

Hon. C. B. WILLIAMS: The A.W.U. is the cheapest union to which a worker can belong. Other unions charge much higher contributions. You, Mr. Chairman, and I contributed £3 12s. per year to the Miners' Union and we paid it willingly. A man who pays 25s. per annum to the A.W.U. receives in return services that might cost him £100 if he availed himself of legal assistance. I refer to workers' compensation cases. Farmers are organised. I venture to say that farmers contribute more than 6d. per week to the Primary Producers' Association or to the Country Party.

Hon. T. Moore: I wish they would.

Hon. A. Thomson: They do not.

Hon. C. B. WILLIAMS: We know they do. The Government that brought this legislation forward in the first place was defeated. For three sessions this Government has re-enacted the legislation. I point out

that each Australian Government that originally introduced this legislation was not returned to power. It is a wonder that the Labour Government has survived so long.

Hon. C. F. Baxter: Your party has gone on increasing this taxation.

Hon. C. B. WILLIAMS: Mr. Baxter set the example. The electors in my Province are not receiving any remission of this taxation. I would prefer that a man with a family be exempted from it; I would not be so much concerned with the basic wage aspect.

Hon. T. Moore: That is my view.

Hon. C. B. WILLIAMS: If members desire to embarrass the Government, they can throw the Bill out.

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

Ayes	14
Noes	7
Majority for				7

AYES.	
Hon. C. F. Baxter	Hon. J. Nicholson
Hon. L. B. Bolton	Hon. H. S. W. Parker
Hon. J. A. Dimmitt	Hon. H. V. Piesse
Hon. V. Hamersley	Hon. H. Seddon
Hon. J. J. Holmes	Hon. A. Thomson
Hon. J. M. Macfarlane	Hon. G. B. Wood
Hon. W. J. Mann	Hon. E. H. Angelo
	(Teller.)

NOES.	
Hon. J. M. Drew	Hon. W. H. Kitson
Hon. G. Fraser	Hon. T. Moore
Hon. E. H. Gray	Hon. W. R. Hall
Hon. E. H. H. Hall	(Teller.)

PAIRS.	
AYES.	NOES.
Hon. G. W. Miles	Hon. C. B. Williams
Hon. C. H. Wittenoom	Hon. E. M. Heenan

Amendment thus passed.

On motions by Hon. C. F. Baxter the schedule, second part, column (1), (b) was further amended by substituting "sixpence" for "sevenpence", "sevenpence" for "eightpence", "eightpence" for "ninepence", "ninepence" for "tenpence", "tenpence" for "elevenpence", and "elevenpence" for "twelvepence"; and corresponding amendments were made to the schedule, third part column (1), (b).

Schedule, as amended, agreed to.

Bill reported with amendments, and a message accordingly returned to the Assembly requesting that the amendments be made, leave being given to sit again on receipt of a message from the Assembly.

BILL—LAND TAX AND INCOME TAX.*Second Reading.*

Debate resumed from the 1st November.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West—in reply) [9.21]: This is another financial measure which it is necessary for Parliament to pass if the Government is going to balance the ledger. While there has been considerable criticism of the previous Bill, I am inclined to think that if members are going to be consistent in their arguments, they will agree to this measure. Certain statements have been made in the course of the debate that call for a reply. As I have indicated, there is an entirely different story to be told if we are prepared to examine all phases of the question instead of merely thinking out one little point, taking one paragraph from a report or criticising one clause of the Bill. Mr. Seddon gave a very interesting speech on this Bill, and again drew comparisons for which he was congratulated by several members. I admit that his speech was particularly interesting, but I fear it loses a good deal of its value when we take into consideration the other factors to which he did not refer.

I realise that the hon. member, in order to make his point, had to draw the comparisons he did, and I believe he was anxious to be fair in that he did qualify some of his statements and admitted that this was strictly in accordance with the policy of the Government. Nevertheless, there are one or two aspects of his comparisons that ought to be ventilated. He adduced certain figures relating to expenditure from loan and from revenue, which he said constituted a reflection upon the policy and efficiency of the Government. With regard to loan money he suggested that the Government should avoid incurring further unproductive expenditure, and in this connection quoted from a statement appearing in the Auditor General's report, which showed that the proportion of debt charges not recovered from earnings had risen from 48 per cent. in 1935-36 to 50 per cent. in 1938-39. Of course these and other figures presented to the House by Mr. Seddon constitute an interesting statistical summary of certain aspects of the public accounts, but the hon. member appears to forget that the Government has endeavoured to find employment for ap-

proximately 7,000 men, and that this is the crux of the situation.

Members must bear in mind that large'y because of the effect of one of the most prolonged droughts in the history of the State, the need for relief works has continued over an extended period—a period of something like nine years. The hon. member made no reference to that. While we naturally desire to restrict expenditure to works that are fully reproductive, at the same time we have to keep as many men in work as the finances will permit. Only a limited amount of money has been available for this purpose, and thus the Government has been compelled to pass over certain desirable works simply because they would have involved the allocation of a disproportionate amount of expenditure on the purchase of materials or in directions other than the payment of wages. The difficulty of finding work that will absorb a relatively large number of men becomes more difficult each year, and has substantially reduced the amount of work that the Government can provide.

With regard to Mr. Seddon's criticism of the revenue position, it is rather significant that the hon. member made no attempt to indicate the direction in which expenditure might be curtailed. He just adopted the attitude taken by other members who suggested that we might economise and cut down expenditure, but he did not indicate in what way that should be done.

Hon. A. Thomson: If we had a public finance committee it might be done. For a private member to do so is very difficult.

THE CHIEF SECRETARY: The hon. member has an opportunity to read the reports of the Auditor General. He is fond of quoting those passages that may appear to be somewhat critical of the policy of the Government. There are other portions that he could with advantage quote, but he does not do so. Again he knows that the Commonwealth Grants Commission delves very deeply into these matters and issues a report each year. There again he and other members delight in taking extracts from the report that appear to be detrimental to the Government, but they refrain from quoting those sections of the report which show that the Government of Western Australia has endeavoured to do the very things that the hon. member criticises the Government for not having done. Members may be interested in the Commonwealth Grants Commission's

comment on the cost of administration in this and other claimant States. This has an important bearing on the position as it has been discussed in this House. In their current report the Commissioners state—

Our conclusion this year is that there is some evidence of greater economy in administrative expenditure in the claimant States. . . . In all the circumstances, we feel that an allowance of £20,000 is justified for each claimant State this year. In arriving at this conclusion, we have sought to make allowance for overhead costs, which will be greater per head in the States with small populations.

There we have an indication that this Government, in the opinion of the Commonwealth Grants Commission, has endeavoured to do what it has been criticised for not doing, and the Commission is quite prepared to recommend an increase of our grant by £20,000. On numerous occasions in the past I have emphasised how very small is the proportion of total outlay affording scope for economies. I find that notwithstanding in each session I have taken the opportunity to place this statement before hon. members, no notice appears to have been taken of it as yet. Seemingly it is dismissed as being of no great importance. The important feature, apparently, is that some members mention our total expenditure as having increased, and from their standpoint are perfectly content to criticise the Government without taking all the facts into consideration. Therefore I propose once again to try to convince those members that the position is not quite so easy as they would make it out to be. Last year, for example, the State's total expenditure amounted to £11,170,102. Now, £8,288,000, or almost 75 per cent. of the whole amount, was devoted to servicing the public debt and to expenditure on public utilities for the purpose of earning revenue and providing essential services. Details of such expenditure are as follows:—

	£
Interest and Sinking Fund ..	3,889,000
Exchange	471,000
Public Utilities	3,928,000
Total	£8,288,000

Moreover, there are payments under the various special Acts appropriating revenue for such purposes as pensions, retiring allowances, parliamentary allowances, the Reforestation Fund, the University of

Western Australia, and so on. Under these headings, expenditure last year totalled £381,498.

Offsetting these and the other payments which I have mentioned against the total expenditure of 1938-39 there was left a balance of something under £2,500,000, the major portion of which represents disbursements for salaries and wages to departmental officers whose remuneration is fixed by awards and agreements. Last year such disbursements amounted to £1,666,169, so that actually the field affording opportunities for curtailed expenditure—and this is the important point—is to the order of less than £850,000. That is the total amount on which could be effected the economies of which we hear so much.

Hon. J. J. Holmes: For years and years you have been warned of what would happen.

The CHIEF SECRETARY: We have listened to the warnings. Other warnings have been given, however, of which hon. members have taken no notice. The figure of £850,000 of course includes expenditure other than administrative salaries and wages on social services and departmental activities such as relief of the aged and invalid and infirm, child welfare, miners' phthisis, education, agriculture, mining and so forth. A comparison of the expenditure during the years 1934-35 and 1938-39 grouped under the headings mentioned is as follows:—

Expenditure.	1938-39. £	1934-35. £
Servicing of Public Debt	4,360,234	3,993,272
Public Utilities	3,928,409	3,195,368
Other Special Acts	381,498	318,304
Other Expenditure—		
Salaries and Wages	1,666,169	1,286,729
Contingencies	833,792	704,852
Total	£11,170,102	£9,498,525

I have quoted that comparison in order that I may also quote details of the increases to which exception has been taken. Those increases are as follows—

	£
Servicing of Public Debt ..	366,962
Public Utilities	733,041
Other Special Acts	63,194
Other Expenditure:—	
Salaries and Wages	379,440
Contingencies	128,940
Total	£1,671,577

Practically the whole of the increased expenditure arose in fields outside the Treasurer's control. That should be recognised by members who are so keen on economising.

Hon. H. Seddon: Do you contend that increasing the public debt is outside the Treasurer's control?

The CHIEF SECRETARY: As regards those increases which have taken place, yes, I do. The hon. member must know that this State could not possibly exist without loans, would be unable to carry on without loans.

Hon. J. J. Holmes: Is that why Mr. Seddon voted against Loan Bills?

Hon. T. Moore: Those hon. members are simply sparring.

The CHIEF SECRETARY: Yes. Admittedly the increased cost of servicing the public debt is due to the added loan liability during past years; but, let it be remembered, as I have already emphasised, that the moneys raised were used to provide employment instead of sustenance to the men dependent upon the Government for work, and at the same time used to increase the productive capacity of the State.

Hon. members criticising the revenue position might also bear in mind the effect on the published accounts of the accounting reforms which have been instituted by this Government—a Labour Government, not a National Government. We have instituted reforms which members who have so freely criticised us have for years urged should be instituted. Now that those reforms have been accomplished, the members in question give not one word of credit to the Government.

Hon. J. J. Holmes: What reforms have been effected?

The CHIEF SECRETARY: I shall tell the hon. member. By abandoning the former practice of charging to Loan, items which should properly have been met from Revenue, the Government has been presenting Budgets which are an accurate reflex of the Treasury position.

Hon. J. J. Holmes: That was demanded by the Federal Government.

The CHIEF SECRETARY: The interjection is characteristic of the hon. member. Last year the cost of these reforms amounted to £803,000, a figure representing

the greater proportion of the financial emergency tax. Thus, had the Government been following the book-keeping methods that obtained when it came into office, we should have been able last year to claim credit for a surplus of £583,000.

Hon. J. J. Holmes: Have you paid the 4 per cent. into the sinking fund?

The CHIEF SECRETARY: We have found that money out of revenue. Because we have done so, we have shown a result that has been criticised up to the hilt. I have already pointed out that the total amount of money from which it is possible to expect economies is a little over £800,000. Therefore the scope available to this or to any other Government is very limited indeed. It is the intention of the Government to carry on with its financial policy in the way in which it has been carrying on for the past year or two. As I have already said, no one can contend that we have not effected reforms or have not supervised expenditure even to the smallest detail. I do not desire to emphasise the fact that there has been a changed attitude on the part of the Commonwealth Grants Commission to this Government. Nevertheless, it is a fact. Extracts quoted by Mr. Baxter from the Commission's report—and he quoted them against the Government—can be used in favour of the Government. Here is one of them: Mr. Baxter quoted this extract—

Each year the Commission has made a close review of all the circumstances connected with losses arising from the loan expenditure of all the States, and has in the light of investigation and changed conditions reduced the penalties imposed on Western Australia and South Australia.

Therefore, as a result of the actions of this Government, we have at least received some recognition from the Commonwealth Grants Commission. We have benefited to the extent of at least £20,000 per annum. We have promised the Commonwealth Government that we will endeavour to assist it. The best way in which we can assist that Government is by balancing our Budget. The Treasurer has indicated that, provided his proposals are agreed to, we shall get very close to achieving that desirable objective. It cannot be achieved, however, if the amendments to another measure agreed to by this House must stand. The increased revenue that the Government will receive if this Bill becomes law will not enable us to balance the budget;

we shall have to find some other method as well to increase taxation. While this Bill certainly does provide for reducing the rebate by 10 per cent.—or, as stated by some hon. members, increasing the income tax by $12\frac{1}{2}$ per cent.—the amount it is estimated will be received from that increase will not, by any stretch of the imagination, cover the position created by this House, if the amendments to which I have referred are to be accepted. It is just as well that we should recognise that fact. Mr. Seddon is not often given to what I might describe as extravagant statements; one can usually listen to him with great pleasure, but he made a statement during the debate on this Bill that wealth had been conscripted.

Hon. T. Moore: Did he say wheat?

The CHIEF SECRETARY: No, wealth. He said our wealth had been conscripted. The hon. member is the last man in the House that I would expect to make such a statement.

Hon. J. Cornell: Did he not qualify it?

The CHIEF SECRETARY: No.

Hon. H. Seddon: I stand by that statement. Our wealth has been conscripted by the Federal Government.

The CHIEF SECRETARY: I do not know in what way.

Hon. H. Seddon: In the control taken by the Federal Government over securities.

The CHIEF SECRETARY: I cannot agree with the hon. member. When we do reach the stage of conscripting wealth, we shall have different legislation before us from that which I am presenting to-night.

Hon. J. Cornell: Wealth like manhood can only be conscripted in stages.

The CHIEF SECRETARY: It does not matter how it can be done; it has yet to be done, and we have a long way to go before wealth is conscripted.

Hon. J. J. Holmes: No wealth will be left to conscript if we go on as we are.

The CHIEF SECRETARY: That is all right. The hon. member is fond of making that statement. When the time does arrive—as it has arrived in other countries—we shall find the hon. member one of the first to raise strenuous objection to the proceeding.

Hon. J. Cornell: I do not think there will be any objection when the day arrives.

The CHIEF SECRETARY: I do not think so.

Hon. J. Cornell: The position will then be very precarious.

The CHIEF SECRETARY: Yes. I do not wish to deal with all the statements made on this Bill. Certainly, it must be admitted that we provide for an increase in the income tax. According to our taxation officials, the increase will amount to approximately £35,000; it cannot definitely be stated whether it will be a little more or a little less. It is, however, another of those items that has been taken into consideration by the Treasurer in presenting the Budget in another place. As I have said, this money must be found by some means or other. I realise that some members must, on principle, oppose a Bill of this kind; but I am extremely hopeful that the majority of members will stand up to their expressed opinions. Money is essential if we are to carry on the State properly; and we should not prevent the Treasurer from receiving the amount he expects to obtain if this Bill passes. I hope the House will agree to the Bill as it stands, and not attempt to amend it in the way another Bill was amended.

Question put and passed.

Bill read a second time.

In Committee.

Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

Clauses 1 to 5—agreed to.

Schedule:

Hon. H. SEDDON: I move an amendment—

That in line 3 of paragraph (3) of the second part of the Schedule, the word "ten" be struck out and the word "twenty" be inserted in lieu.

The CHIEF SECRETARY: I must oppose the amendment. If hon. members wish to embarrass the Government they will agree to the amendment; but I assure them that the money is absolutely essential. It is impossible for me to stress that fact any more than I have done.

Hon. H. SEDDON: I thank the Chief Secretary for his reply to the debate on the Bill. He touched on so many matters, and it was obvious that the Government has views on some points with which some of us cannot agree. I think, however, that we are justified in asking the Government

to reconsider the position with regard to the imposition of income tax. In view of the serious situation of the country as a result of the continuance of the war, the field of taxation must undoubtedly be explored by the Federal Government, and the State Governments should do everything in their power to assist the Federal authorities in that direction.

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

Ayes	13
Noes	9
Majority for	4

Legislative Assembly.

Tuesday 7th November, 1939.

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

QUESTION—RAILWAYS.

Carlisle Level Crossing.

Mr. RAPHAEL (without notice) asked the Minister for Railways: Owing to the danger to life at the Carlisle railway crossing, as exemplified by the fact that a serious accident was recently narrowly averted, will consideration be given to the installation of a system of warning lights at that crossing?

The MINISTER FOR RAILWAYS replied: Due consideration will be given to the request.

BILL—LOAN (£2,137,000.)

Introduced by the Acting Premier (for the Premier) and read a first time.

BILL—MUNICIPAL CORPORATIONS ACT AMENDMENT (No. 2).

Read a third time and transmitted to the Council.

BILL—LOTTERIES (CONTROL) ACT AMENDMENT.

Second Reading.

Debate resumed from the 2nd November.

MR. WATTS (Katanning) [4.35]: I do not intend to oppose the second reading of the Bill. I have always felt that it would be a good deal better if there were no Lotteries Commission. But when we realise

AYES.

Hon. E. H. Angelo	Hon. J. Nicholson
Hon. C. F. Baxter	Hon. H. V. Plesse
Hon. L. B. Bolton	Hon. A. Thomson
Hon. J. A. Dimmitt	Hon. C. H. Wittenoom
Hon. V. Hamersley	Hon. G. B. Wood
Hon. J. J. Holmes	Hon. H. Seddon
Hon. W. J. Mann	(Teller.)

NOES.

Hon. J. M. Drew	Hon. J. M. Macfarlane
Hon. G. Fraser	Hon. T. Moore
Hon. E. H. Gray	Hon. H. S. W. Parker
Hon. E. H. H. Hall	Hon. W. R. Hall
Hon. W. H. Kitson	(Teller.)

PAIR.

AYE.	NO.
Hon. G. W. Miles	Hon. C. B. Williams

Amendment thus passed.

Schedule, as amended, put and passed.

Bill reported with an amendment, and a message accordingly returned to the Assembly requesting that the amendment be made, leave being given to sit again on receipt of a message from the Assembly.

House adjourned at 10 p.m.