

Clause 5—Copy of Act to be exhibited or read aloud at sales by auction of cattle or farm produce:

Hon. C. G. LATHAM: I move an amendment—

That a further proviso be added to Sub-clause 1, as follows:—

“Provided further, that when conditions of sale are not read or recited aloud before a sale by auction but are exhibited by means of notices in the yard or place where the sale is held, it shall be sufficient compliance with the provisions of this subsection if the material parts of sections three and four of this Act are incorporated in all of such notices in larger print or lettering than the conditions of sale and the notices are prominently displayed in such yard or place before and during the whole time occupied by the sale.”

In many saleyards notices are posted up and those concerned will be fully acquainted with the conditions of sale.

Mr. MARSHALL: I hope the amendment will not be agreed to. Advantage will be taken of the proviso and the purpose of the clause will be set aside.

Hon. C. G. Latham: But it is done to-day.

Mr. MARSHALL: That is the trouble; familiarity breeds contempt. Not five per cent. of the people would take any notice of the conditions of sale. It is the same as with the notices “keep to the left” that are pasted all over our streets. People look at them, and deliberately keep to the right. That is what will happen in this instance. I think it would be better to insist that every time an auction is to be held the auctioneer shall read out the conditions of sale.

Hon. P. D. Ferguson: And not a word would be heard.

Mr. MARSHALL: I trust the member for Katanning will adhere to his clause. If the Bill is to be effective the proviso should be rejected. I warn the member for Katanning that if he wants the legislation to be effective, he should reject the proposal of the Leader of the Opposition, which will make it ineffective—and yet members opposite appear to be willing to grab it with both hands!

Mr. HEGNEY: In bringing down this clause, the hon. member must have had excellent reasons for so doing, and I do not think he should deviate from it.

Hon. C. G. LATHAM: I am sorry this slight amendment has had such a reception, but I assure members these conditions will be read and they will not be heard. I have listened to conditions of sale being rattled

off, and defy anyone to understand what is being read on such occasions. This is an extra precaution, as a result of which buyers will know what the law contains. I do not desire to hinder the Bill, but to make it more effective.

Progress reported.

House adjourned at 10.54 p.m.

Legislative Council,

Thursday, 11th November, 1937.

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

QUESTION—MINING.

Tallering and Wilgemia.

Hon. E. H. H. HALL asked the Chief Secretary: 1, With regard to Prospecting Area No. 592H, of 3,000 acres at Tallering: Have the conditions as set out in Regulation No. 10 of the Mining Act, providing that at the expiration of 30 clear days from the date of registration the area must be worked by not less than three men for every 1,000 acres or fraction thereof, been complied with; if not, why not? 2, With regard to Mineral Claims 20 and 21, of 300 acres each, at

Wilgemia, have the conditions as set out in Regulation 55, Subsection 11, of the Mining Act, providing for the employment continuously of not less than three men for every 100 acres or fraction of 100 acres comprised in the claim, been complied with; if not, why not?

The CHIEF SECRETARY replied: 1 and 2, The Department of Mines does not police mining tenements in regard to the compliance with labour covenants, and it is therefore not known if such covenants have been observed on the holdings mentioned. It is provided in the Mining Act, 1904, that any miner who considers that the labour covenants on any mining tenement are not being complied with may apply to the warden of the goldfield in which such tenement is situated for the forfeiture thereof.

INDUSTRIAL ARBITRATION ACT AMENDMENT BILL SELECT COMMITTEE.

Report Presented.

Hon. H. S. W. Parker brought up the report of the select committee.

Report received and read.

HON. H. S. W. PARKER (Metropolitan-Suburban) [4.45]: I move—

That the report be printed.

HON. J. CORNELL (South) [4.46]: I wish to raise the point that the report of the select committee is signed by the Chairman. I should like Mr. Parker to intimate to the House, if Mr. Williams, who was a member of the committee, had an opportunity of either concurring in the whole of the report, or any part of it, or of dissenting from it. On Tuesday last Mr. Williams telegraphed to me to the effect that owing to ill-health he would not be able to attend the sittings of the House this week. It may be inferred that he had concurred in the report, because the Standing Orders say it must be signed by the chairman, and that the dissent of any other member may be obtained. It is only fair to Mr. Williams that it should be known whether or not he concurred in this report.

HON. H. S. W. PARKER (Metropolitan-Suburban—in reply) [4.48]: I have handed to the Clerk the minutes of the meetings

of the select committee. These show that Mr. Williams was not present when the report was considered. The Standing Orders have been complied with. There were no dissentients to any of the clauses contained in the report. As the minutes will show, Mr. Williams was not present when the report was under discussion.

Question put and passed.

BILLS (2)—THIRD READING.

1, Collie Hospital Agreement.

2, Farmers' Debts Adjustment Act Amendment.

Passed.

BILL—ANNIVERSARY OF THE BIRTH-DAY OF THE REIGNING SOVEREIGN.

Assembly's Message.

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

BILL—FINANCIAL EMERGENCY TAX ASSESSMENT ACT AMENDMENT.

Second Reading.

Debate resumed from the previous day.

HON. V. HAMERSLEY (East) [4.51]:

I agree with those members who have deplored the necessity for continuing this legislation. It was passed in the initial stages because of a real state of emergency that had arisen. It has been brought up for revision from year to year for several years, until we arrived at the stage when we were told that we had turned the corner, and that the state of emergency no longer existed. Notwithstanding that, we still have this measure coming before us, but now embodying certain amendments to the existing law. It is deplorable that we should have so many different forms of taxation brought up so frequently. It would be very much better if we could eliminate this particular tax, and probably have it absorbed in the ordinary income tax laws. People readily accepted the tax as an emergency step, when it was first brought down, but it is evident from the amendments to the existing law, as contained in this Bill, that there are many people, who are definitely opposed to any form of taxation, and that there is an inclination on the part of the Government of the

day to grant those people exemption. It is claimed by the Government that all the money that this particular tax brings in is required, and that from a financial point of view there is just as much a state of emergency as there was before and just as much necessity for extracting money from the community. I am puzzled why the Government should, as this is emergency taxation, exempt anyone. I feel that the Government does not exempt the same people for whom exemptions are provided under the Bill when it comes to a question of paying dues or fees to certain organisations. It does not matter whether people are in receipt of the basic wage or a smaller rate, they still have to pay their fees to the organisation to which they belong. It is laid down by the Government that no tenders or contracts are to be let, wherein public moneys are used, unless the people concerned conform to the rules laid down by their various unions, and so it is that many people are not allowed to take work if they are not financial members of such unions. This is something of which the State as a whole should take very definite cognisance. If fees have to be paid by all these people, they should also be paid to the State in the form of a poll tax. In the Municipal Corporations Act Amendment Bill that we dealt with last evening, and in other measures on the statute-book, we provide that if certain dues are not paid, people are not allowed to vote in municipal or road board affairs. We could very well say that everyone who has the right to vote for representatives in this House or in another place should not be allowed to exercise that vote unless a definite sum per head, a poll tax, had been paid by them. If it did that the Government would be consistent.

Hon. G. W. Miles: That would be following on the practice of the Trades Hall.

Hon. V. HAMERSLEY: Yes. This Bill is not consistent. I feel that I am on very good ground in taking this objection to it. Although this is presumably a financial emergency measure, many people are paying considerably more than their fair share. I am chiefly associated with people on the land, and I find they are paying not only income tax to the State and Federal authorities, but are paying land taxes to both, municipal and road board rates, and other dues of the kind. They are getting more than their fair share of taxation. If they receive anything like a reasonable income, they are paying out a huge amount under

the incidence of this taxation. The question of exemption should not enter into measures of this kind. The clause dealing with the basic wage is likely to lead to a lot of worry and inconvenience to taxpayers because of the overlapping of districts. Many people are very worried about these various forms of taxation. Sometimes they represent a Chinese puzzle to them. This Bill seems to intensify the difficulties. On the goldfields the basic wage is different from that in the metropolitan area or in some of the other districts. That the taxation officials should have to work out these differentiations is likely not only to harass those who have to put in their returns and make their payments, but will cause considerable worry to employers of people who are on the basic wage or above it, when already they have enough difficulty in looking after their own business. If they are to act as collectors for the Taxation Department, they will have to puzzle out which basic wage applies to their employees. It seems to me that the position will be extremely complicated for those employers. Then again the Bill also seeks to make the employers responsible for the payment of the taxation owing by their employees. Some of those employees may have left their farm for varying periods, but the employer will be responsible for the retrospective payment of taxation up to three years. It seems to me that is embarking upon lines that will certainly harass a lot of men who are doing their best to provide employment for others. The farmers are doing their utmost to develop the country, while other employers are carrying out developmental work in other directions. They are faced even now with a difficulty in securing workers. Much of the money that was raised under this form of taxation was originally intended for expenditure in the interests of those who were out of work. Other members have already directed attention to the difficulty experienced in securing men to take work in various parts of the State. For a couple of years now it has been almost impossible to secure men for industry. If an employer is successful in engaging some, the men have been taught to lean on the Government to such an extent that they adopt an independent attitude and seem to prefer to continue accepting Government relief rather than engage in bonafide labour

that is offering in districts scattered throughout the State. The present system is demoralising and is especially bad for young people. It is inducing many of them to hang around the towns.

The Honorary Minister: Rather than break their hearts through working long hours and receiving no wages.

Hon. V. HAMERSLEY: I should imagine it would be better for them to earn any wage rather than to depend upon charity, and that is what the Bill really amounts to. The community accepted this type of legislation as a form of charity in the interests of those who were out of employment.

Hon. T. Moore: It has also assisted hard-up farmers who have had to receive help from the Government.

Hon. V. HAMERSLEY: It has hurt many farmers who have not been able to secure men to work on their holdings. Last year quite a number of them could not secure hands in order to take off their crops. I have since heard of many similar instances in various parts of the agricultural areas.

Hon. C. F. Baxter: There are not any available now for any class of work.

Hon. V. HAMERSLEY: I am not surprised at that. People are clamouring with jobs available and no men procurable to undertake the work. I do not know what the explanation is and whether the remuneration offered is below the basic wage, or what the trouble may be.

Hon. G. Fraser: The reason is that men cannot keep two homes going on the wages they get from the farmers.

Hon. H. Tuckey: And the scheme under which the whole thing is worked has a lot to do with it.

Hon. V. HAMERSLEY: The trouble is that men have got into the habit of leaning on the Government who have to extract this money from the community in order to provide work and sustenance for those men, whereas the money so raised could better be spent by farmers and others in developing the country. It is a pity that we have to continue this type of legislation, for it means that so many are leaning on the Government in preference to doing an honest day's work.

Hon. G. Fraser: Do not you think they are doing that when they are engaged on Government relief work?

Hon. V. HAMERSLEY: I am more than satisfied they are not. I have travelled in my car along many of the roads throughout

the country and have seen the men on the job. I have seen them jump to it and start sweeping or clearing as soon as the car came in sight.

Hon. L. B. Bolton: Who jumped to it?

Hon. V. HAMERSLEY: The whole gang.

The Honorary Minister: Be fair!

Hon. V. HAMERSLEY: More than that, as soon as my car passed, those men returned to the side of the road and sat down again. I could see them doing so through the mirror in my car. That sort of thing is done repeatedly and is joked about by the whole community throughout the country areas. Everyone knows what is going on, and I am quite convinced that members of this House know it as well as I do. At the inception, local governing bodies were promised money by the Government if they would raise funds locally so that they could provide work on the pound-for-pound subsidy basis. If any member were to approach those local authorities and ask them if they had had a fair deal for the expenditure of their money, he would very soon find out that, in their opinion, a lot of the work had cost considerably more than it should. We are building up a great record regarding money spent and squandered. All State Governments throughout Australia have been caught up in the scheme, and do not know how to get out of it. The result is that they have to keep on approaching the money market for additional loans. That has gone on to such an extent that the indebtedness per head is now abnormal. Throughout Australia, Parliaments have to be asked to continue the imposition of taxation, whereas it would have been far better had the financial house been put in order and better results secured for money expended. Reverting again to the question of the employers being rendered liable for the payment of taxes owed by their employees, I would like to see that provision eliminated from the Bill, because it will merely impose upon those who are working extremely hard, an added responsibility that they should not be asked to assume. It may have the effect of getting the backs of the farmers up to such an extent that they will refuse to employ men and thus evade this particular responsibility.

Hon. G. Fraser: But many of the employers are already doing that. They are now deducting such amounts from wages.

Hon. V. HAMERSLEY: But the employers are to be made responsible for such taxes owing over a period of three years.

The Chief Secretary: And they are responsible.

Hon. G. Fraser: And they are doing it now.

Hon. V. HAMERSLEY: I know that some of them are.

Hon. G. Fraser: The majority of them are doing it.

Hon. V. HAMERSLEY: If a man employs a number of hands, he has already sufficient to do in looking after his own job quite apart from acting on behalf of his employees. To say that the employer must become a tax collector and be responsible for the payment of the men's taxes extending back over a period of three years is asking too much. The employer would have to go into each man's family history, ascertain his responsibilities and his dependants and so on. That is going too far.

Hon. G. Fraser: He is only responsible for the wage he pays.

Hon. V. HAMERSLEY: Does the hon. member employ anyone?

Hon. G. Fraser: It is not necessary to employ anyone to know what the responsibilities of the employer really are.

Hon. V. HAMERSLEY: I am speaking about those who are employers and who have to face actual difficulties. I object to forcing employers into the position I have indicated. Those who are providing employment for others are doing their job and the Taxation Department should do its job. I shall support the second reading of the Bill in the hope that it will be amended in Committee.

HON. T. MOORE (Central) [5.12]: I regret the necessity for the introduction of the Bill. To a great extent the control of the finances of the States has passed out of our hands altogether. We are forced by those in the Eastern States to levy additional taxation on our people. There is no doubt about it; we are not in the position to do otherwise. It is beyond dispute that we would have been in a far better position had we been able to carry out much of the work undertaken in the way we desired, but we were not allowed to carry out that work as we intended. That was most unfortunate. If the Government had not been

in receipt of the financial emergency tax, the State would now be in a much worse position than it is. Ever since the Premiers' Plan was put into operation, we have been forced to carry on with increased taxation. Before the financial emergency tax was imposed, Western Australia was the lowest taxed State in Australia. Now it is among the highest taxed.

Hon. L. Craig: It is the second highest.

Hon. T. MOORE: That is deplorable. It is not our own doing. We had our own ideas as to how we should carry on.

Hon. G. W. Miles: And borrow more money.

Hon. T. MOORE: Circumstances arising forced us into that position.

Hon. C. F. Baxter: And that mainly by the Financial Agreement.

Hon. T. MOORE: The position is this: Are we prepared to go on taxing ourselves, or is there any other method to be adopted? Can any member suggest another method? The Government was hard put to it last year to carry on the functions of government in many directions, and had it not been for the money raised by means of this particular tax in order to provide sustenance and to meet other commitments, I am quite sure that the Agricultural Bank would not have been in a position to assist the farmers to put the area under crop that was recorded last year. I make that statement advisedly. Money was not available from other sources last year, and had it not been for this tax we would not have had the wheat yield that was registered, and the State would have been so much worse off. We were certainly hard up against it, and not only the Agricultural Bank but other financial institutions were adversely affected. There is one matter to which I wish to draw attention in respect to the remarks made by Mr. Hamersley and to which I take great exception. It was in reference to the sustenance men and the work they do. I travel through this country I dare say as much as any other hon. member and particularly through the Province I represent, a Province that is very extensive, and I can candidly say that I have often remarked how well the sustenance men carry on their work.

Hon. L. B. Bolton: Perhaps they work better in your Province.

Hon. T. MOORE: That may be so. It seems, however, that Mr. Bolton is of a similar opinion to that expressed by Mr.

Hamersley. I can visualise exactly what has happened. The men who have gone out on sustenance are not men who have been accustomed to hard work, that is to say, most of them. Take the town of Geraldton with which I am familiar. Many of the men now engaged on sustenance work were able to find employment in the Geraldton district for years and they were men who had done much hard work in the district. But owing to bulk handling having been introduced, many of them were forced to take work on the roads. Unfortunately there was no other work for them to do, but I can say that I have never seen any sign of loafing amongst those men working on the roads. All the men do their share.

Hon. L. B. Bolton: And the cost is perhaps a fifth greater than if it were done by contract.

Hon. T. MOORE: I have never believed in contract, and I have been a contractor too. I have had to sweat pretty hard as a contractor and I have no wish to see other men put into that position. That is my experience, and I hope no member will reflect as Mr. Hamersley did on a whole body of men. The hon. member said "gangs of them." He was rather extravagant in his language and he was very unfair. I am particularly sorry that anyone should have thought fit to say what he said about the men who are working hard. In many cases those men are putting up with privations. We see in the camps that are in the bush, not only the men themselves, but women and children and the children being denied schooling: That is a disgrace.

Hon. L. Craig: They can have lessons by correspondence.

Hon. T. MOORE: Of course that can be suggested in a lot of places, but in the circumstances under which these people live in an effort to make a living, it is impossible. I hope the time will come when the sustenance men will be able to get their wives and children into the towns away from the bush. I will not be one to listen to other members speaking disparagingly of the work the sustenance men carry out. These men are driven out through force of circumstances to take, in many instances, work to which they have never been accustomed. But in spite of that, they are doing their best. I support the second reading of the Bill.

On motion by Hon. W. J. Mann, debate adjourned.

BILL—STATE GOVERNMENT INSURANCE OFFICE.

Second Reading.

Debate resumed from the previous day.

HON. T. MOORE (Central) [5.20]: Much has already been said on the Bill and it is not my intention to take up much of the time of the House. A select committee has investigated the position and we have before us the evidence of that select committee tabulated. I am one of those who believe in a comprehensive insurance office, and I have no wish that the State office should do just one class of work. It has been said that we support no fewer than 64 insurance companies in this State. Ours is a State with a comparatively small population to carry such a tremendous lot of people who, after all, do not give us the service. I would not class them by any means as loafers; indeed they are a very energetic lot of people. But it is not necessary that we should carry such a large number. We have heard members say that if the Bill is put into force, we will require a team of inspectors to go about. The private companies employ any number of inspectors; they have agents and inspectors all over the State. Let us remember exactly what happened in the years when wheatgrowing was popular. I realise that the insurance companies have had a wonderful time with the wheatgrowers, and but for the fact of prices having gone down, they would still be charging at the present time the premiums that they imposed before without there being any difference at all in the risk. But owing to the fact that prices have come down, they have let up on us. I realise that the time may come again, if things go on as we wish them to do, when the companies will again raise their charges unless something is done to check them. That is one reason why I want the State office to be given a chance in every branch of insurance. We should have the right to take the good business with the bad. We should not be put into the position of being compelled to take only the bad business. The managers of the companies say that it is bad business and we all know that it is. The whole thing boiled down is something like the experience we had with the Agricultural Bank in the settlement of our lands. Men started out to build up farms and after those farms were put on a good basis, they found that they had to go out of business because they could not carry on. Part of their busi-

ness was to build up the farms, but they had no possibility of making any profit at all—indeed they were sure of making losses. When they did, a lot of people worried about them. If the State Insurance Office is going out after bad business, I hope members will not find fault with it if it does not show a profit. According to the evidence submitted by the companies to the select committee, the business transacted by the State Office is bad business, and the companies do not want it. We know that the mining industry is such that no private company wishes to handle insurance business associated with it. Some members have said that the State Office should be set up to do one class of business only. I disagree with that altogether. We should allow it to take good business and so enable it to compete fairly with the private companies. Then we would know whether the premiums being charged were too high. In no other way is it possible to find that out. We do not know how the business of the private companies is being done, even though balance sheets are put up for our benefit. I support the Bill and I hope members will not allow it to go through in the manner suggested, namely a strangled form.

HON. H. S. W. PARKER (Metropolitan Suburban) [5.25]: I have listened with interest to many arguments advanced in favour of State insurance. I am entirely against State trading in any shape or form, though I agree that the State should control any monopoly that is necessary. I do not regard workers' compensation insurance as insurance in the ordinary sense of the word. Workers' compensation means a tax on industry, and I quite agree that it is a matter that should be taken in hand by the Government. I remember a few years ago a comprehensive measure was brought forward whereby every employer was assessed according to the type of industry in which he was engaged, and every individual who employed anyone, including a household servant, was also assessed and had to pay. If a person met with an injury in the course of his employment, he had to go to a Government department and receive compensation in accordance with the recognised rates, irrespective of whether the employer had or had not insured him. There was considerable opposition to that proposal, and it was defeated in another place. I think I am safe in saying that every member of the Labour Party

voted against the measure. That was called State insurance, and the insurance companies opposed it.

The Chief Secretary: That is not what the Bill before us contains.

HON. H. S. W. PARKER: It is what the other measure contained. Every man was assessed by the Government, and the Government department paid up. That is what I should like to see brought forward again. It is my intention to vote for the second reading of the Bill, and to support that portion of it which deals with insurance of industrial workers, because I consider that that insurance is really in the nature of a tax on industry, and it could be cheaply run and better managed if all the insurance connected with industrial workers were in the hands of one board, a board that would be able to watch the matter closely with the view, not of making profits, but of minimising the cost to industry. Of course, included with workers' compensation would also be employers' liability.

HON. L. CRAIG: Would you include third party insurance?

HON. H. S. W. PARKER: That is a different matter and involves all sorts of other problems.

HON. L. CRAIG: It should be brought in.

HON. H. S. W. PARKER: Undoubtedly, but it is not a subject we can discuss on this Bill. Digressing a little on the subject, we know that where there is compulsory third party insurance damages awarded in the courts by juries have been excessive, because juries know that insurance companies have to pay. I consider that when we set up motor car insurance we shall have to establish a special court to deal with cases of negligence on the part of motor car drivers. For that reason I would not care to see it included at the present time. I leave myself open as to whether I would be prepared to support it at a later date. Other types of insurance mentioned in the Bill are more or less in the form of a luxury. A man need not insure his dwelling unless he likes, and many do not insure. To refrain from insuring a home might be foolish or it might be bad business, but if to insure is good business, it is good at the rates operating at present. Those rates, I consider, are reasonable. The companies engaged in the business of insuring have to compete with each other. True, a large number of them are tariff companies who have agreed rates, but there are companies outside the tariff. Some of the

outside companies are large concerns. These companies include that vast organisation known as Lloyd's, Empire-wide and of long standing. That company is not bound by any tariff; it is out for business and makes its own rates. Thus we can rest assured that the rates being charged to-day are the minimum. I cannot see that any Government department would be able to undertake insurance at a rate less than that charged by the competing companies. The argument is often advanced that the competing companies are out to make profit. That is true, but look at their returns. The dividends paid by them represent only 3 or 4 per cent., if that, on the market value of their shares. The accounts of the State Office, put before us, are very different. One would not find any insurance company terming "profits" the difference between the premiums received and the outgoings for the year. Yet that is the basis upon which the State Office accounts are presented to us—to swallow if we like. There was a certain amount of funds in reserve. What has become of it? We know that when the depression occurred no trust funds at all were left in the Treasury. What would have happened had the State Office been called upon to meet serious losses at that time? It could not have paid. The risk of fire insurance is tremendously great, and I cannot see why the State should take such business from private individuals who are prepared to risk their own money in it. Why not let them do so? To have these companies operating is a very good thing for the State. We want to encourage trade.

Hon. G. W. Miles: Does not the State Office re-insure with private companies?

Hon. H. S. W. PARKER: Of course it does. All insurance offices re-insure with one another. I should like the Minister, when replying to the debate, to tell us the amount of re-insurance effected by the State Office in respect to fire risks on Government work. I will omit outside work. It has been said that there are 60 insurance companies operating in this State.

Hon. A. M. Clydesdale: Sixty-four.

Hon. H. S. W. PARKER: Assume that there are 64. Do not we want to encourage every company possible to come here and engage in every form of honest business? Such trading has the effect of circulating money, and that is what we want. It provides employment for a large number of people. If we are going to cut out the insurance companies on the ground that they

employ so many people and on the ground that each one is seeking to make a profit, let us be logical and do the same with grocers, butchers, bakers and all other concerns.

Hon. T. Moore: But they are useful.

Hon. H. S. W. PARKER: If the insurance company is not useful, why does the hon. member worry about the rates charged?

Hon. J. Cornell: It is expensive.

Hon. H. S. W. PARKER: Then the individual need not insure unless he likes. Insurance is really a gambling transaction. It offers the individual £100 to 3s. 4d. that his house will not be burnt down within the next 12 months. That is what it amounts to.

Hon. T. Moore: Those are not the odds.

Hon. H. S. W. PARKER: Perhaps not, but the hon. member can lay the odds for himself, if he chooses. Many people do lay the odds by carrying their own insurance. Are we going to authorise the Government to embark upon this speculative business when there is a difference of opinion as to whether the odds are reasonable? Have not the Government sufficient to do to look after the people at large without engaging in trading? When a member elected to this House subsequently becomes a Minister, he is appointed for his general qualifications to look after the welfare of the people, and not for qualifications as an insurance manager or one to supervise an insurance manager. Therefore I consider it is not the duty of the Government to conduct insurance business. It is purely and simply a matter of allowing other people to conduct their business freely and in the ordinary way without having opposition bolstered up with public money.

The Chief Secretary: A free hand to do as they like?

Hon. H. S. W. PARKER: As a matter of fact, insurance companies throughout the world have a right to do as they like, and still people are clamouring to insure. Those people include business men and men of high repute. What man owning a factory or a business of any size does not insure? True, some of them carry their own insurance. Is it suggested that the companies are entirely useless?

Hon. G. Fraser: No one suggests it.

Hon. H. S. W. PARKER: I am pleased to have that assurance. Why not let the companies continue?

Hon. T. Moore: We have too many of them.

Hon. H. S. W. PARKER: If there are too many grocers in the town, the fact of there being too many does not impose any cost upon the taxpayers. It merely means that some of them presently go to the wall.

Hon. J. Cornell: Why is the number of hotels limited?

Hon. H. S. W. PARKER: Because of the evil resulting from some people taking too much liquor. In those countries where there is an open go, less drunkenness occurs than in places where people are compelled to drink secretly, inside a bar. In those countries where there is drinking in the open, there is less drunkenness. As soon as control is enforced, the evil follows.

The Chief Secretary: What about gambling?

Hon. H. S. W. PARKER: I am of opinion that it is wrong to encourage gambling, as was suggested in a Bill recently before us. As the same time, I admit that we all indulge in gambling. Those who oppose ordinary gambling most are usually the greatest gamblers in some other respect. Those who are opposed to lotteries probably have the greatest insurance on their lives and on their homes.

The PRESIDENT: I remind the hon. member that we are not now discussing the Lotteries Bill.

Hon. H. S. W. PARKER: I was merely comparing that form of gambling with insurance. If State insurance is authorised, we shall have a staff employed, bound by regulation, and however good the manager might be, he will be tied with red tape. As to who his employees shall be, as to their promotion and as to their dismissal, he will be bound by regulation. He will be subject to all sorts of questions by members in this House and in another place, as well as to requests for returns. It would be an extremely difficult matter to carry on the business with the eyes of every member of Parliament on him. Members would probably ask for details of the business: they might even ask how much insurance a certain individual had effected, and the Minister would be bound to answer. Why should we have anything to do with that sort of thing? Some people might adopt the attitude, "I am not going to insure with the State Office because members might want to know the amount of my insurance." Others, of course, might be indifferent as to whether their business was known or not. I do not be-

lieve in the Government undertaking such a technical business as insurance when we have highly qualified companies of world-wide reputation prepared to do business in this State.

Hon. G. Fraser: They will not do it all.

Hon. H. S. W. PARKER: I have already stated that, in my opinion, there is a certain class of business that should be taken over by the Government in exactly the same way as we hope that the Commonwealth will arrange old-age pensions, namely under a scheme of national insurance. All said and done, the insurance companies are prepared to undertake to pay so much a week after the attainment of a certain age, or a lump sum on the attainment of a certain age, and that is what national insurance aims at. Diseases under the Third Schedule of the Workers' Compensation Act, together with the whole system of workers' compensation, should be a matter entirely apart from a State trading concern. I would support anything along those lines, call it what we might, that would have the effect of the State taking over the whole of the workers' compensation business.

On motion by Hon. L. B. Bolton, debate adjourned.

BILL—INCOME TAX ASSESSMENT.

Second Reading.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [5.43] in moving the second reading said: This is a very important and comprehensive measure, and one to which I hope members will give all possible consideration in the next few days. After I have moved the second reading, I hope that some member will secure the adjournment of the debate until, say, Wednesday next, in order to afford ample opportunity to consider the contents of the measure. It is the desire of the Government that we should reach finality as early as possible, and I think members will agree that the Bill is one mainly for consideration in Committee. Therefore I hope we shall be able to reach the Committee stage at an early date, consistent, of course, with members having ample opportunity to understand the measure. This comprehensive Bill seeks to provide a complete code of income tax law, and represents Western

Australia's contribution to an Australia-wide attempt to secure some measure of uniformity in the taxation legislation of the Commonwealth and the States. In the past, taxpayers have found the differing provisions of those laws a source of confusion and perplexity. Public agitation for some remedy of this position resulted in the Commonwealth Government appointing in 1932 a Royal Commission to inquire into the problem and suggest suitable measures for its solution. At the same time, powers were also vested in the Commission by the State Governments to enable it to investigate the matter from the State angle. Following on the presentation of the Commission's report, conferences were held by the State Commissioners of Taxation and also the State Treasurers, respectively. As a result of those conferences, uniform provisions were agreed upon for adoption by all the Governments concerned. The position to-day is that the Commonwealth and all the States, with the exception of Western Australia, have passed legislation embodying the provisions agreed upon; and therefore, in order to complete the scheme of uniformity which taxpayers have for so long desired, it is necessary for this Parliament to approve of the Bill now before the House. A feature of this measure is that, so far as possible, it uses the same language as other Australian income tax assessment legislation when expressing the same idea. The lack of uniformity of expression in the various taxation laws has, in the past, proved confusing to many people. For example, a taxpayer faced with the problem of ascertaining his liability under two or more taxation laws, might encounter provisions in an entirely different form, only to learn after going to considerable trouble that they convey exactly the same meaning. Another reform is contemplated under this measure which will have the effect of greatly facilitating reference to the various Australian Income Tax Assessment Acts. Under the old system, sections of a similar character appeared in different relative positions in the several Acts. This condition rendered reference to any particular provision in the various statutes a matter of some difficulty. Frequently, a complete search through each Act was necessary if the relevant sections were to be ascertained. With the enactment of this measure, how-

ever, each Assessment Act will have its provision in the same relative position. Hon. members familiar with the present Act will realise that much of this Bill merely re-expresses the existing law in language which is common to all other Australian income tax assessment laws. The Bill achieves almost complete uniformity with the legislation of other Australian Governments, in so far as the ascertainment of "net income" is concerned. However, as regards such matters as the statutory exemption, concessional deduction, and rate of tax, each Government has been forced to act independently in accordance with its policy and revenue requirements. Where the Bill does agree with other Assessment Acts in principles of this nature, it uses the same language to express the same ideas. The Bill will doubtless appear to be of formidable size, and it is obviously much more comprehensive in its scope than the law it is intended to replace. This, however, will prove not a disadvantage but a benefit. The old law, by its very brevity, left a tremendous number of matters without any specific legislative guide as to the course to be followed. These matters necessarily had to be decided upon general principles, and frequently became the subject of disputes between the taxpayers and the department as to the correct principles to be applied. It would be impossible to devise a form of law which would cover every possible situation in the complex form of our social and commercial life, or avoid all disputes as to liability; but at least this Bill includes many provisions in respect of matters upon which the present law is silent. It is considered to be of distinct advantage to taxpayers to have these definite provisions to guide them, rather than be left to argue the position with the Commissioner of Taxation along the lines of general principles. The Bill is presented as a complete and, it is hoped, indivisible whole. In some respects it gives, and in others it takes away. The liability of some taxpayers will be increased, and that of others reduced. It does not, however, follow that those whose liability is increased are being hardly dealt with. I think it can be more reasonably presumed that these persons in the past escaped with less than their true quota, having regard to the burden imposed upon other citizens. Perhaps the strongest argument in favour of this view is that legislation which is, in essential features, identical with this Bill, has been passed by all other Parliaments in Australia,

quite irrespective of the political character of the Government in office. The Government will be unable to agree to amendments of the Bill which will seek to strike out those provisions which may tend to increase the liability of some taxpayers while retaining those provisions which operate in the direction of reducing the revenue. The finances of the State will not permit this to be done; and if any such attempt were successful, it would simply mean that the lost revenue would have to be raised in some other manner. Nevertheless, minor alterations will not be refused if a good case can be made out for their acceptance. However, to achieve uniformity it is essential for the Bill to be adopted more or less in its present form. This measure is essentially a Committee Bill, and it would be a tremendous task, at this stage, to deal fully with each and every provision of the Bill. It is desirable, however, for me to refer to those provisions dealing with the more important matters of principle affected by the Bill. The provisions of the Bill will operate for the first time in respect of the income year ended 30th June, 1937. Hon. members will therefore understand why it is considered highly desirable that in regard to this measure finality should be reached with the least possible delay. The Bill introduces exemptions new to the State income tax law in respect of—

(a) The remuneration paid by a Government to a non-resident of Australia for expert advice or as a member of a Royal Commission.

(b) The income of a non-resident who is visiting the State for the purpose of assisting a Government in the settlement and development of Australia.

(c) Salaries and director's fees of a non-resident visiting a branch of a business or a mine or a station if the visit does not exceed six months.

It is not anticipated that these exemptions will affect revenue. They have been included chiefly in the interests of uniformity. Changes are contemplated in the method of assessing dividends. Under the present form of the law, companies are taxed on their profits, and when those profits are distributed as dividends they are not taken into account in the assessment of the recipient, unless that person's rate of tax is so high as to exceed the rate paid by the company on its profits. This occurs only when the taxpayer has an income in excess of £2,895. In that case the dividends are included in his taxable income, and a rebate is allowed of the tax already

paid by the company on them. It is now proposed that dividends from all companies shall be included in the assessment of residents of the State, with a rebate of tax on the dividend so included calculated at the rate of tax paid by the company, or the shareholder, whichever is the lesser. The rates of income tax increase progressively, so that the effect of the new provision is that in all cases the dividend income of a taxpayer will be used to determine the rate of tax that will be payable on the taxpayer's general income, apart from dividends; while in the case of large shareholders there will also be a liability, as under the present law, to tax upon the dividends themselves, to the extent that their personal rate of tax exceeds the company rate. These provisions will remove anomalies which arise under the existing treatment of this type of income. The existing law has been found ineffective as far as profits on the sale of property acquired for profit-making by sale are concerned. The scheme of the present law is to tax income. Various classes have been specifically described, but income not so described is required to be ascertained by the application of general principles. The general principle which has applied in the case of a profit made on the realisation of property is that if the property was acquired for the purpose of profit-making by sale, the profit was income, and that in any other case it was capital. This principle has not worked satisfactorily, and the tax on income of this character, although collected under the Federal Act under a special provision, has been lost to State revenue for some years. The Bill now specifically authorises the taxation of such profits, and also allows any corresponding losses which under the present law are not allowable. In regard to persons receiving annuities, the present Act makes them liable for the total amount received each year. It is now proposed that they shall be exempt in respect of that part of the annuity which represents the purchase price. Under the present Act, taxpayers such as business managers and directors of companies who visit the other States and travel overseas on business are exempt from tax on their remuneration while away. It is proposed to assess all residents of the State on their remuneration wherever earned, and to provide for a rebate of tax if part of the remuneration is taxed elsewhere. Similar provisions have been adopted in the other States. The varying provisions

of the past State and Federal Acts regarding the method of valuing live stock for assessment purposes will mean that the values of live stock on hand at the time this Act comes into force must, in most cases, be different for Federal and State purposes. To bring the values into line without prejudicing the taxpayer, or either the State or the Commonwealth, it is necessary to formulate an arbitrary provision. This has been done in the Bill by allowing each individual stock owner to decide which of the two values—Federal or State—he desires to retain. The Bill also provides for any consequential adjustments to income, brought about by changing from one set of values to another, to be spread over a period not exceeding five years. It is left to the option of the taxpayer whether he continues with the present arrangement whereby both he and the department are bound to keep two sets of live-stock accounts for Commonwealth and State purposes. He is the person who will decide whether he wants simplification and uniformity in his return by adopting one set of figures. Turning now to profits made on the sale of land or interests in land in the State, I understand that considerable dealing in Western Australian mining properties and other forms of realty are effected by contracts executed outside the State. Disputes continually arise as to where the resultant profits are derived. It is considered that income arising from dealings in Western Australian property which cannot be removed outside the State should bear its proper quota of local income tax, and that it should not be possible to escape liability for such tax by the simple process of executing the contract of sale outside the State. The proposed provision will end disputes of this kind and will represent a positive declaration of liability which it will be possible for the parties to take into account in arriving at the consideration payable under the contract.

Hon. G. W. Miles: It is about time that it was adjusted.

The CHIEF SECRETARY: Yes. It has been allowed to go on for too long. It would have made a tremendous difference to this State in recent years had that provision been in the existing Act. With regard to the deduction for rates and taxes, it is proposed to discontinue the allowance of a deduction for Federal income tax. This particular deduction is allowed by no

other State. The Bill also restricts the present unqualified allowance of rates to those payable in respect of property held for the purpose of producing assessable income. It is considered that, as the States were the first to enter the field of income taxation, the subsequent entry of the Commonwealth Government in that field should not prejudice the States' pre-existing right to tax incomes inclusive of the amount of the Federal tax. It is the obligation of the Federal Government to provide for any allowance which may be necessary in view of the dual taxation of the same income. The Commonwealth Act does, of course, allow a deduction for State income taxes. The Commonwealth Government coming later into the field has recognised that it would be unfair to charge a tax upon a tax, and has thus legislated to tax only what is left after the State tax is paid. Under the Dividend Duties Act, companies were not allowed a deduction for any form of income taxation paid. Thus companies were not allowed a deduction for hospital and financial emergency taxes paid, although those deductions were allowed to individuals. In future, companies will be allowed deductions for hospital and financial emergency taxes paid. This will somewhat seriously reduce the revenue from companies, but it is felt they should be put in the same position as individuals in this regard. New deductions not previously allowable appear in this measure. They are as follows:—

(1) Expenses of borrowing money used in the production of assessable income.

(2) Expenses incurred in the preparation, registration and stamping of leases of property used to produce assessable income.

(3) Losses through embezzlement by an employee.

(4) Membership subscriptions to trade unions or business or professional associations not exceeding £10 10s. 0d.

As regards gifts and voluntary payments, new deductions are proposed in respect of:

(a) Gifts to residential educational institutions affiliated with a public university.

(b) Gifts to a public fund for the construction and maintenance of a war memorial.

(c) Sums which are voluntarily paid for pensions and retiring allowances to employees. (Compulsory payments of this nature are allowable under both the present and the proposed laws.)

Gifts in kind are not allowed under the existing law, but these will, in future, be

allowed, subject to certain conditions. Certain deductions previously allowed, namely, for payments to the trustees of a public park or reserve, public school, library, art gallery or museum, will be discontinued. The Bill amends the existing provision in respect of deduction for medical expenses by removing the income limitation, and restricts the amount to £50. Medical expenses are at present allowed without limitation as to the amount if the taxpayer's income does not exceed £350. The proposed maximum allowance of £50 per annum will deprive few, if any, persons of small incomes of any deduction to which they are at present entitled. It will, however, provide a desirable limit to the claims of some persons having higher incomes who may become entitled to a deduction under the new uniform provision. A maximum deduction of £20 will be allowed for the first time in respect of payments for funeral or cremation expenses of the taxpayer's spouse or children to the extent that the expense is not recouped by any association or society. In connection with life insurance premiums and contributions to superannuation funds, the deduction previously allowed for life insurance premiums will be extended so as to include also contributions to superannuation funds. The maximum aggregate allowance, however, will remain at £50 as provided in the existing Act. The present Income Tax Assessment Act allows as deduction business and prospecting losses incurred in the current and two preceding years. Similarly, the Dividend Duties Act allows to companies losses of livestock due to drought in the same periods. The Bill extends the deduction to all taxpayers, and allows all losses incurred in the year of assessment and the three preceding years. These deductions will operate in regard to losses suffered after the Act comes into operation. The extension by a year of the period for which losses are deductible to individuals, and the allowances of losses to companies will reduce future revenue. The reduction will represent a considerable benefit to persons and companies affected. Under the present Act a deduction up to £50 is allowable in respect of sums expended in repairs to taxpayers' private dwellings. The Bill discontinues that deduction. I am informed that the provision was originally inserted in the Act in 1922 when a similar allowance was provided under the

Federal Act at a time when that Act taxed 5 per cent. of the capital value of a residence. The Federal Act was shortly afterwards amended to delete both the provisions which taxed the percentage as income, and that which allowed the deduction for repairs. Neither the present nor the proposed State laws charges tax upon a percentage of the capital value of the taxpayer's own residence. The deduction for repairs was first inserted in the interests of uniformity, which now requires its removal. In regard to deductions for contributions to dependants, the Bill proposes certain amendments which will have the effect of removing anomalies and facilitating administration. The Bill provides that every person contributing towards the support of a dependant (as defined) will receive a deduction of the actual amount contributed, with a maximum of £40 per annum. It is proposed to discontinue the existing provision for allowing the "married" statutory exemption, under certain conditions, to single persons with a dependant. Dealing now with the taxation of the income of deceased persons, the law at present provides for the assessment of only the last complete year immediately previous to that in which the deceased died. In future, tax will be payable in respect of all complete years not assessed and paid at the date of death, and, in addition, the income of the part of the year ending on the date of death will be subject to assessment. Cases sometimes occur where taxpayers include each year in their returns a proportion only of their business profits in ratio to the cash actually received in the particular year. Examples of this class are persons who sell land and buildings on extended terms in the course of a business. There are others, too, such as professional men, who compile their returns on what is known as a cash basis, that is, on the basis of fees, etc., actually received during the year. When such persons die, there is usually an accumulation of unpaid debts owing to them upon which income tax has not been charged. It is considered that income of this type should not be exempt, and the Bill accordingly provides for the taxation of any sum received by a trustee or executor that would have been income in the hands of the deceased. It has been said that the enactment of this provision will result in dual taxation, because the assets would be subject to probate duty. This is a fallacy, because

there is no connection between income taxation and probate duty.

Hon. H. Seddon: It does involve a double tax.

The CHIEF SECRETARY: There is no connection between the two. Probate duty is payable on all assets, and this includes the assets acquired from income earned from the 1st July to the date of death, as well as the assets acquired from income of previous years.

Hon. H. Seddon: You are going to charge on those assets as income.

Hon. L. Craig: Book debts are assets. They may also be income.

The CHIEF SECRETARY: That is so. The provision is quite fair. Why should we exempt that amount of money, whatever it might be, because it is collected after the date of death?

Hon. G. W. Miles: If you collect probate on it you should exempt it.

The CHIEF SECRETARY: This provision is perfectly fair and equitable. If the argument of the hon. member were carried out to its logical conclusion I am afraid a stage would be reached, in some cases, at any rate, which would be almost impossible from the taxation point of view. The payment of tax would be evaded on considerable sums of money which would ordinarily have paid income tax.

Sitting suspended from 6.15 to 7.30 p.m.

The CHIEF SECRETARY: At the tea adjournment I was dealing with the question of the taxation of income of deceased persons. It was remarked by one member that the enactment of such a principle might mean dual taxation since probate also would have to be paid. But this is entirely a fallacy, because there is no connection whatever between taxation and the probate duty. The provision is entirely fair and equitable. Premiums received by a freeholder for the grant of a lease are at present assessed as income in the year of receipt. This practice will be continued, but a form of averaging will be applied in view of the fact that when several years' rent is commuted into a large single premium it imposes hardship on the taxpayer to pay at the higher graduated rate of tax upon that amount as though it were the normal year's income. In the case of amounts paid as consideration for the assignment or transfer of leases the Bill provides for a deduction to the payor spread over the

term of the lease, while the consideration will be included in the income of the recipient in the year of receipt with a form of averaging similar to that applied to premiums received on the granting of a lease. Leaseholds from the Crown occupied for the purposes of primary production are excluded from the type of leases to which the Bill applies. Other Crown leaseholds, including mining leases, will, however, be subject to its provisions. Bona fide prospectors are protected, in another part of the Bill, from taxation on the sales of gold mining leases. The present Act provides for a deduction to a lessee—spread over the term of the lease—in respect to the value of improvements effected under covenant. It is considered, therefore, that the lessor should be assessed on the benefit received by him. This has been done in the Bill. Apart from reasons of equity which justify the alteration, it has been found that the absence of such a provision opens the way for evasion through lessors arranging schemes to avoid tax by diverting what would otherwise be rental income into capital improvements.

With regard to partnerships, it is the practice to assess partners on their individual interests in a partnership. This principle will be continued as a general rule. No provision is contained in the existing Act, however, to prevent loss of revenue due to the formation of fictitious family partnerships formed primarily for the avoidance of taxation. This condition will be remedied under the Bill by a proposal which provides for the assessment of a partnership at the rate of tax payable by the dominant partner in those cases where the other partners do not have the real and effective control of their shares of the partnership income. The present law in regard to trusts provides for the assessment of the beneficiaries if they are entitled to the income of the trust and for the assessment of the trustee to the extent that no one is presently entitled. These trusts, are, however, sometimes used as a device for the avoidance of tax. The Bill continues the existing practice in regard to the generality of trust assessments, but provides for the assessment of the trust income to the settlor if the trust is revocable or if the trust is in favour of infant children and the settlor is still living. Members will agree that no person by the device of creating a trust should be in a position to avoid taxation by retaining a power

of revocation over the income-producing property claimed to have been transferred. There will be no interference with the right of any person to create such trusts. The Bill merely prevents a diminution of his income tax liability by this form of family division which is only open to those who have sufficient property to enable it to be done.

In regard to the assessment of banks, the banks are companies, and as such are at present assessable under the Dividend Duties Act in respect to the profits made in Western Australia. They furnish a profit and loss account showing the result of their operations in this State. In addition to the usual deductions allowed to companies, the banks, under an agreement made many years ago by a previous Treasurer, are allowed a deduction for the estimated cost to the bank of borrowed money raised outside the State and employed here. The basis for that estimate is now quite unrelated to present conditions as the cost of raising money is much less to-day than it was at the time the agreement was made. The Bill provides that the net Australian taxable income shall be apportioned in ratio to the assets in each State. This arrangement was accepted by the banks at a conference with the Australian Commissioners of Taxation, and has been adopted by all the States of the Commonwealth.

Life insurance companies are assessed on the income from investments only. This income does not include rents. No tax is charged in respect of premiums received on policies. The Bill provides for the inclusion as income derived in this State of an apportioned amount of the company's net Australian investment income. This amount will be determined by the ratio which the amount assured by policy holders in this State bears to the sum assured by Australian policy holders. Investment income will now include rents, as well as interest and other income from property. There is a proviso that no tax shall be payable until the assets of the company exceed its liabilities. Insurance companies other than life insurance companies at present pay tax on an arbitrary amount of 2.3 per cent. of the premiums received. Under the provisions of the Bill they will be treated as ordinary companies and taxed on the actual profits made.

An important amendment is proposed in respect to the assessment of profits of branches of overseas businesses, and of local

companies in which practically all the shares are held by a parent company which supplies the goods offered for sale in this State. Many of the larger businesses in the State are, of course, owned by Australian companies, the shares of which are held by overseas companies which produce or manufacture the goods which are sold by the Australian company. Experience, however, has shown that profits made in this State have been depressed by the inflation of the price at which goods are charged to the branch or local company. Thus we find that these businesses are frequently so arranged that the profits shown in the Australian company's accounts are less than would be disclosed if the Australian company had not been formed, or if the goods which the latter sells were purchased in the open market. This practice of interposing more than one company between the producing and the selling company has rendered ineffective the present power of the Commissioner to assess local companies of the type mentioned on a percentage of turnover where he is dissatisfied with the profits shown in their accounts. To remedy this condition, the Bill provides that where the profits disclosed in the accounts of the local company are less than might be expected to arise from the business, then the person carrying on the business in this State shall be liable to assessment on such amount of the total receipts as the Commissioner may determine.

At present most of the profits made by foreign film-producing companies as a result of the exhibition of their films in Western Australia escape taxation. Members are probably aware that it is the practice to form an Australian company to distribute the films produced in other countries. While the Australian company pays to the producing company a percentage of the earnings of their films, the terms of contract between these companies are invariably so arranged that little or no profit remains to be taxed in the hands of the Australian company. As the contract between the producing and the distributing companies is made outside Australia, the profits derived by the former cannot be taxed without a special provision. I think members will agree that it is not desirable that the large profits made by the foreign producing companies, as a result of the exhibition of their films in Western Australia, should escape taxation. It is now proposed, therefore, to provide for the imposition of a tax on 30 per cent. of the hire

money or share of profit payable to the overseas company. The Commissioner, however, will be empowered to vary this percentage if it can be proved to his satisfaction that it is excessive on the facts.

With regard to insurances effected with persons resident out of Australia, the Bill contains provision to deal with a practice which has grown up of writing insurance contracts by means of local agents. Non-resident principals who have been securing insurance business in this State through resident agents have been able to avoid Western Australian income tax. The Bill now provides that where Western Australian property is insured by a non-resident, the premium shall be included in the assessable income of the insurer and, further, that unless the contract is made by a principal office or branch established by him in Australia—in which case, of course, the premium would be assessable as income under the Act—tax shall be imposed on 10 per cent. of such premium. This percentage will be subject to review, however, if the actual profit to the insurer is shown to be less. Insurance contracts covered by these new provisions do not include those made in respect of life insurance.

As to interest paid by companies to persons resident outside Australia, the existing law relating to the taxation of interest paid by banks and companies to persons resident outside Australia has not been altogether effective. At present, the paying companies are assessable only as agents, and are not liable until after notice of assessment. This has resulted in the loss of tax, where the interest-bearing deposit has been withdrawn prior to the issue of an assessment. The Bill now proposes to place the liability for the tax directly upon the company paying the interest, which, in turn, will be able to recoup itself from the depositor. Companies will also, in future, be assessable on interest paid to non-residents on debentures. No very material changes are contemplated under the measure in respect to the limitation of time for the amendment of assessments. The power of the Commissioner to amend assessments so as to ensure their accuracy and completeness is not limited to any specific period under the present Land and Income Tax Assessment Act, while, as regards the Dividend Duties Act, no express power of re-assessment is given at all. The Bill

proposes to treat companies in the same manner as individual taxpayers. The Commissioner's power to make retrospective assessments will be restricted within certain limits. In the case of fraud or evasion, the period allowed for amendment will be unlimited. On the other hand, where the taxpayer has made a full and true disclosure of all the facts, the period will be limited to three years. The Commissioner, however, will have the power to re-open assessments up to a period of six years where there has not been a full and true disclosure of all the facts, but where there is insufficient evidence to show fraud or evasion. There will be no power for the Commissioner to re-open an assessment for the purpose of applying a fresh interpretation of the law, unless as the result of the determination of an objection lodged by the taxpayer.

Dealing with covenants in mortgages with the object of shifting the burden of income tax, at present the Act contains no provision voiding any covenants or stipulations in mortgages which have, or purport to have, the effect of transferring the burden of the income tax on the interest from the mortgagee to the mortgagor. It is not considered reasonable that mortgagees should be allowed to contract themselves out of their liability to income tax, or to vary their contracts in accordance with the variations of their income tax liabilities. The Bill contains proposals that will prevent this practice. An amendment to the existing provisions in respect to the release of taxpayers from payment in cases of hardship is proposed under this measure. The Act provides that, in certain circumstances, the executors of a deceased person may be assessed to income tax on income earned by the deceased in his lifetime. Where it can be shown that the dependants of the deceased would suffer serious hardship as a result of the exaction of the tax, the executor may be released wholly or in part from his liability. The Bill proposes to extend this relief to any case where a taxpayer has suffered such a loss or is in such circumstances that payment of the tax would involve serious hardship. Applications made under these provisions will be heard by a board consisting of the Commissioner, the Under Treasurer, and the Auditor General, or such substitutes as the Treasurer appoints. Those are briefly the more important provisions of

the Bill. The proposed legislation will combine in one Act provision for the assessment and collection of tax on the incomes of both companies and individuals. At present, individuals are dealt with under the Land and Income Tax Assessment Act, while companies come under the Dividend Duties Act. Because companies operating outside the State, and banks and insurance companies generally, have for many years been subject to relatively less taxation in Western Australia than in the other States, the net effect of this Bill will be to increase revenue to the order of £15,000 or £20,000. It is desirable that the passage of the Bill should be expedited in order that the introduction of the measure dealing with the fixation of rates of income and land tax will not be unduly delayed. Then, again, the Taxation Department cannot proceed with its assessments until we have finally disposed of the Bill. Members will find attached to the Bill a memorandum prepared by the Premier, containing a good deal of explanatory matter. I look upon the memorandum as a valuable aid to a proper understanding of our income taxation legislation. If members will give consideration to that memorandum between now and when the Bill is next dealt with by the House, they will be enabled to discuss the various matters concerned more intelligently in the Committee stage. This is a very comprehensive measure, and very intricate in some respects. It is particularly important. For many years there has been a demand that we should have more uniform taxation legislation throughout the States of Australia. In view of the fact that this is the only State that has not yet fallen into line with the recommendations of the conference to which I referred, I hope the House will pass this Bill without any serious amendment so that we may secure the uniformity that appears so desirable.

Hon. L. B. Bolton: Is the memorandum the same as that which was given to another place? Has any provision been made for the amendments to the Bill there?

The CHIEF SECRETARY: The only alteration that has been made is in regard to Clause 224. The reference to that, on the back of the memorandum, goes out. I will explain that more fully in Committee. I move—

That the Bill be now read a second time.

On motion by Hon. H. Seddon, debate adjourned.

BILL—FINANCIAL EMERGENCY ACT AMENDMENT.

Second Reading.

Debate resumed from the previous day.

HON. H. S. W. PARKER (Metropolitan-Suburban) [7.52]: The only portion left of the old Act relates to the reduction of interest on mortgages. I see no necessity for it to be continued, but I am not going to vote against the second reading of the Bill. The time has come when those people who have any equity in their properties can arrange mortgages at a reasonable rate of interest. The object of the original Act was to endeavour to bring down interest generally. It was necessary, in the circumstances, to force it down, and it was forced down. The interest at the time the Act came into force was 7 per cent. and it was brought down to £5 8s. 6d. per cent., which is being paid at present. There is plenty of money available on good security to-day at 5 per cent. The Act, therefore, is no longer required.

Hon. H. Tuckey: You are speaking of city property, I suppose.

Hon. H. S. W. PARKER: Yes; from the point of view of the city, there is no need for this legislation, and I am sorry the Government has seen fit to continue it. I shall certainly think seriously before voting in favour of this Bill if it is brought forward next year.

HON. H. TUCKEY (South-West) [7.54]: I agree with a good deal of what Mr. Parker has said. The time has arrived when we might get this legislation off the statute-book. For the time being, however, it is necessary to carry it on, at all events for another year, because of the situation in the country districts. It would be a good idea, when this legislation is again dealt with, to reduce the interest, say, by $11\frac{1}{4}$ per cent. or 10 per cent., putting the reduction on a sliding scale, so that those concerned will not feel the alteration all at once.

Hon. H. S. W. Parker: That would do away with the Mortgagees' Rights Restriction Act.

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—MORTGAGEES' RIGHTS RESTRICTION ACT CONTINUANCE.

Second Reading.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [7.56] in moving the second reading said: This Bill proposes to continue the operations of the Mortgagees' Rights Restriction Act for a further period of twelve months. Members are familiar with the principles of the Act itself. This legislation applies only to mortgages and agreements for sale entered into prior to the enactment of the original measure, and to mortgages which, although executed subsequent to 1931, are security for moneys secured by a mortgage current at the commencement of the Act. The Act provides that no mortgagee shall be entitled to enforce his remedy under the mortgage without first obtaining the leave of a Judge of the Supreme Court. That is to say, unless he obtains an order from the Court he is precluded from suing for his principal or interest; entering into possession of the land; distraining for arrears of interest; exercising his power of sale or foreclosure, and from appointing a receiver of the rents and the profits of the land. A similar provision applies to a vendor of land under a contract of sale (which is deemed to include a lease with an option of purchase). However, in certain circumstances, the Act puts an obligation on the purchaser to approach the court and justify his position, if he desires to be protected against the vendor. This provision obtains when the vendor serves a notice of his intention to exercise his rights under an agreement of sale upon a purchaser who is in arrears of any payment for a period of twelve months, and who has made no payment in respect to any amount due by him during any period of six months. It will be recalled also that the Act prohibits judgment creditors from issuing process by way of execution against land for the recovery of the sum of £50 or more. Suggestions have been made that the Act should be allowed to lapse and I regret, with others, that the necessity for it still continues. However, so long as the present difficulties persist, and more particularly those affecting the rural community, there is still necessity for the protection afforded by this legislation. I hope, therefore, that this House will agree that it is desirable to continue the operations of the Act for an-

other twelve months. I do not think there is any need for me to say more to stress the necessity for the legislation, especially in the interests of the country districts. I move—

That the Bill be now read a second time.

On motion by Hon. H. S. W. Parker, debate adjourned.

BILL—LAND ACT AMENDMENT.

Second Reading.

Debate resumed from the previous day.

HON. E. H. ANGELO (North) [8.2]: I support the second reading of the Bill and commend the Government on the two provisions it contains. Especially am I pleased that it has been seen fit to extend the power to relieve pastoralists for a further period. Members generally know that pastoralists are very seldom found approaching Parliament for relief. Unfortunately, a situation arose two or three years ago that forced them to ask for consideration. The Bill demonstrates not only sympathy but business acumen on the part of the Government that it is prepared to assist that section of the community in the way proposed. In years gone by pastoralists paid large sums in income tax and contributed heavily to revenue in other forms such as wharfage, freights, etc. They also helped the State by sending their wool to England to maintain our exports somewhat at the level of our imports. It is realised by the Government that when conditions improve again it will be possible once more to be able to secure heavy taxation contributions from people who are now so badly hit. Unfortunately, it will take some time before the pastoral situation can return to normal. The Chief Secretary indicated to the House last night some of the enormous losses in stock, but unfortunately that is not the worst aspect. The pastoralists cannot replenish their stocks in order to enable them to build up their herds quickly. I went North first about 50 years ago. I know a little about droughts. They have occurred previously but the experience of the past few years was the first in which every district was affected by the drought at one time. In previous years it was possible for pastoralists in districts badly affected by drought

to secure ewes from another district more favourably situated, but that has not been so this time. Therefore, as the Chief Secretary pointed out last night, it will take some considerable time before the industry can recover. I desire to take this opportunity to bring before the notice of the Minister what I consider a rather important point, and to suggest that some steps be taken to rectify what will be a pronounced danger in portions of the pastoral areas in the future. I propose to read an extract from a letter written by a resident of the Gascoyne district who has been in the North for nearly 50 years. He has been a station manager and knows a great deal about stock. For the past 10 or 12 years he has been travelling as a station inspector for some large stock firms, so his opinion should be taken as worthy of notice. In his letter he says—

It is a shame the way so much of our good land on the Gascoyne, and other districts as well, is being sacrificed for the want of sensible control. Overstocking certain areas starts the trouble, and then the drought and strong winds complete the job.

One hears the average man say "That is our own look-out," that is, the pastoralists' look-out, and we musn't overlook the fact that the pastoralist is, after all, only a lessee, and that the land is Crown land, the property of the people, that is being ruined.

What is wanted is that a man who thoroughly knows the country and its capabilities should be appointed with authority to quarantine certain tracts of country and prohibit any stock at all from grazing or travelling over it, say for two years. If this was done most of this abused country would come back to its original value.

Hon. J. Cornell: I am not too sure of that.

Hon. E. H. ANGELO: The writer says—

Failing that, good seasons will fail to restore it, because as soon as the young feed shows up, stock will be put on, and before the feed can reach the stage of binding and holding the ground, it will be eaten off and the surface again be broken up, to blow away, until only the sour subsoil, scalded by the heat, is left.

There is a lot of this country in this State now, but a lot more that can still be saved if prompt action is taken. Now is the time to do it. On the history of the country we are due for a run of good seasons, which with the country protected would set it up again. Further, with stocks so low, there would be no hardship entailed to the lessees to force them to keep stock off certain badly-affected areas for a year or two.

I went to the Gascoyne district 35 years ago and I am fully acquainted with the nature of large tracts of country there. For instance, there is the Carnarvon commonage which consists of 20,000 acres. It is a magnificent stretch of country and in former years residents could always depend upon their cows depastured there being in good milking condition. All sheep to be shipped away were taken there and never deteriorated while grazing on that country. Now constant stocking has reduced it almost to the condition of a desert. It is painful for those who knew the country as it was to drive out of Carnarvon for some miles. The same conditions obtain on some of the station properties. As the writer points out, now is the time to take action. It would be good business to do something of the sort. If existing conditions are allowed to continue, it will mean that in a few years' time the assessors of rent will find that where to-day land is worth a rental of 25s. per 1,000 acres, properties will not carry the stock that will warrant the assessing of any such rental.

Hon. J. Cornell: In New South Wales 20 years' abandonment of some country has not brought it back to its former condition.

Hon. E. H. ANGELO: Perhaps remedial measures were not tried.

Hon. J. Cornell: No stock was put on that country.

Hon. E. H. ANGELO: Then perhaps the position had been allowed to continue too long. At any rate, I do not endorse such a policy of despair. I honestly think, in common with the writer of the letter I have referred to, that something could be done.

The Chief Secretary: Can you suggest what could be done?

Hon. E. H. ANGELO: I think the writer suggests in the letter what should be done when he says—

What is wanted is that a man who thoroughly knows the country and its capabilities should be appointed, with authority to quarantine certain tracts of country and prohibit any stock at all from grazing or travelling over it, say, for two years.

We have stock inspectors who are, generally speaking, men who understand the country and can offer the necessary advice. If we could pass legislation empowering them to quarantine a paddock here and a paddock there, much good would result, and, as the writer of the letter points out, now is the time to do it when herds are depleted. Not one station to-day is carrying 50 per

cent. of the stock carried two years ago. On stations it would be quite easy for an inspector to advise or instruct the shutting up of a paddock here and a paddock there for two years, leaving the pastoralists sufficient to carry on with until the land recovered.

Hon. G. Fraser: Then there would be a howl.

Hon. E. H. ANGELO: I do not think so.

The Chief Secretary: Is it not strange that the station owners themselves have not done something of the sort?

Hon. E. H. ANGELO: Many have done so, but some have not. Unfortunately, of late years I am afraid some of them have over-stocked their properties.

Hon. C. F. Baxter: But they cannot over-stock now.

Hon. L. B. Bolton: And it does not look like it from the reports we have received.

Hon. E. H. ANGELO: Unfortunately, the droughts that have been experienced during the last two or three years have accentuated the trouble. Then, again, in further reply to the Chief Secretary, hordes of kangaroos have practically made it impossible to set aside paddocks for recovery purposes. That has been the cause of a lot of the trouble. Now I do not suppose 5 per cent. of the kangaroos are to be found on the holdings now that could be seen there two years ago. From that standpoint again, the present is an opportune time to take action. It would be a good idea if a Government inspector were able to go along and not only quarantine certain paddocks for recovery purposes but see to it that the pastoralists were taking every measure possible to keep down the kangaroo pest. Now is a good time to inaugurate such a scheme, because there are so few kangaroos about.

Hon. G. Fraser: I think you would hear a lot about interference.

Hon. E. H. ANGELO: I do not think so. The country belongs to the people of the State.

Hon. J. Cornell: The principal trouble is that the country has been denuded of everything it grows.

Hon. E. H. ANGELO: Not so up there. Some years ago I told the House that I had come down from Roebourne to Carnarvon. There had been a drought for a considerable time, and anybody who did not know the country would have been forced to arrive at the opinion that it could never possibly

recover. Last May I went through again and the change that I saw was remarkable. There had been two or three months good rain, and it was a different proposition altogether. The country looked just as well as it had ever done. But it had been spelled to a certain extent because it had not been carrying stock and the kangaroos had disappeared from it. However, I considered it my duty to bring the letter I have read under the notice of the Government, and I repeat that it would be good business to carry it into effect because I feel certain that a fair area of territory that is now rapidly deteriorating may be saved by the expenditure of a few pounds a year in the payment of travelling expenses for the stock inspectors, probably two, who could cover the whole of the North. I therefore commend the proposal to the consideration of the Government, and will vote for the second reading of the Bill.

HON. C. F. BAXTER (East) [8.18]: This is a very small but important Bill, and it touches on two phases. The first was dealt with by Mr. Angelo. Too much cannot be done to re-establish the flocks in the North-West, though I am not going to agree that the re-establishment should take place on the lines recommended by that hon. member. Seeing that the number of stock there now is very low it will take years to replace it. It would also take many years for kangaroos to multiply to the extent of becoming troublesome and again doing the damage to which reference has been made. In the meantime the country itself will recover automatically. The point, however, is that the leaseholders are the people responsible. Though everything depends upon their success we do not need an army of inspectors, and there is no justification for Government interference. I cannot see that the Government should be called upon to do anything in the matter; it should be left in the hands of the leaseholders. Mr. Angelo said that the areas were Crown lands, but before those areas revert to the Crown, and probably long before that time arrives, there will be a further extension of the lease periods.

Hon. G. Fraser: They have 23 years to go now.

Hon. C. F. BAXTER: With regard to the Carnarvon common it is to be regretted that that common has been eaten out; but what was the Carnarvon Road Board doing? Why

did not that local authority protect the common?

Hon. J. Cornell: Did you ever know of a common having been protected?

Hon. C. F. BAXTER: The local authority should have seen to it, especially in a country like the North-West, that it was not eaten out.

Hon. E. H. Angelo: I gave that as an instance.

Hon. C. F. BAXTER: It is an instance that shows the local authority was lax in its duty in not protecting the reserve, for it is a reserve. Another important feature of the Bill is the reference to the additional land being made available in different districts of the State. Those districts are in the outside areas, and it is very necessary that power should be given to the Minister to meet existing difficulties. Some years ago I paid a visit to the Salmon Gums country to investigate the position and report to the Government. I reported that larger areas should be made available to each farmer, and that each farmer should be assisted to stock the areas. That was the only way in which that country could be successfully worked. A little while ago in company with two other members I visited the Mukinbudin district, and there met representatives from all the outlying centres who had gathered to discuss their problems. To my mind the only solution of the difficulties being experienced in those districts is to give each settler an area of land sufficiently large to enable him to carry stock, in addition, of course, to that required for wheat growing. They need an area big enough to carry at least 500 sheep, and that would give each farmer say £250 a year, averaging the return from each sheep at 10s. That revenue in addition to what would be obtained from wheat would enable farmers there to carry on. We cannot expect that part of the State to give good results from wheat growing for a long period of years. Just now I feel that we are running into good seasons again, and the possibility is that if that should happen we will have wonderfully good results in that rich tract of country around Mukinbudin and perhaps farther east. Naturally there will follow dry periods, and the stock that each farmer will hold will of course assist him. The average of the whole of that district would not be more than perhaps five bushels per acre. Members therefore will see the impossible position in which the farmers find themselves. If we are going to

re-establish the position in that part of the State, the properties there will have to be re-valued, and the debts written down. But that cannot be done in the way we now propose unless, of course, we bring all under rural relief, which I do not think advisable. Personally, I consider it is necessary that Government representatives should carry on investigations in the whole of that district with a view to revaluing the land and writing down the present indebtedness to the extent that will enable the farmers there to carry on. It is idle to say that some of those settlers are not worthy of it. I consider that all those in the districts to which I have referred who have hung on to their properties for five or six years must really be the right type, otherwise, they would not have been able to remain there. A number of them have been getting sustenance, but that is degrading to the person receiving it, and expensive to the Government. The sooner it ceases the better.

Hon. J. Cornell: The land there is no better than the land around Southern Cross, where the rainfall is similar.

Hon. C. F. BAXTER: Rain fell there a few days ago and it must have been a god-send. With regard to the Bill, the only other point to which I would allude is that which refers to cultivable land. That word hardly fits the position because it will cover all grades of land and it is misleading not alone to the farmers themselves but to the department. Personally I consider that the word "cultivable" should be cut out and "first-class land" inserted instead. Farmers would then know where they stood. If we are going to give additional land to those people to the extent of 2,000 acres with a big stretch of morrel country in it, the person on that land will never make a success of it. I hope the time is not far distant when the position of those who are in the outlying districts will be considerably improved to the extent that it will be possible for them to succeed. Success, however, will never come from wheat-growing alone and the sooner a swing over to stock as well is made, the sooner will the holders of the areas be on the road to success.

Hon. J. Cornell: What is a fair average yield in those districts in normal seasons?

Hon. C. F. BAXTER: I think about 11 bushels.

Hon. J. Cornell: I think it averaged about 16 bushels for a couple of years.

Hon. C. F. BAXTER: Yes, and I have seen crops there yield 30 bushels, in the wet season of course. In off seasons it is only possible to carry stock.

Hon. J. M. Macfarlane: What would be the most suitable stock?

Hon. C. F. BAXTER: It is good sheep country. I support the second reading.

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

House adjourned at 8.27 p.m.

Legislative Assembly.

Thursday, 11th November, 1937.

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

QUESTION—RAILWAYS.

Sheep Transported in Wheat Trucks.

Mr. WATTS asked the Minister for Railways: 1, Is he aware that steel wheat trucks were supplied at Katanning for the loading of sheep on the 5th November, 1937? 2, Will he give the reasons why those trucks were supplied? 3, What trucks, and how many, were ordered for the despatch of sheep ex Katanning on that day? 4, When were they ordered? 5, Is he aware that a number of sheep were killed and injured in transit from Katanning on that occasion? 6, If so, does he agree that the use of the

wheat trucks mentioned was mainly responsible? 7, Will he give an assurance that such wheat trucks will not be supplied in future for the carriage of livestock and that sufficient sheep trucks will be available on due notice being given? 8, Will he consider making some compensation for the sheep losses mentioned?

The MINISTER FOR RAILWAYS replied: 1, Yes, for portion of sheep loaded. 2, Consignors desired to send sheep after purchase and elected to use open trucks in preference to waiting until sheep trucks were available. 3, 70 sheep trucks ordered. 4, The day of sale. 5, It has been so reported. 6, No. 7, The number of livestock trucks is limited. At the same time, there is no compulsion on the consignors to load in trucks that they consider unsuitable; the alternative being to wait until the orthodox trucks are available. 8, No.

QUESTION—LANDS.

Rocky Gully Area.

Mr. WATTS asked the Minister for Lands: 1, On exactly what terms is land available for selection or leasing at Rocky Gully area west of Mt. Barker? 2, How many applications have been received for land there since the 1st January, 1936? 3, How many blocks have been taken up or leased in that period? 4, Have any applications been rejected? If so, why? 5, Were any, and how many, applications withdrawn?

The MINISTER FOR LANDS replied: 1, Under Conditional Purchase conditions at prices ranging from 9s. 10d. to 34s. 4d. per acre (inclusive of survey and improvements) subject to the condition that the existing improvements are maintained by the selectors. Fourteen of the locations are also available for leasing for grazing purposes on the following terms:—(a) the leases to be for a period of 10 years; (b) that the successful applicant shall be required to top-dress annually all land sown to pasture with a minimum of 60 lb. of super to the acre; (c) all suckers on cleared and partly cleared land to be destroyed and this land kept free from suckers and seedlings during the term of the lease; (d) that any timber felled and not burned shall be cleared up by the lessee; (e) that any fencing erected by the lessee may be removed at the termination of the lease; (f) that no rent be payable during the first three years of the lease, and after that a rental as fixed by the department