

have to be reconsidered. I hope the Minister will give consideration to that aspect.

The MINISTER FOR WORKS: I am prepared to receive an amendment from the member for West Perth and have it examined by the Crown Law Department. If necessary, the amendment could be inserted in the Bill by another place. My desire is to make sure that the money will be provided.

Amendment put and negatived.

Clause put and passed.

Title—agreed to.

Bill reported without amendment and the report adopted.

BILLS (3)—RETURNED.

- 1, Reserves (Government Domain).
With amendments.
- 2, State Transport Co-ordination Act Amendment.
- 3, Petroleum Act Amendment.
Without amendment.

BILL—MAIN ROADS ACT AMENDMENT.

Second Reading.

Order of the Day read for the resumption from the 26th September of the debate on the second reading.

Question put and passed.

Bill read a second time.

In Committee.

Mr. Marshall in the Chair; the Minister for Works in charge of the Bill.

Clause 1—agreed to.

Clause 2—Amendment of Section 31:

Mr. DONEY: I remind the Minister that an arrangement, similar to that made with respect to the Traffic Act Amendment Bill, relating to the Federal Aid Roads Agreement tenure, will have to be made in regard to this Bill. The two measures will then be in consonance on that point.

Clause put and passed.

Clause 3, Title—agreed to.

Bill reported without amendment and the report adopted.

House adjourned at 10.36 p.m.

Legislative Council,

Tuesday, 8th October, 1940.

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

MOTION—RURAL RELIEF.

To Inquire by Joint Committee.

HON. A. THOMSON (South-East)

[4.34]: I move—

That a message be transmitted to the Legislative Assembly requesting concurrence in a proposal that a joint committee consisting of three members of each House be appointed to inquire into and report upon such measures which may be necessary and/or desirable to relieve those engaged in the rural industry from their present financial handicaps and problems.

I hope the motion will be agreed to by this House and by the Government. The Federal Government views the position of those engaged in the rural industry throughout Australia with considerable alarm and the Federal Minister for Commerce has asked State Ministers for Agriculture to confer with him. In justice to the Minister for Lands in Western Australia (Hon. F. J. S. Wise), I consider that no individual occupying that post has ever had greater administrative responsibilities placed upon him than has Mr. Wise. We have had recent evidence of the success of the deliberations of a joint committee on a very debatable subject. That joint committee reached a unanimous decision on the matter under consideration and though hon. members exercised their right to disagree with some of the findings of the committee, there can be no doubt that its appointment was of great benefit. The solution of the problems facing the rural industry in this State requires the united effort of both Houses of Parlia-

ment and the appointment of a joint committee to inquire into the matter should lead to some helpful suggestions. I shall have an opportunity later to reply at length to the debate on the Rural Relief Fund Act Amendment Bill. When the debate on that measure is concluded I hope that the second reading will be passed and that the further consideration of the matter will be delayed until the joint committee has had an opportunity to collect evidence. Those of us who have had experience of joint committees and select committees are aware of the possibility of gathering valuable information by such means, and if the joint committee I suggest is appointed I am sure it will be able to secure evidence that will prove valuable to the industry and to the Government. I therefore move the motion standing in my name.

On motion by the Chief Secretary, debate adjourned.

ASSENT TO BILL.

Message from the Lieut.-Governor received and read notifying assent to the Petroleum Act Amendment Bill.

BILL—ELECTORAL ACT AMENDMENT (No. 2).

Recommittal.

On motion by Hon. H. Seddon Bill re-committed for the further consideration of Clause 4.

In Committee.

Hon. G. Fraser in the Chair; Hon. E. H. H. Hall in charge of the Bill.

Clause 4—New Section: Votes under Section 128A—How dealt with:

Hon. H. SEDDON: I move an amendment—

That in line 10 of Subsection (1) of proposed new Section 142A the words "or otherwise as may be necessary" be struck out.

This is the clause that provides for the examination by the returning officer of the declaration of a voter, and sets out that if he is satisfied after inquiry that the declaration is in order, by reference to the Chief Electoral Officer, or otherwise, as may be necessary, he may open the envelope containing the declaration, and so on. The only

way that the returning officer can obtain the information required is by referring it to the Chief Electoral Officer. The words "as may be necessary" may be dangerous from the point of view of the voter in question, in that the returning officer might elect not to refer to the right quarter, to the detriment of the elector.

Hon. E. H. H. HALL: I have no objection to the amendment.

The CHIEF SECRETARY: I am surprised that Mr. Hall should have accepted the amendment. It is necessary that these words should remain. Sometimes it happens that a name has not at once been found on the roll but has been discovered later. Why should such a matter be referred to the Chief Electoral Officer? The amendment would mean that no person covered by the clause would be entitled to vote until his claim had been submitted to headquarters. In every instance, therefore, delay must ensue. Should we insist on that sort of thing being done the declaration of the poll might be held up for only one vote. The proposed new section would lose some of its efficiency if the amendment were agreed to. The matter should be left in the hands of the returning officer, who can be relied upon to refer it to the electoral office if necessary. The final decision on all these questions must, of course, remain with the Chief Electoral Officer.

Hon. V. HAMERSLEY: We should be thankful to Mr. Seddon for moving so necessary an amendment. If these matters are not referred to the Chief Electoral Officer the returning officer may, on the day of election, refuse to allow some person to vote. Electors are notoriously careless about getting their names on the roll. I know of people who have withheld their claim cards until the last moment, with the result that their eligibility to vote could not be checked as would otherwise have been possible.

Hon. H. SEDDON: With regard to the instances cited by the Chief Secretary, the State electoral laws are quite different from the Federal legislation to which the cases quoted apply. Under the Federal Act, the divisional officer is entirely responsible for keeping the roll and in dealing with matters affecting it. Under the State Act, the Chief Electoral Officer keeps all cards under his control and is the only person who can definitely determine whether or not a person is entitled to be enrolled and to exercise the

franchise. The Bill seeks to deal with exceptional cases concerning people who are entitled to vote in an electorate, and the object is to give those people the right to lodge their votes if they are entitled to do so. The only person who can say whether the people have that right is the Chief Electoral Officer.

Hon. E. H. H. HALL: If the presiding officer is not able to find the elector's name on the roll, then before accepting the elector's vote, he will require the individual to sign a declaration concerning his enrolment. The reason I agreed to Mr. Seddon's amendment is that the cards are kept by the Chief Electoral Officer, who is the only officer in a position to say whether an individual is entitled to exercise the franchise. The returning officer or assistant returning officer can get in touch with the Chief Electoral Officer to ascertain whether the individual's vote is to be counted.

The CHIEF SECRETARY: Instances have been quoted of individuals whose names could not be found on the roll but at a later stage, perhaps five minutes later, have been found on a different page.

Hon. A. Thomson: They would not be denied the right to vote.

The CHIEF SECRETARY: The individuals would have to make declarations that they were entitled to vote, but they would not go back to the polling booth for that purpose later on. Where the presiding officer for a district is satisfied that an individual's name is on the roll, although he could not at first find it, why should he be required to send the elector's declaration from, say, Wyndham to Perth in order to make sure that the person was entitled to record his vote? I agree with respect to the other cases suggested that the safest plan would be for the Chief Electoral Officer to determine whether the votes concerned should be allowed. I merely wish to make the amending legislation as efficient as possible.

Hon. E. H. H. HALL: The Chief Secretary has made a good point, and if the amendment is accepted, the assistant returning officer will have to refer to the Chief Electoral Officer matters concerning which there should be no necessity for the adoption of that course.

Hon. H. SEDDON: While the Chief Secretary has pointed out that the returning officer would, if the amendment be agreed

to, have to refer matters to the Chief Electoral Officer for determination, members will appreciate the fact that the difficulty suggested would apply only in the northern parts of the State; elsewhere the returning officer could get in touch with the Chief Electoral Officer by telephone and have the matter cleared up at once. If the amendment is included in the Bill and should be found to make the application of the legislation irksome, a further amending Bill could be introduced to remedy the difficulty. I certainly think verification should be obtained before votes such as those under discussion were taken into consideration.

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

Bill again reported with a further amendment.

BILLS (2)—FIRST READING.

- 1, Traffic Act Amendment.
 - 2, Main Roads Act Amendment.
- Received from the Assembly.

BILLS (2)—THIRD READING.

- 1, Income Tax (Rates for Deduction) Act Amendment.
- 2, Metropolitan Market Trust (Land Revestment).

Passed.

BILL—INCOME TAX.

Second Reading.

Debate resumed from the 3rd October.

HON. H. SEDDON (North-East) [5.7]: When introducing the Bill the Minister indicated that in the present proposals the amalgamated taxes would be in force this year for the first time. We have before us tables of the various classes of taxpayers segregated under the new principle, and it is interesting to note from the Minister's remarks that one proposal which was considered last session has been dropped. That is to say, there has been eliminated the proposal to abolish the deduction for children, in respect of incomes of £500 upwards. On the other hand, it has been decided to retain the provision whereby the statutory deduction is reduced by £2 for every £1 exceeding £200. Incidentally, it is interesting to note

the effect on the lower rates of income and the high figure to which exemption will be carried under the Bill. We have repeatedly drawn attention in this House to the policy of the Government which has been entirely in the direction of relieving the lower grades of income from any taxation whatever. The Government has carried out that policy which it claims was approved by the people at the last general election. So the Government contends that it is carrying out the mandate given to it. There are, however, in connection with the proposals other benefits that the Government will derive from the change over to the new method of taxation. The amalgamation of the financial emergency tax and the income tax is going to be beneficial to the revenue, and from stand-points other than the increased steepness, if I may use that word, of the rise in the rate the taxpayer will have to pay. For instance, last year the financial emergency tax rose by a series of steps from 4d. in the pound to 1s. in the pound, and the income tax started at the rate of 2d. in the pound with a rise of .001d. for every additional pound of taxable income. This year the start is at 9d. and the increase is .01d. for each additional pound. So we see there is a definite increase to the revenue from that aspect. Whereas the starting point was 4d. plus 2.001d., now the starting point is 9.01d. with an increase of .01d. for every pound of the taxpayer's income. If we put that into more readily appreciated English, we find that whereas the rate rose by one-thousandth of a penny for every £1 in the one case, the taxable increase under the new scale is at the rate of one-hundredth of a penny for every £1 of increase—ten times more steeply than under the previous provision. The treasurer, when debating the question of taxation, said that he intended to obtain a somewhat similar amount to that which he previously received under both previous taxes. Obviously, he has done that by increasing the rate to start from and steepening the rates of payment. When we get into the higher grades of income, we find that the tax will be higher than that paid previously. I think the general taxpayer will get an unwelcome surprise when he receives his assessment because of the removal of the deduction for the financial emergency tax. Under our previous assessment Act the taxpayer was entitled to a deduction of the financial emergency tax from his State in-

come. By amalgamating the two taxes, he can no longer get that deduction. So as a result of the amalgamation of the two taxes the taxpayer will find that he will have to pay a substantial increase.

The Government has been very definite in its statement that its policy has been to establish secondary industries in Western Australia, and not only was a Minister sent to the Eastern States to induce manufacturers over there to establish themselves in Western Australia, but on every occasion the Government loudly proclaimed that it was doing everything possible and giving every encouragement for people to start new industries in Western Australia. How that will work out under the new taxation is rather interesting. To give members an idea, I shall quote figures given to me by the accountant of one of the mining companies to show exactly what the incidence of the new taxation as compared with the old will be on his company. We take the two assessments. Under the previous assessment, the assessable income was £80,000, from which, of course, deductions were allowed, namely, £500 for hospital tax and £4,000 for financial emergency tax, making a total deduction of £4,500. The assessable income rate for income tax was 1s. 5½d., hospital tax 1½d., and goldmining profits tax 1s. 4d., and the total taxable income was £75,500. Taking the financial emergency tax, £80,000 at 1s., we get £4,000, and other taxation at 2s. 10½d. on £75,000 came to £10,932, a total of £14,932. The average rate on assessable income under that scheme would be 3s. 8.8d. If the combined rate is enforced, it works out in this way: Under the amendment, if the combined rate is 2s. 6d. and the assessable income £80,000, a deduction of £500 for hospital tax would leave £79,500 assessable at 3s. 11.5d., as against 3s. 8d. This will necessitate the payment of £15,734 in taxation as against £14,932, an increased amount of £802. The average rate on the assessable income in this case is 3s. 11.2d., and the increase in rate is 2.4d. Expressed in percentage, the increased State taxation under the Bill as compared with the old system is 5.37. This is an interesting illustration of the way the new rates will work out, and it is a very significant commentary on the supposed policy of the Government to secure the establishment of secondary industries in the State.

It might be said that the taxpayer is going to pay severely for the privilege of having two taxing authorities in Australia. Obviously Federal taxation must be increased on account of the demands of the war, but in addition, this alteration to the State law is going to have the effect of considerably increasing the burden on the taxpayer and especially on companies. This Bill again observes the principle on which the Labour Government has always acted, namely, that of exempting a constantly increasing number of electors of the State from the incidence of direct taxation. I shall support the second reading, of course, seeing that this is a tax Bill that does not come within the province of this House to alter. I intend to speak on the assessment Bill to show that the taxpayer will pay well and truly for the privilege of having the taxes combined.

HON. L. CRAIG (South-West) [5.17]: There are a few matters connected with the Bill to which I wish to direct attention. I admit that the present is hardly a time to complain about taxation, but an anomaly should be pointed out with a view to preventing increased taxation in future. Excessive taxation definitely has a detrimental effect upon production, whether it be secondary or primary. When taxation in England was increased to a very high rate, the Prime Minister of the day, Mr. Baldwin, said that owing to taxation the brains of England were playing golf, meaning that British people, having made what they considered was a reasonable income, gave up using their brains in business and played golf, because taxation would absorb any additional earnings.

Two matters I wish to deal with are the taxation of ordinary companies and the taxation of life assurance companies. Let me point out the excessive taxation that will be imposed when one reaches the higher range of income. I am not putting up a case for taxpayers on the higher incomes, but increased taxation on those people does have an effect upon outlook and business. Under the new scheme a man with £1,000 of income from personal exertion—the property rate will be almost doubled—will pay £79 in State income tax and £63 in Federal income tax, a total of £142. If he receives £2,000 a year—the income of probably several members of this House—he will pay £242 State income tax

and £208 Federal income tax, a total of £450.

Hon. A. Thomson: That is on income from personal exertion?

Hon. L. CRAIG: Yes.

Hon. A. Thomson: What about income from property?

Hon. L. CRAIG: I am not dealing with that beyond pointing out that the property rate will be almost double. Thus the second £1,000 will cost that taxpayer £308 in taxation, and so, in effect, he will be paying over 6s. in the pound on the second £1,000. That is serious; almost one-third of the second £1,000 will be absorbed in income taxation. If the income was derived from property the taxation would be considerably higher. I know that taxation is already having an effect even in an agricultural industry. To give an instance, I have found that by employing labour in dairying, I can make a certain income, but by dispensing with labour and fattening stock, I can make almost the same net income after allowing for what would have to be paid in taxation on the higher income derived from dairying. Contrasted with dairying, the life of the grazier is very much easier; it involves not much responsibility and permits of some free days, and the difference in net income is not so great. There are some people who have been accustomed to reasonable income, and now that they are in the higher ranges of £700, £800 or £900 a year, derived from dairying and from the employment of labour, they have worked it out that by dispensing with dairying and resorting to the fattening of stock, the net return will be almost as good, and the life, of course, is very much better. That is one effect of a high rate of taxation, even in an agricultural industry.

I have always maintained that company taxation is not fair. A company trading in goods, perhaps manufacturing, is taxed, and any increase in taxation becomes part of the business expenses and is automatically added to the selling price of the goods. Therefore, high taxation—in this case half-a-crown in the pound—is passed on to the general public regardless of whether those who have to pay it are rich or poor. It does not matter to the company; all companies of the kind are affected similarly, and the higher costs are merely passed on to the consumers. I have in mind another

form of company—the pastoral company. In many instances station owners have found it necessary to form themselves into companies. A station might be owned by members of a family and as the years pass some die and the station is left to the children. Trustees are very loth to agree to the holding of shares in a partnership, as the holder is liable for all the debts of the partnership. In the pastoral industry this is a very serious risk. As more partners are admitted and the number of holders increases, it becomes necessary to float the partnership into a company. That has been done in many instances. The high taxation on a company of this sort—half-a-crown in the pound—cannot be passed on because the commodity is subject to world prices. Pastoralists have to take what they are given for their commodities. Consequently there is a difference between the two types of company. The trading company passes the half-crown of taxation on to the general public and the pastoral company has to pay the whole of its taxation.

Hon. H. V. Piesse: How does the trading company pass it on?

Hon. L. CRAIG: All trading companies are affected in the same way.

Hon. H. V. Piesse: When prices remain fixed.

Hon. L. CRAIG: In war time the Prices Commissioner has power to fix prices.

Hon. H. V. Piesse: Which he does.

Hon. L. CRAIG: But this is not a war time measure; this is legislation for all time.

Hon. H. V. Piesse: You are taking it for granted that the ordinary business can pass the taxation on.

Hon. L. CRAIG: I feel sure that a trading company could say that taxation was one of its costs, and I doubt whether the Prices Commissioner could refuse to allow it to be added to the price. Definitely taxation is one of the costs. In the case of a pastoral company, however, there can be no passing on because the returns received are subject to world prices. I wish to stress this difference between the two types of company.

The Chief Secretary: What about the mining company with a profit of £80,000 a year mentioned by Mr. Seddon? What would be the difference there?

Hon. H. Seddon: Five per cent.

The Chief Secretary: No, I mean the difference between the two types of company.

Hon. L. CRAIG: I cannot discuss mining company taxation because I know nothing about it. I am confining my remarks to companies about which I know something. I know some of the unfortunate experiences of pastoral companies, particularly in drought times, when a large amount of money might be lost and cannot be claimed as a set off as in a partnership. I have had unfortunate experiences in that direction, but people cannot refuse to form large pastoral concerns into companies because trustees are not willing to accept the responsibility for the debts of a partnership owing to droughts, etc. The taxation of companies is an unsound method, but all Governments impose it because it is such an easy tax to collect. The accounts are prepared and audited, the balance sheets are submitted to the Commissioner of Taxation, the assessment is issued and the cheque is forwarded.

Let me give another instance. The shareholders of many companies are poor people; the majority, I suppose, would be small people. The tax on companies is to be half-a-crown in the pound. If I am a shareholder and my normal rate is 5s. in the pound, the company pays the half-a-crown taxation and that is deducted from my rate. Therefore I would pay half-a-crown, or the difference between the amount paid by the company and my normal rate. A smaller man, however, might be liable to a rate of 1s. in the pound. The company would pay half-a-crown, but there would be no refund of the difference of 1s. 6d. In effect, therefore, the small man, on his proportion of the dividends, would pay half-a-crown in the pound when his normal rate was only 1s., while I, being better off, would receive the full benefit of the half-a-crown paid by the company. That, again, is unjust. To my thinking, the only real method of taxation is to put the whole lot, whatever it may be, into an income tax. That places the burden on those able to bear it—whether the income is from dividends, personal exertion, or any other source. Wait till the money comes into the hands of the taxpayer, and then tax it; and tax companies only on undistributed profits. I do not see why a company should pay on profits which belong to somebody else, except on that portion of profits which the company may for various reasons be unwilling to distribute.

I come back now to the taxation of life assurance companies. I refer particularly

to mutual life assurance companies. The rate proposed in the Bill is 2s. 3d. in the pound on income—not on profits as in the case of other companies. Mutual life companies are not at all different from co-operative societies, friendly societies, or superannuation schemes. There is no difference whatever. Premiums are received, and the resultant income from them is invested: and the profits of the investment, plus the annual premiums, are put into a fund to meet payments consequent on death and so on. There are practically no profits. The whole fund belongs to the policy holders. That is obvious. Take a superannuation fund, which is not taxed at all. I point out that life assurance companies do in effect carry out superannuation schemes. These societies have what are called group schemes. Large firms with many employees form a group scheme and, like the Government, deduct each week or fortnight a proportion of the employees' salary or wages, to which they, like the Government, make contributions. That is done through a life assurance company for ease of working, and for the greater security offered by such companies, having millions of pounds behind them. But that group or company which has its superannuation scheme through an assurance company is taxed at the rate of 2s. 3d. in the pound. Now, the Government superannuation scheme is not different at all. The public servant has deducted from his salary or wages every week or month, as the case may be, a certain sum, and the Government in the same way makes its contribution. The funds are invested: in fact, one company proposes to put some of them into the construction of the new Government buildings. But, in any case, the resultant funds are invested and the income from the investments goes back into a superannuation scheme without any taxation whatever. Now what is the difference?

Hon. J. J. Holmes: The difference is the number of votes controlled.

Hon. L. CRAIG: Mutual life assurance companies are taxed because that is an easy method of getting money. But it is not a sound way, or a good way, or a fair way. I shall give some figures relating to companies. I am not saying that Western Australia is the only State that taxes life assurance companies. All the States do,

some higher, some lower. Victoria, for instance, imposes a tax of only 1s. in the pound, whilst here the rate is 2s. 6d. I do not think I am disclosing anything I should not disclose when I point out that the funds of one particular society—

Hon. E. H. H. Hall: I would not mention names of societies, if I were you.

Hon. L. CRAIG: Very well. I shall follow the hon. member's advice and not say what the name of the company is.

Several members interjected.

The PRESIDENT: Order!

Hon. L. CRAIG: The funds of a particular society amount to £122,500,000 and its liabilities to £119,700,000, the difference between assets and liabilities being only about £2,800,000. In colossal sums of that sort, the difference is very small.

Hon. J. J. Holmes: And that money belongs to the policy-holders.

Hon. L. CRAIG: Included in that difference is provision for accrued taxation of £300,000. The taxation is not on the £122,500,000, but on the £2,800,000. Now, who pays that taxation? I am sorry I have not had time to prepare a decent speech on this Bill.

Hon. E. H. H. Hall: You are doing quite well.

Hon. L. CRAIG: I propose to set out figures which I have just received here. Therefore I cannot make the well-jointed, glowing speech I would like to make if I had the figures set out. But who pays this colossal taxation of 2s. 3d. in the pound? What applies to life assurance companies applies in the same way to the other companies of which I spoke just now. Small people pay a high rate of taxation. The number of Western Australian policies in the company to which I have referred is 70,457. The total sum assured in Western Australia is £16,177,000. The average sum assured is £229—just a small policy. The total of premiums received annually is £505,000, just over half a million a year. The average annual premium—I would like hon. member's attention to this—is the colossal sum of £7 3s. 5d.

Hon. G. Fraser: Is that dealing with industrial as well as endowment and other sections?

Hon. L. CRAIG: No. The average payment for industrial insurance is 1s. 3d. per week. Industrial insurance represents an aggregate of very small holders.

Member: Widows and orphans.

Hon. L. CRAIG: We will not stress widows and orphans this time, but will deal with the general public. Most of us here have policies, and know what an annual premium of £7 3s. 5d. represents. These policy-holders are mainly small people, and they are paying their proportion of the 2s. 3d. in the £, that is, paying it on their proportions of the income of the society. In another society the average sum assured is £175, and the average premium is £7 6s. The total sum assured is £312,000,000—quite a useful sum. In the first company I spoke of there are in Australia 1,526,538 policy-holders. The average sum assured is £204. It is almost a minimum. Assurance for less than £200 is hardly worth while. The average annual premium is £6 16s. All these people, so far as Western Australia goes, are paying 2s. 3d. in the pound on the company's income. That is wrong in principle. There is a danger of societies of this sort being further raided, because raiding them is so easy. Government say, "We can take £50,000 or £60,000 or £100,000 without any trouble at all; the money is there." But if one reasons it out and goes back to the people who will be paying this taxation, one must realise that it is wrong in principle. Anything that is wrong in principle should not be done. If the principle is wrong, everything else is wrong.

I do not propose to vote against the Bill to-day, but I would point out that societies and companies of this type exercise a highly stabilising effect on the nation. They save Governments hundreds of thousands of pounds in pensions and contribute millions of pounds to war loans and Government loans generally. They are, in effect trustees for colossal numbers of people. They are trustees for the people, and this taxation must be considered wrong in principle. Last financial year a certain society paid £16,088 in taxation in Western Australia. Let me also point out that there are enormous numbers of industrial assureds, whose premiums are only 6d. per week. Those people on their proportion of the society's income pay 2s. 3d. in the pound.

The Chief Secretary: It would not be much.

Hon. L. CRAIG: No; but go around the country at election time and state that fact to these people, and see what a noise there will be! If we told the gathered crowd,

"You are all paying 2s. 3d. in the pound"—we need not explain how much they pay—there would be a howl. Individually they are paying 2s. 3d. in the pound on their proportion of the income. Once again I repeat, that is wrong in principle. The Labour Party surely, above all others, always has the cry that taxation should be based on ability to pay. The Labour Party is not carrying out that principle.

The Chief Secretary: There is another side to the story.

Hon. L. CRAIG: As far as I know, I am giving the whole story—the truth, the whole truth, and nothing but the truth. I have not given the House all the detailed information in my possession, but I wish to point out again that mutual life companies are no different from co-operative societies or superannuation schemes. In point of fact, they are running superannuation schemes, and what is sauce for the goose should be sauce for the Government gander in regard to those schemes. I hope that this and future Governments will base their taxation policy upon the capacity of the people to pay; that they will, as much as possible, leave trading concerns alone and tax the dividends when they come into the hands of the shareholders; and also that they will keep their hands as much as possible off the mutual life assurance companies. I support the second reading.

HON. E. H. H. HALL (Central) [5.46]: The suggestion I made by way of interjection was meant in none but a kindly spirit. When a person occupies the position held by the previous speaker in a certain company, then I say in all kindness that I consider it unwise to make statements in Parliament concerning a company of which he is a director.

The PRESIDENT: The hon. member had better confine his remarks to the second reading of the Bill.

Hon. E. H. H. HALL: I intend to, Sir, you brought me to order just a little too late. I agree with the hon. member that there is no need to apologise to the House for his remarks; the hearing he had was indicative of the attention paid to them. The hon. member made some good points. It is up to all Governments in Australia to make special provision for relief to pastoral companies, especially in this State, where they have passed through a period of lean years. From

my place in this Chamber I have previously voiced my objection to the taxation of mutual life assurance companies; therefore the hon. member who has just spoken is not the first to raise objections to this wrong principle. Other members no doubt have, in common with me, had the experience of being called upon to fill in application forms for people who have reached the age that entitles them to the old-age pension. It comes as a great disappointment to me to learn that so many people should find it necessary to make application, particularly when, by means of insurance, they could have made provision for their old age. In a few cases some of these people—displaying that spirit of independence which is said to be characteristic of Australians, that spirit which we hear so much about but see so little of—I say, in a few cases, some of these people have made provision, by way of insurance, to meet their funeral expenses. In the great majority of instances, however, no provision whatever is made for their old age. Parliaments and public men of Australia should try, not only by word but by deed, to encourage a spirit of thrift. Many advocates of a new system of economics say that the saving spirit is obsolete; people should spend their money as quickly as they get it. I draw attention to other advice, that we should use all things in moderation. We should not unduly press people to save all the time; but neither should we advocate that they should spend all the time. The recently abandoned National Insurance legislation no doubt contained many objectionable features; but nevertheless, in my opinion, Australians might well be advised to give some thought to the future.

The Bill, by providing for the taxation of mutual life assurance companies, is wrong in principle and therefore should not be agreed to. I admit that the word "opportune" is now being used frequently in our debates. Our Government, the Commonwealth Government, and the Empire Government, too, need all the revenue they can possibly collect, so perhaps now is not an opportune time to raise objections to this measure. I have not much sympathy with those people in receipt of incomes which will be liable to a tax of 6s. 8d. in the pound. In the Old Country people are being taxed almost out of existence. As the last speaker was addressing the Chamber, I could not but help thinking how urgent and necessary it was

for the Government to collect this revenue, and if people with large incomes are not taxed, where on earth will the Government obtain the money? The previous speaker said that the fairest and most equitable form of tax is the income tax. That has always been my contention, too. I am forced to agree to the second reading of the Bill; but I repeat that I am entirely with Mr. Craig in his condemnation of the taxation of mutual life assurance companies.

On motion by the Chief Secretary, debate adjourned.

BILL—INCOME TAX ASSESSMENT ACT AMENDMENT.

Second Reading.

Debate resumed from the 3rd October.

HON. C. F. BAXTER (East) [5.52]: All taxation, from whatever source, is unpalatable. The Bill now before the House, however, is likely to prove more than unpalatable when the taxpayers in due course receive their assessments. Three measures are closely connected with the alteration of the taxation system. They cannot be separated as far as I am concerned and I propose therefore to deal with the three of them. The first is a Bill for an Act to impose an income tax; the second, for an Act to amend the Income Tax Assessment Act; and the third a Bill for an Act to amend the Income Tax (Rates for Deduction) Act. It is expected that under these measures the same amount of revenue will be collected as was collected under both the Financial Emergency Tax Act and the Income Tax Act last year. The amalgamation of the financial emergency tax and the income tax will deplete revenue collections by £335,000, which is made up as follows:—(1) total of deductions and exemptions to be allowed to taxpayers under the Income Tax Assessment Act, estimated to be £275,000; (2) income taxed at source, in the hands of taxpayers who have not furnished income tax returns, estimated to be £60,000, making a total of £335,000. To this sum must be added the amount that will be lost as a result of the proposed amendment to exempt the pay of members of our defence forces while overseas. The proposed legislation plans to offset this reduction of revenue by an increased rate of income tax on the basis of 9.01d. for the first pound, plus

.0ld. for every additional £1 of taxable income. Session after session I have tried to get taxation imposed on equitable lines, unfortunately with little success. Because of the prospects before the State I do not propose to be critical, although the State Government will not be called upon to meet war expenditure; the administration of the State, particularly in view of the serious effects of the drought, will entail the most careful expenditure of the State's funds and all the revenue that the taxes can provide. Mr. Craig, in his able speech, touched upon a point which I am afraid has been overlooked in these taxation proposals. He referred to the imposition of a high tax—no matter how small may be the amount of each single contributor—on the profits of life assurance companies. After all, it is our duty to protect and encourage the thrifty person, who is trying to safeguard his future by paying a few shillings a week to some life assurance company. This type of person should receive the first consideration of Parliament and of Governments. It is passing strange that the Government did not take cognisance of the fact that such a person would be assessed at so high a rate as 2s. 3d. in the pound, although, as I have said, the amount of taxation which each such person would contribute would be but small. We have had the financial emergency measure before this House for a number of years, in all, eight. On two occasions I tried to persuade the Government—and I was supported strongly in this House—to reduce the minimum rate of tax under the emergency Act to 2d. in the pound. I hold the view that those in receipt of small incomes should contribute some amount towards the expense of providing the free services of the State that they enjoy to the fullest extent.

Hon. A. Thomson: You are up against a brick wall—the policy of the Government.

Hon. C. F. BAXTER: Yes, but the policy of the Government in that respect is and always has been wrong. The Government will be searching for still more revenue in future years. A small minimum tax of 2d. in the pound would not be felt at all by the taxpayer called upon to pay it, and collectively such a tax would provide a substantial sum of money.

Hon. A. Thomson interjected.

Hon. C. F. BAXTER: A man earning £4 a week would pay 8d. in the pound. He

would not miss the amount. My contention has always been that the minimum rate is too high when imposed on low salaries and I have always objected to it. These people should pay a small amount and thereby fulfil their responsibility to the State. The amount to be paid individually would be very little, but collectively it would be substantial. Moreover, the average man would not object to paying.

When introducing the measure, the Chief Secretary said—

A transfer will be made of the burden of taxation to those more able to pay, namely, single persons, married people without children and those enjoying larger incomes.

An examination of the position does not bear out the Chief Secretary's contention. The application of the tax is very severe on one class of taxpayer, namely, the married man with no children and on a net income of £300. The suggested tax shows that out of the £100 that makes a married person taxable he is obliged to pay £15 taxation, whereas those receiving an additional £100 contribute only £6 13s. 4d. That is to say, individuals who last year paid £9 odd will, under the proposal now before the House, pay £15. That is a tremendous difference and the increase is higher than in any other section. As a matter of fact, not until £1,400 is reached does an increment of £100 to net income produce an additional £15 tax. This anomaly arises from only one source: the steepness of the elimination of the statutory exemption. Certainly the Bill does not meet the Government's desire to inflict the tax on those most able to pay. Another aspect of the Government's proposal is that on £900 income the taxpayer will pay 6s. less than under the existing Act, whereas those with £400 net income will be called upon to pay £6 4s. more. So a man on £300 will pay £15. The man on £400 will pay £6 4s. more, and the taxpayer on £900 will pay 6s. less than he did in the previous year.

Hon. A. Thomson: That is the scientific way.

Hon. C. F. BAXTER: I want to know upon what scientific method the department is working. I have attempted to ascertain the basis purely for information purposes, but I have not been able to obtain any details of value. Certainly what the Government set out to do is not accomplished by the Bill. While it is agreed that the rate

of increase is variable under the existing Act, it is equally apparent that a far greater portion of the additional revenue required to make up the estimated reduction referred to earlier will be drawn from the under £500 class. At the same time the £900 class will definitely contribute less than they did last year. I want to know if that is the Government's idea of making those able to pay provide the taxation. I am sorry to say I cannot see it.

Hon. J. J. Holmes: You have not applied the scientific method.

Hon. C. F. BAXTER: Not the Government's scientific method. Every year there is an increase in taxation. This year Federal taxation will be substantially increased. That cannot be avoided because somebody must pay for the war. From appearances, approximately 65,000 taxpayers will be unfortunate enough—owing to the merging of the emergency tax into the income tax—to be called upon to provide a further amount of £350,000 in addition to the 10 per cent. increase of last year brought about by the reduction of 7½ per cent. in the rebate. The value of the pound sterling is being heavily reduced each year, leaving less to carry on industry and produce revenue. It must be admitted that the money in the hands of taxpayers is of far greater value than that in the hands of the Government. Private money produces revenue the whole time and fosters industry. Where is the State's revenue to come from if we continue to whittle away the value of the £1 sterling? One wonders where this business will end.

At this point I wish to remind the House that I had occasion earlier in the session to move a motion regarding the wasteful expenditure on Government motor vehicles in this State. Very little has been done to curtail that expenditure and I would ask the Government to follow up the suggestion I previously made. In fact, it should go further. Private number plates should be removed from the Government cars and Western Australian Government number plates substituted. The utilisation of Government cars is still being abused, not by the smaller men but by those who are in good positions and who are well able to pay their own way. When I took action in this matter I expected that Government officers would be good enough to mend their ways by being reasonable in the

use of Government cars. Apparently they are not prepared to fall into line. I do not blame the Government because the Government is not in the position to know what is going on, but I ask the Leader of the House to place the matter before Cabinet with a view to seeing whether something cannot be done to bring those officers to book. If not, I shall have to move in some drastic way in an endeavour to put an end to the practice. This State cannot afford the extravagance that exists. Private individuals are troubled about the amount of petrol they are receiving under the rationing scheme, but there is no restriction on the Government's supply. I hope the Chief Secretary will take notice of the fact that some of the departmental officers have not heeded what was said about this matter recently.

To return to the Bill, the taxpayers, through the ballot box last election, condoned expenditure to the extreme and in addition gave a license for increased taxation. While I urge the Government to amend the present Bill to equalise taxation and carry out its idea of collecting the tax from those able to pay, the need for revenue will be so vital in the near future that I propose to support the taxation measures. I hope, however, that the Government will make amendments along the lines I have suggested.

HON. H. SEDDON (North-East) [6.11]: Three years ago the Government introduced a formidable Bill to amend the Income Tax Assessment Act. Among other merits claimed for the Bill, was that it would introduce uniformity in income taxation throughout the Commonwealth. A point particularly stressed was that the measure would bring taxation in this State into line with Commonwealth taxation. As the debate proceeded, it was seen that while uniformity would be achieved, and the position of the Government would be consolidated, it was questionable whether the taxpayers would benefit. For instance, it is provided in the Federal Act that a reduction may be made from a taxation return for the spouse of the taxpayer. No such provision exists in the consolidated and unified assessment Act. The Commonwealth Act also provides that State income tax constitutes a deduction from the Federal return. When an attempt was made to retain the right that previously existed in our assessment Act, for the Federal tax to be

made a deduction from the State taxation return, it failed. Those two benefits were omitted from the unifying assessment Bill introduced three years ago. Now we have another amendment to the Act, which takes advantage of the position to which I referred when speaking on the Income Tax Bill, in so far as it removes the benefits of the financial emergency deduction. As hon. members are aware, the amount of that deduction was something like four times the income tax paid. Consequently, the Government will benefit very considerably by taking advantage of the position governing income tax deductions. The effect of this will be twofold. In the first place there will be less deduction from the returns, and, secondly, the taxpayer's rate will be increased owing to the fact that his return will show a higher income than for last year although the amount received was the same.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. H. SEDDON: I was dealing with the effect of the abolition of the deductions under the Financial Emergency Act, and pointing out that this was twofold in that, in the first place it increased the amount of taxable income, and secondly increased the rate on taxable income. To show what the effect of that is I will read an extract from a letter from a firm of accountants, the writer of which when dealing with the point said—

In the case of a client taxpayer of ours, the system will have the effect of increasing his tax by about £70.

Members will see that the incidence of the removal of this deduction is going to be very considerable in the case of many taxpayers. Another point has been brought out, namely, a comparison of the methods followed in dealing with the elimination of the statutory deduction of £200, which is the basis upon which a married man is assessed. It is pointed out that the statutory deduction, which disappears at the rate of £2 for every £1, when the income exceeds £200, disappears more quickly in Western Australia than it does in any other State. The table from which I intend to quote, makes comparisons between the way in which the deduction disappears in this State and in the Commonwealth, in the first instance, and the other five States in the second instance.

The comparison of statutory exemptions on various incomes, 1937-1938, is as follows:—

Net Income.	Commonwealth.	MARRIED PERSONS.					
		W.A.	N.S.W.	Victoria.	Queensland.	S.A.	Tasmania.
£	£	£	£	£	£	£	£
200	250	200	250	200	150	89	200
250	250	100	250	200	150	83	125
300	225	nil	244	200	138	78	100
350	200	nil	238	200	125	72	75
400	125	nil	219	200	88	56	nil
500	nil	nil	181	nil	13	22	nil

The table was prepared by the Taxpayers' Association. I quote it because it is argued that, in view of that and also in view of the increase of taxation which takes place by the elimination of the financial emergency deduction, the State Government should be prepared to meet the position and ease it somewhat for the taxpayers who are going to be levied under the new scheme. The proposal was that the Government might consider the question of relieving the taxpayers in the same way as does the Commonwealth by allowing them to deduct £50 on account of the spouse. If the Government did that, it would effect a certain amount of consideration for the married taxpayer.

Referring to the tables placed before us by the Chief Secretary, I point out that the taxation at a given income for a single person is the same as for a married taxpayer with no children. If the allowance given by the Commonwealth in the case of a spouse were made, there would be some discrimination between the married taxpayer and the single taxpayer in the case of the married couple. Surely the allowance is little enough when we realise that two have to live upon the same income. Therefore I suggest that the Government might consider the advisability of allowing that deduction. After all, the Government has made a great song about its policy of exempting people on the lower ranges of income. There is every ground for asking that further consideration should be given, at any rate to the married taxpayer by making the concession to which I have referred. Our experience in the past has been that where there has been a change in regard to taxation, invariably the returns from the altered tax have far exceeded the estimate given to Parliament by the Government. I should say, from the few points I have quoted in connection with the present Bill, that such an experience would be

repeated and that the revenue resulting from the system will differ very considerably as the result of combining the two taxes.

There is another clause in the Bill upon which I should like the Minister to throw further light. The clause in question provides for an alteration of the definition of "employee." According to the principal Act "employee" means any person who receives or is entitled to receive any salary or wages, and includes the director of a company. The Bill before us extends the definition. It will mean any person who receives or is entitled to receive any salary or wages, and includes (a) a director of a company, (b) an insurance or time-payment canvasser or collector paid wholly or in part by commission, (c) a person in receipt of superannuation, pension or retiring allowance.

The Chief Secretary: There is an amendment on the notice paper.

Hon. H. SEDDON: I had not noticed it. It has been pointed out to me that there may be ground for reading into the amendment something that is not intended. The definition of insurance or time-payment canvasser or collector might be interpreted to apply to a man who is running, say, a store, and who collects commission from the sale of an agricultural implement or motor car, in addition to his ordinary business; and also a man who has an agency for an insurance company and may write one or two proposals during the year. From the wording of the amendment it may be interpreted to mean that such a man would be regarded as having received salary or wages, and it would, therefore, be obligatory upon the person he represented to deduct the tax. I understand the matter has been looked into by the department. It seems to me the definition is open to that interpretation. Possibly the matter can be straightened out if the Minister, in the course of his reply, can state fairly what the position is in regard to that class of employee as defined in the Bill. An amendment has been suggested to me that might meet the case, but I am withholding it until I have the reply of the Chief Secretary to the points raised. This covers the ground to which I wish to refer in discussing the Bill. I suggest the Government might well consider in view of the revenue it will

get from the elimination of the financial emergency tax, and in view of the fact that our Act does differ from the Federal Act, make a move in the direction of uniformity by giving a concession for the spouse of the married taxpayer. I support the Bill.

On motion by the Chief Secretary, debate adjourned.

BILL—LAND TAX.

Second Reading.

Debate resumed from the 3rd October.

HON. H. TUCKEY (South-West) [7.43]:

This is a short Bill to amend an Act which, I understand, has not been amended for many years. Unlike the other taxation measures before us, this Bill appears to carry with it the principle that people with small means must bear a proportion of the heavy burden of taxation, in that the minimum rate imposed by the Bill is made double what it was before. I understand that the old minimum rate has been in force for 16 years. No doubt the cost of sending out assessment notices has been much the same in the past as it is to-day. I merely draw attention to the difficult position of the small landowner and wage earner consequent upon the present-day taxation proposals. I am pleased that the Government has avoided making provision for any other increase. That does not mean that the revenue will not continue to increase, because land values are constantly rising. I know of instances of land values increasing by 300 per cent. I am sorry we cannot deal with the assessment Act at this stage, because that measure includes several points that should be dealt with. It was my intention to endeavour to effect an alteration in the penalty rates for late returns and late payments, to bring those rates into line with Federal and other State taxing enactments. That, however, cannot be done at this stage. The present penalty under the State Land Tax Act is a flat rate of 10 per cent. on the tax payable, whereas under all the other Acts the rate is 10 per cent. per annum, which is vastly different. I am surprised that the present provision has been allowed to stand for so many years without being adjusted. The penalty provisions should be harmonised. Under the Land Tax Act a man whose tax is £50 would have to pay a penalty of £5 if he furnished a late return or paid the tax

after the due date. Another point that I do not like is the proposal to make the Act permanent. While I admit that the Taxation Department must be assisted as far as possible, an important principle is involved, and possibly something further may be said on that point when the measure is considered in Committee. I support the second reading of the Bill.

Question put and passed.

Bill read a second time.

In Committee.

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

**BILL—HARBOURS AND JETTIES
ACT AMENDMENT.**

Second Reading.

Debate resumed from the 2nd October.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West—in reply) [7.49]: I believe that Mr. Baxter's opposition to the Bill was largely based on a misapprehension.

Hon. C. F. Baxter: No.

The **CHIEF SECRETARY**: I think it was, because the hon. member's argument was based on the assertion that the relevant provision of the Commonwealth Act had not been proclaimed. It is because of that that I say he was under a misapprehension. The proclamation of that particular section took place in 1935, and the notice appeared in the Commonwealth "Government Gazette," No. 21, dated the 11th April, 1935, and the provision was brought into operation on the 15th April, 1935. Therefore the argument advanced by the hon. member falls to the ground.

Hon. C. F. Baxter: I do not dispute your statement. I shall correct it at the source from which I secured the information.

The **CHIEF SECRETARY**: The Government was notified by Mr. Casey, who was acting Prime Minister at the time, of the position regarding the Commonwealth Act, and in a letter dated May, 1935 he said—

With reference to the Prime Minister's letter of the 4th February, 1935, in regard to Section 351 of the Navigation Act, I desire to inform you that, by proclamation published in Commonwealth Gazette, No. 21 of the 11th April, 1935, this section was brought into operation on the 15th April, 1935.

The letter mentioned by Mr. Casey as having been sent by the Prime Minister was dated the 4th February, 1935. I shall quote the last paragraph of the letter in order to show Mr. Baxter that my statement when introducing the measure was strictly correct. The paragraph reads—

It is proposed to proclaim the section as amended to commence in the near future. It will, when brought into operation, have an overriding effect on any State law on the same subject-matter and will, it is believed, give general satisfaction to State Governments and public authorities whose property is liable to be damaged by ships.

That brings me back to my original statement when I moved the second reading of the Bill. The main object of the measure is to make our legislation conform to the Commonwealth Act in this particular regard. Western Australia is the only State in the Commonwealth where the legislation differs in its wording compared with the Commonwealth Act and those operating in the various States. I have already pointed out that the Commonwealth Act overrides State Acts. I shall not say anything further in support of the Bill, which I thought would be agreed to without any discussion.

Hon. J. J. Holmes: The object is merely to bring our legislation into line with that of the Commonwealth.

The **CHIEF SECRETARY**: Into line not only with the Commonwealth legislation, but with that operating in every State in Australia and every part of the British Empire. There is nothing to be afraid of from that standpoint.

Question put and passed.

Bill read a second time.

In Committee.

Hon. G. Fraser in the Chair; the Chief Secretary in charge of the Bill.

Clause 1—agreed to.

Clause 2—Amendment of Section 2;

Hon. C. F. BAXTER: The Chief Secretary has pointed out that my contention regarding the relative provision of the Federal Act not having been proclaimed, was wrong. I acknowledge that fact. My information was obtained from a source that indicated the various sections that had been proclaimed, and apparently the proclamation in question was not noted. The Chief Secretary has pointed out that the object of the Bill is to

bring our Act into conformity with that of the Commonwealth, the other States of Australia, and every part of the British Empire. That may be quite correct, but the principle at issue is one of which I do not approve.

Hon. V. Hamersley: I agree with you.

Hon. C. F. BAXTER: However, I shall not contest the point, as the majority of members is against me.

Hon. V. HAMERSLEY: I support the view held by Mr. Baxter. Irrespective of whether the Bill will bring our Act into conformity with legislation in other parts of the British Empire, I object to the principle. Such dealings have in the past been conducted on a fairly honest basis. The principal Act provided that when a pilot was in control of a vessel which caused damage, if the ship owners or the master of the vessel could prove that the damage was due to the negligence of the pilot, the ship was not held responsible for such damage.

Hon. H. Tuckey: That is quite fair.

Hon. V. HAMERSLEY: Yes. It is honest and straight. The object of the Bill is to strike out that provision so that now the vessel can be handed over to a pilot who can crash into everything before him, and yet the owners of the vessel and the master are to be held responsible. That is a repudiation of a principle that has operated for many years past. I shall record my vote against the clause.

Hon. J. NICHOLSON: There is much to be said in support of the points raised against the Bill. The Minister has correctly pointed out that the object of the measure is to secure uniformity between the Commonwealth and State legislation. The section as it stands at present reads—

The owner of the vessel and the master of the vessel shall be answerable under the provisions of the Acts set out in the Schedule of this Act for any loss or damage caused by the vessel, or any fault of the navigation of the vessel, notwithstanding that the vessel was in charge of a pilot and that pilotage was compulsory.

All the words after "compulsory" are to be struck out, and these are the words—

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

The striking out of those words seems to me to call for some explanation, because the responsibility is shifted on to shoulders that might not rightly have to bear it. Now the position will be that the owner of the

ship will be responsible and answerable for all the damage although it might be proved that the damage was the result of some action on the part of the pilot.

Hon. J. J. HOLMES: The captain is master of a ship always. That is the recognised rule. If a pilot goes on the ship, it is the captain's duty to see that the pilot does not take the wrong direction.

Hon. C. F. BAXTER: I am afraid Mr. Holmes is on the wrong track. The only authority a captain has over a pilot is that he must prove that the pilot was under the influence of liquor, or that he was not competent. Otherwise he cannot interfere with the directions of the pilot. The pilot is in control of the vessel and something drastic must be proved against him.

Hon. J. J. Holmes: The master is always responsible.

Hon. C. F. BAXTER: The master must prove that the man was not competent; otherwise he cannot interfere with the actions of the pilot.

The CHIEF SECRETARY: Unlike some members who claim to have experience of ships and shipping, I have no expert knowledge of the subject. What I do know is the result of many years of experience in charge of the department, and I know that the master is always in charge of his vessel. When he takes on a pilot it is merely with the object of obtaining assistance in the navigation of the vessel through perhaps dangerous or tricky waters. Notwithstanding what Mr. Baxter says, the master is always in charge of a ship and can take whatever action he thinks fit after having taken the pilot on board.

Hon. H. Tuckey: Then what is the pilot for?

The CHIEF SECRETARY: To assist the master to navigate his vessel through a particular point. I would have thought that Mr. Nicholson would have some knowledge of some of the famous cases hinging on this question, all of which have been decided in one way. All our legislation to-day is based on the fact that the master is always in charge of his vessel. The Commonwealth Government has amended its Act, and from that Act the very words that we propose to excise from ours have been excised. Whether the Committee agrees to the clause or not, the position will be unaltered. If the words

are permitted to remain in the Act, they will be inoperative because the Commonwealth legislation will prevail.

Hon. H. Tuckey: Then why worry about it?

The CHIEF SECRETARY: Our desire is to bring our legislation into line with that of the Commonwealth and, having been requested to do so, we are endeavouring to oblige.

Hon. H. S. W. PARKER: The only result of permitting the words to remain in the Act would be perhaps that a young legal man, not fully experienced, would advise his client that he had a good case, and litigation would follow, litigation that could not possibly succeed. To permit the law to remain as it is, is misleading. Merchant shipping laws are somewhat peculiar in many respects and the law relating to pilotage is one of them. A master is forced to take a pilot and he is liable for any damage caused by that pilot. It is a curious state of affairs. It is necessary that the clause should be passed.

Clause put and passed.

Clause 3, Title—agreed to.

Bill reported without amendment, and the report adopted.

BILL—BILLS OF SALE ACT AMENDMENT.

Second Reading.

HON. E. M. HEENAN (North-East) [8.13] in moving the second reading said: The object of the Bill is to make a modest amendment to the Bills of Sale Act by adding a new section after Section 29. In all respects the Bill is similar to the measure that was before this House last session and possibly members will recollect the remarks I made when introducing it. Briefly, the position is that at the present time a person is desirous to borrow money over his household furniture and effects. He can do so, and include everything in the bill of sale. Experience shows that this, on occasions, has caused hardship through poor people pledging their bare necessities of household requirements, and this small measure is designed to protect poor people really against themselves. As the law stands, there is no protection. If the amendment becomes law, household furniture to the value of £10, beds

and bedding to the value of £10, implements of trade to the value of £15 and all family portraits and photographs will be excluded from any bill of sale. The effect is quite obvious; people will be precluded from pledging those articles. The measure will not apply to any bill of sale already in existence and no hardship can be caused to anyone. The principle involved has already been applied to the Local Courts Act. Two sessions ago similar protective provisions were introduced into that Act, and this Bill simply proposes to extend the principle to the Bills of Sale Act. If the Bill passes, poor people in the future will not be able to pledge those articles which are the bare necessities of their household requirements. The Bill speaks for itself and I feel sure that members will appreciate its merits. I move—

That the Bill be now read a second time.

On motion by Hon. J. Nicholson, debate adjourned.

ADJOURNMENT—SPECIAL.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [8.17]: I move—

That the House at its rising adjourn till Thursday next.

Question put and passed.

House adjourned at 8.18 p.m.