

## Legislative Council,

Tuesday, 19th December, 1922.

join with the Premier and the Leader of the Opposition in paying a tribute of respect to the memory of the late hon. member for Kalgoorlie. In such sad circumstances as these, party interests must always be put aside. We can all join in paying a generous tribute to the many qualities possessed by the deceased, which in a sense endeared him so much to us all. The passing of the late member was perhaps hastened by his conscientious discharge of the public duties that devolved upon him, and, no doubt, the strain of the sittings here quickened his untimely end. I wish to associate myself and the party I represent with the deepest feelings of respect and sympathy for the relatives of the deceased in their hour of great sorrow and misfortune.

Mr. UNDERWOOD (Pilbara) [2.36]: I desire to express my very deep regret at the death of Mr. Boyland. Whatever political opinions we may hold, we have to admit as the Leader of the Opposition has done, that Mr. Boyland was a very vigorous citizen of Western Australia. He was one of our best pioneers, and always was a man of solid personal honesty and integrity. The loss of such a man is a loss to the State. He was once strong and vigorous, but when such a man becomes worked out, those of us who still retain their health cannot but have the utmost sympathy for the relatives who are left behind.

Mr. PICKERING (Sussex) [2.38]: During the time that the late Mr. Boyland was amongst us he showed a lively interest in any legislation dealing with miners' phthisis. It is a matter for sincere regret that the measure the House had in contemplation could not have been placed on the statute book before the late member passed away. I am sure he would have been highly gratified if he could have assisted to bring into being legislation to deal with sufferers from the dread disease from which he died. I join in the expressions of sincere sympathy for the family of the deceased gentleman.

Question put and passed; members standing.

*The House adjourned at 2.40 p.m.*

	PAGE
Select Committee, Fishing Industry, report presented	2241
Standing Orders Suspension	2241
Question: Railways, Spring frog crossing	2242
Bills: Dog Act Amendment, 2a.	2242
Agricultural Seeds, 2a.	2242
Land and Income Tax Assessment Amendment, 2a.	2243
Licensing Act Amendment, request for conference, conference manager's report	2250
Dairy Industry, Assembly's Message	2251
Dairy Cattle Improvement, Assembly's Message	2251

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

## SELECT COMMITTEE—FISHING INDUSTRY.

Report presented.

Hon. F. A. Baglin presented the report of the select committee appointed to inquire into the fishing industry.

Ordered: That the report be received and printed.

## MOTION—STANDING ORDERS SUSPENSION.

The MINISTER FOR EDUCATION (Hon. H. P. Colebatch—East) [4.35]: I move (without notice)—

That until the adjournment of the House over the Christmas holidays so much of the Standing Orders as is necessary be suspended to enable Bills to be taken through all stages at one sitting, and messages from the Legislative Assembly to be taken into consideration forthwith.

I understand it is the desire of members that we should adjourn as soon as possible for Christmas. If this motion is carried, I intend to use it only to facilitate the consideration of those Bills which it is necessary to deal with before we adjourn. I refer particularly to the Land and Income Tax Assessment Amendment Bill, the Land Tax and Income Tax Bill and the Licensing Act Amendment Bill. For instance, without such a motion as this, when we receive a message from the Assembly in regard to the Licensing Act Amendment Bill it will be necessary for us to defer it for a day, although we should probably be quite prepared to deal with it at once.

Hon. A. LOVEKIN (Metropolitan) [4.36]: I hope the motion will not be agreed to except under certain conditions. We have before us two very important Bills, namely, the two taxation Bills. These have been sent to us at the eleventh hour. The Assessment Bill was introduced in the Assembly in August last, but remained there until last week. It is an intricate Bill, and contains innovations

that require more careful consideration. I am willing to devote all the time that is possible to that Bill, but my view is that the Standing Orders can only be suspended on the understanding that the Land Tax and Income Tax Bill is not pushed through until we see what amendments we require to make to the Assessment Bill, and how the Assembly intends to treat them.

The Minister for Education: I give you my assurance on that point.

Hon. A. LOVEKIN: I shall offer no further opposition to the motion.

Hon. J. J. HOLMES (North) [4.37]: I was one of those who recently objected to the suspension of Standing Order No. 62. I have no objection to the suspension of the Standing Orders to facilitate business between the two Houses, but I strongly object to sitting until the early hours of the morning. If the motion is carried, it must be on the understanding that advantage will not be taken of the position to keep us here until the early hours.

Hon. J. CORNELL (South) [4.38]: Will this motion mean the suspension of Standing Order No. 62? This refers to dealing with new business after 10 o'clock. If so, it would be contrary to a previous resolution of this House when it was decided that that Standing Order should not be suspended.

The Minister for Education: The House resolved that the Standing Order should not be suspended for the remainder of the session.

Hon. J. CORNELL: We are entitled to know what it is proposed to do. Although I voted in favour of the motion to suspend Standing Order 62, I am prepared to accept the decision of the House, and would not support any motion that would tend to undo what has already been done.

Hon. J. DUFFELL (Metropolitan-Suburban) [4.39]: When the Leader of the House moved recently to suspend Standing Order No. 62 for the remainder of the session, an amendment was moved that the suspension should take effect only until Christmas. To this the Minister took exception. We were prepared to suspend the Standing Order for that period only but he did not think that was good enough. He opposed the amendment, and now, a week before Christmas, he moves a motion having for its object that which was recently negatived by the House. I am now in a dilemma as to whether I should support this motion or not.

Hon. J. Cornell: It would be reversing a previous decision.

Hon. J. DUFFELL: Yes, almost under compulsion. We know the Minister is anxious to get the taxation Bills through. During last session a forcible example was set another place when the Appropriation Bill was allowed to go through in February on the casting vote of the President. If that is not sufficient warning to the Assembly, it is time this House awoke to a full sense of

its responsibilities, and refused to accede to this latest request.

The MINISTER FOR EDUCATION: (Hon. H. P. Colebatch—East—in reply) [4.41]: I hope members will get it out of their minds that I care whether the motion is carried or not. My consideration is for members, particularly those who come from the country. I have never taken advantage of the suspension of the Standing Orders to do anything that should not be done.

Hon. J. Duffell: Would motor cars be provided to take members home when the ordinary services have ceased for the night?

The MINISTER FOR EDUCATION: If by sitting late on two evenings members who live in and around the city could enable those who live in the country to reach their homes within a reasonable time before Christmas, they should not grudge them the opportunity. This House very seldom sits late. It is purely a question for the House as a whole to decide. As my motion is moved without notice it can be carried only by an absolute majority of the House.

Question put.

The PRESIDENT: I declare the "Noes" have it.

Division called for and bells rung.

All members having proceeded to the right of the Chair,

The PRESIDENT declared the question passed.

#### QUESTION—RAILWAYS, SPRING FROG CROSSING.

Hon. H. STEWART asked the Minister for Education: 1, When was the Spring Frog Crossing introduced in the railway permanent way? 2, Is this type more economical in cost and maintenance than the rigid type? 3, What has been the annual saving since its introduction? 4, Is this the most efficient and economical type now available? 5, What type is now being used?

The MINISTER FOR EDUCATION replied: 1, 1902. 2, Yes. 3, The figures are not available in detail, but it is known that, whilst first cost is greater, the longer life and lower maintenance cost combine to make it more economical eventually. 4, Yes, for most practical purposes. 5, The spring frog type has been used generally for several years, and quantities of the rigid type have consequently been left in store. The latter are now being used up as opportunity offers, except on important main lines and elsewhere it is particularly desirable to use the spring type.

#### BILLS (2)—THIRD READING.

1, Dog Act Amendment.

2, Agricultural Seeds.

Read a third time and returned to the Assembly with amendments.

# BILL—LAND AND INCOME TAX ASSESSMENT AMENDMENT.

## Second reading.

Hon. A. LOVEKIN (Metropolitan) [4.49]: I associate myself largely with the remarks of Mr. Lynn and Mr. Holmes in regard to the financial position of the State. I would have followed them all the way, especially in view of the returns which have been placed upon the Table to-day showing the details of the expenditure under Treasurer's Advance Account, but I shall have another opportunity either on the Land Tax and Income Tax Bill or on the Appropriation Bill, to deal with the financial aspect thoroughly and, therefore, I will content myself with putting all my energies into the consideration of this Assessment Bill, so that we may make some progress with it. I take that course with a view to helping the Minister as far as I can. He has appealed to us to help him. It is not his fault that the Bill reaches us so late. The Assembly had the Bill before them in August last and it reached us only last week. It is highly complex and if we attempt to hurriedly amend it, we can easily make matters worse, instead of improving them. The Minister, therefore, must bear with some of us who try to grapple with this problem, and not push us too far into the early hours of the morning, expecting us to debate highly technical clauses which have such a far reaching effect. The Minister has always been obliging to us, and has consulted our convenience on every possible occasion. We all appreciate that and it is a fair thing that we should endeavour to reciprocate. That is the course I intend to adopt. From my point of view, the Bill is a shocking one. As it stands it is a disgrace to the draftsman. Last session we had a similar measure and this Chamber and another place made certain amendments in the Bill. Some of these amendments were placed in the Act; others were utterly ignored. Strange to say, although the Government and the draftsman of the Bill knew of those facts, no attempt has been made in this Bill, except in one or two instances, to repair the defects of the measure we had before us last session. Let me tell hon. members what happened last session. To Clause 5 of the Bill we discussed last session, this House made three amendments. The first was to strike out the word "further" in the first line. The second was to strike out "paragraphs" in the second line, and to insert "subsections" in lieu; while the third amendment was to add a proviso. It was a very important proviso which involved people in the payment of £30,000 worth of taxation which they had no right to pay, seeing that the subsection according to the amendment was not to have retrospective effect. What happened to these amendments? The first was sent to the Assembly and they agreed to it. The second was also agreed to by the Assembly, but the third amendment, which was so important and which involved the Newman case, does not appear to have reached the Assembly at all. A Message was

returned to this House stating that the Assembly had agreed to our amendments to Clause 5, which included the one I referred to. We all thought that the Assembly had had the proviso as well as the other two amendments before them, and had agreed to all three. It now appears that the Assembly did not have the amendment dealing with the proviso before them at all. When I looked at the Act and tried to place the amendments, I found that the word "further" had been struck out contrary to the decision of the Assembly. The next amendment was to strike out "paragraphs" and insert "subsections." The word "paragraphs" had been left in, although the Legislative Assembly had agreed to strike it out. The proviso was not inserted at all. When I found that this important amendment, which involved the Newman case was not in the Act, I went to the Minister and suggested, seeing that such an important amendment had been omitted, and that, so far as the records showed, the two Houses were in agreement on that point, I should go to the Governor and ask him to withhold his assent to the Bill until he had returned the measure to Parliament to enable both Houses to deal with it. The Minister saw the difficulty, and said that if I allowed the matter to go he would give instructions to the Taxation Department to administer the Bill as if the amendment we had agreed to were part of the Act. From what I have heard, I believe the Minister did issue those instructions but the Commissioner of Taxation—and I think he acted properly—referred the Minister's instructions to the Federal Commissioner of Taxation, Mr. Ewing, in Melbourne. Mr. Ewing advised that the Taxation Department had nothing to do with instructions from Ministers or anyone else, but had to interpret Acts of Parliament as those Acts stood. There has been no attempt in the present Bill to repair these defects. I have framed some amendments which we can deal with in Committee, and these matters can be put right. Mr. Stewart also secured an amendment to insert "deduction" instead of the word "subsection." By referring to page 2949 of "Hansard," hon. members can see what happened regarding that amendment. That amendment was carried. So far as the records of the Legislative Assembly go, that amendment, however, was never put before members in the Lower House, and consequently does not find a place in the Act. It was a very important amendment.

Hon. R. J. LYNN: Who was responsible for the amendment not going before the Legislative Assembly?

Hon. A. LOVEKIN: I was not responsible, but I know that at midnight, when the message came back, some of us were trying to find out what had been agreed to and what had not been agreed to. No one seemed to know.

Hon. H. STEWART: We specifically asked questions regarding the individual amendments.

Hon. A. LOVEKIN: We did.

Hon. H. Stewart: In the case of my amendment, we were assured it was not one that was suggested as not having been carried.

Hon. A. LOVEKIN: That is right. I will leave Mr. Stewart to refer to that matter, as it is all dealt with in "Hansard." However, that amendment did not appear in the Act. Mr. Stewart communicated with the Governor on the point but still the Act has been given effect to without that amendment. These amendments to which I have referred, were spirited or "whiskied" away and have not seen the light of day.

Hon. J. Cornell: There must have been a flood that night.

Hon. J. J. Holmes: Are we not running a risk in sending this forward with the liquor Bill?

Hon. A. LOVEKIN: We probably are, and that is why I am opposed to sitting here at a late hour. Some of us cannot think rapidly or coherently at midnight. I cannot agree that many young men stand the strain any better than I can, and I do not want to sit here discussing complex Bills at midnight.

Hon. J. J. Holmes: When we passed those amendments, our responsibility ceased.

Hon. A. LOVEKIN: But unfortunately there seems to have been no one to take the responsibility.

Hon. J. J. Holmes: There should be some one.

Hon. A. LOVEKIN: Of course. I do not want to pursue this matter, but the same thing is going on this session. The Chairman of Committees knows of it. We all know of it, and it is time something was done. I carried an amendment on Clause 10 to strike out "two" and insert "three." That was an important amendment applying to people who had paid taxation improperly and I proposed that they might have three years in which to apply for a refund, particularly as the assessments are sometimes not issued for 18 months. To this the House agreed. In America and England five years is allowed in which to apply. On the other hand, the department can come at the taxpayer at any time. The House agreed to three years as the period in which a taxpayer might apply for a refund. See how important that amendment was. I am not allowed to refer to what takes place elsewhere, but in another Assembly not very long ago a question was put to the Premier as to whether certain taxes improperly paid might be refunded, and the answer was, "Yes, if taxpayers apply within the time allowed by this section." The time had expired and so the Government holds that money wrongly. This was a very important amendment and it is repaired by this Bill, so I have no further complaint to make. This amendment did reach another place, and it was there negatived. When the Bill came back, I asked the Minister whether the Assembly's disagreement referred to that particular clause or to the three years referred to in the averaging clause. If members look up "Hansard"

they will find that the Minister assured me it referred to the averaging clause, and not to the period in which application might be made for a refund. We had a message that the amendment relating to the refund had been agreed to, instead of which it had been negatived in another place. This is to be found in "Hansard," page 2970. In the Assembly again, Mr. Angwin moved to strike out the proviso to the proposed Subsection 2 of Clause 30, and according to "Hansard" page 2983, that was carried. That amendment never reached this House at all, and the proviso was omitted from the Act. Mr. Cornell moved a proviso to the proposed Subclause 4 of Clause 30 which was carried. That proviso was not before the Assembly and is not in the Act. In view of this it behoves us to be very careful how we deal with this Bill, especially when the drafting of the measure is such that it does no credit to the draftsmen and, as I shall show in a few minutes, attempts are being made under this Bill to take advantage of us if it is possible to do so.

Hon. J. Duffell: That is a pretty strong assertion.

Hon. A. LOVEKIN: I shall justify it. Clause 2 of the Bill proposes to amend Section 16 of the principal Act by inserting two subsections which last year for the first time were in the taxing Bill. They are to be found in Section 5 of the Land Tax and Income Tax Act. I want members to look at this as justifying the remark which Mr. Duffell just characterised as pretty strong. This section provides—

If the income chargeable of any person, together with income received by him in respect of the dividends of a company subject to duty under the Dividend Duties Act, 1902, amounts during the year ending the 30th day of June, 1921, to such a sum as if it were all income chargeable would be liable to income tax at a rate exceeding one shilling and three pence for every pound sterling thereof, without regard to the super tax imposed by Section 6, income tax shall be payable by such person on the amount of such aggregate income, but he shall receive credit for the duty payable under the Dividend Duties Act, 1902, in respect of his income derived from a company as aforesaid.

I direct attention to this because the department has been adding the super tax to the gross income instead of to the net income. I have an amendment to get over that. The next subsection relates to practically the same thing. Boiled down it means that if a person with shares in a company receives a dividend which has been taxed, the whole of that dividend is merged into the income and is taxable at the rate applicable to the income, minus the 1s. 3d. in the pound. I have no objection to that, although Mr. Lynn said it was hitting up our local residents and exempting the foreigner.

Hon. J. J. Holmes: Mr. Lynn said the opposite. I said that.

Hon. A. LOVEKIN: Last year it was pointed out that the Taxation Department were not allowing as a deduction the interest paid on moneys borrowed for purchasing shares. If a man bought shares by way of an overdraft and had to pay interest on his overdraft, the whole of his dividend was merged into his income and taxed, leaving him to pay interest on the borrowed money which had produced the dividend.

Hon. H. Stewart: They would remedy that if it was pointed out to them.

Hon. A. LOVEKIN: No, we had quite a number of cases in the Taxpayers' Association and could get no consideration whatever. The department said, "We are here, not to do justice to people, but to carry out the law." That is why we must be very careful in framing the law. Mr. Holmes last session secured the passing of a proviso to this section which read:—

Provided that in any assessment made under this section a deduction shall be allowed for interest incurred by the person in the production of the income derived from dividends.

That is perfectly equitable, but here is a Bill which the Minister puts up as a copy of last year's measure, and wants to make a permanent law, and when we come to check it, we find that this important proviso is omitted.

The Minister for Education: On a point of order I strongly object to being misrepresented in this fashion. I particularly directed the attention of the House to the fact that the proviso had been omitted, and I explained why it had been omitted.

Hon. A. LOVEKIN: I do not suggest that the Minister misled the House. What I am suggesting is that whoever is responsible for this measure has omitted the proviso.

The Minister for Education: I explained fully the reason why it was omitted.

Hon. A. LOVEKIN: I am coming to that.

The Minister for Education: You said that on looking it up, you found it had been omitted. I told the House it had been omitted.

Hon. A. LOVEKIN: I did not hear the Minister say so, but I accept his statement. On looking up the Act I found that this proviso was omitted from the Bill. I found also the answer is that all outgoings are allowed for. That was the case previously. To my knowledge, as a member of the Taxpayers' Association, the department never allowed as an outgoing interest on moneys used to purchase shares. This proviso should be inserted. If it is the practice of the department to make this allowance, the proviso can do no harm. If it is in the Act, it will ensure some measure of justice to taxpayers who borrow money to take shares in a company, hoping to lend some assistance to the development of industry. Clause 4 of the Bill provides a deduction for travelling expenses of members of Parliament. Metropolitan members are to be allowed to deduct

£50 and all other members £100. Seeing that we all have free passes and conveniences which the general public do not have, we should not attempt to increase our salaries by what really amounts to a side wind. When this clause comes before us in Committee, I shall endeavour to get it vetoed.

Hon. A. Burvill: You are not a country member.

Hon. A. LOVEKIN: No, but since I have been a member I have never used my pass for a journey on the railways or a ride on a tram. Wherever I go, I pay my train fare and I pay my 3d. for a tram ride, but because I choose to do that is no reason why other members should. Members' privileges, however, should not be extended in this way.

Hon. H. Stewart: Country member's travelling expenses are far more than railway fare.

Hon. A. LOVEKIN: The answer to that is members are allowed £400 a year, and I do not regard that as payment for services. I should not be prepared to come here for a salary of £400 a year. The £400 is an honorarium to meet out-of-pocket and travelling expenses. The important clause of the Bill is Clause 6, which further justifies the remarks I made a little while ago. It reads:—

The second proviso to subsection (1) of Section 16 of the principal Act is amended by omitting the words "one hundred and fifty-six" and inserting "two hundred" in place thereof.

Heretofore there has been an exemption, and the proper place for it was in Section 16. Now it is to be made a deduction, and the deductions under this measure are all under Section 30. These deductions should be kept together. Even if this clause is carried, the proper thing is to transfer the deduction to Section 30; so that anyone picking up the Act to read it can find all the deductions together. It is not easy to read these Acts with their amendments. Here is the principal Act, into which I have pasted the amendments; and hon. members can see the condition of the Act. Imagine the general public picking up the principal Act and the amending measures to find out what is the law. This particular clause proposes to give an immense advantage to one section of the community; that is, those in receipt of incomes up to £200. It proposes to exempt them from taxation, and further it proposes to enable people with higher incomes to deduct further moneys up to £300, at which point the deduction ceases altogether. That is what is given by the Bill to one section of the community. Somebody has to make it good. Who is to make it good? That section of the community with incomes between £300 and £6,672. They have to find all this money, while those with larger incomes, who could better afford to pay than those in the section between £300 and £6,672, pay nothing more at all. The whole burden is thrown upon the middle section. I am not one who would ask the people on what Mr.

Collier calls the bread line to pay tax. Under the present law the exemption is £100 for a single person without dependants and £156 for a married person, and if the income goes £1 beyond the amount exempted, the person has to pay on the lot. That is wrong. In this country the Taxation Department seeks out a servant girl getting 25s. a week, and debits her with 25s. per week for board, thus bringing her within the tax. That sort of thing does not do this country any credit at all. In the same way the married man with an income of £156, if he gets a little overtime and makes another £1, under the law as it stands would be called upon to pay tax on the lot. All those who are on the bread line, as Mr. Collier puts it, should pay no taxation, and those who are coming up a little bit should certainly get some relief. In Committee I propose to try to insert an amendment bringing this Bill into line with what was the Federal Bill of last session; that is, that a single person without dependants in receipt of £104 a year, or £2 a week, should be able to deduct that sum, and continue to deduct, reducing at the rate of £1 in £3, to the extent that his income exceeds £104. The same as regards the married man with £156. I propose to adopt the Federal principle, which is scientific, whereas our principle is wrong from every point of view. I want that done, if possible, so as to spread the benefit of the reductions.

H. A. H. Stewart: You cannot do that.

Hon. J. J. Holmes: All these people have voted to create the present position.

Hon. J. Stewart: The amendment you suggest would increase the burden on the taxpayer.

Hon. A. LOVEKIN: No. Even assuming that these people do vote, the most hard-headed Tories and Conservatives amongst us, in our own interest—to put it on no higher ground—should try to protect the lives of the hewers of wood and drawers of water. If it is only a horse we try to see that it is properly fed. There must be some line where the allowance should be drawn from a humanitarian point of view, irrespective of the people vote. They should be allowed not to exist, but to live.

Hon. J. J. Holmes: They all voted for reckless expenditure.

Hon. A. LOVEKIN: I will not say all. Possibly some of them have done so. I will not condemn a city if there is even one righteous man in it. The amendment I propose will not increase the burden on the people, but will merely spread over a large area what is proposed by this Bill. The Bill provides only for the manual labourer. I have a good deal of sympathy with the clerk and the civil servant, who have appearances to keep up, who have more expensive clothes to buy. If there is anything going, they should participate in it. Therefore I propose to ask the House to agree to the amendment I have indicated, instead of the one in the Bill.

The PRESIDENT: I would ask the hon. member not to deal with clauses more than he can help at this stage, because in the Com-

mittee stage he will have plenty of opportunities for that. The present stage is one for dealing with principles.

Hon. A. LOVEKIN: This is a very important Bill, and I must ask the House to give me some little latitude. I do not often take up time unnecessarily.

The PRESIDENT: Quite the contrary. I just made that suggestion in order that you might not have to do this twice. Proceed by all means.

Hon. A. LOVEKIN: I am very grateful to you for your suggestion, Sir, but I rather puts me out of my stride.

The PRESIDENT: I am sorry.

Hon. A. LOVEKIN: I think I would get on more quickly if I were not subjected to corrections. The Commissioner of Taxation supports this clause by saying that it will cost £30,000 and that the £30,000 can be obtained by putting another decimal point on the tax, raising it from .006d. to .007d. Now, last year, before the select committee which we had on this Bill, the Commissioner told us that the proposal which I have just indicated, the £156 proposal, would cost £50,000. He said that the proposal under the Bill would cost only £30,000, but then, according to the Premier and the Minister for Education, he immediately went on to show how it was going to cost £37,500, instead of £30,000. We must take care how we follow these departmental calculations, because the department have no greater means of making a computation on this point than the rest of us have. The department are not always accurate. The department say that if we apply the formula .007d. instead of .006d., £6,672 will be the maximum when the 4s. rate will become payable. I ask any hon. member to get a piece of paper and a pencil and work the calculation out for himself, when he will find that the department's answer is not correct: £6,672 at .007d., plus 2d., is very nearly 4s. 0½d. in the pound. I make that statement to show how the department can be incorrect. In reply to a question of mine the Minister stated to-day that the department have no means of distinguishing married from single. That was an answer to only half the question I put. I asked the Minister to be good enough to furnish me with the tax gradations in £100 at a time. That portion of my question was not answered. The information is very important in order to enable an accurate computation to be made. I know, as a matter of fact, that the department have not got the information. Therefore we are driven back to what the department itself is driven back to, and that is the result of the collections for the year before last. Hon. members will find the information on page 8 of the report of the Commissioner of Taxation for last year. The assessments dealt with are those for 1920-21, because the other year's assessments are not yet completed, only about half the tax having been paid up to the time of the report. I am taking this information from Mr. Black direct, and I hope hon. members will not be too much bored

with these figures. I want them down, so that someone may check the calculations. According to page 16 of Mr. Black's report, the tax collected for 1920-21 was £425,784. According to the proposal of the Bill, we have to deduct everything up to £200, and we have to go on making a diminishing deduction until £300 is reached, when there is no further deduction. So we have to deduct all up to £200, and say one-half from £201 to £300. That is Mr. Black's way of doing it. Thus there is a deduction of £20,859 for the section between £101 and £200, and a deduction of £16,791 representing a half between £201 and £300. This makes a total deduction, so far, of £37,650, leaving a net tax of £388,134. Incomes over £5,000 do not come into this at all. I am taking them off for the moment altogether, because we have no means of computing how many of them run up to the £6,672. For the moment, I deduct in respect of them £131,549, leaving a net tax of £256,585. That brings down to £356,585 the tax collectable. Part of that represents the flat rate of 2d., so I must begin by deducting that 2d. rate per £, or £2,138, leaving £254,447. I must add the difference between .006d. and .007d., which is £42,408, on to the £254,447, which brings it up to £296,055. Then I must bring back the 2d. rate or £2,138, which brings it to £298,993. I have eliminated incomes of £5,000 and over. I must now get those back. Sixty per cent. of that money is income between £5,000 and £6,672. As far as I can make out from those who ought to know something about it, this represents £78,989. That brings the collectable tax to £377,982 from which I must deduct again the 2d. rate on £78,989, or £658, and add the difference between the .006d. and .007d., which is £13,055; and add the 2d. rate, £658, bringing it up to £391,695. Then I must take into account the amount that was assessed for that year but which was not collected. It is coming into next year, but actually it is due this year. According to this it represents £52,662, bringing the total taxation to £444,357 as against £425,784, which we collected and which we have eliminated, all those who receive up to £200 and half of those between £200 and £300. So that on this scheme the Government are not going to lose anything at all by the difference, but are going to make money. After relieving this particular section of taxpayers of the payment of £37,650, the Government on the .007d. basis will get £444,357 as against £425,784 or an increase of roughly £19,000. I have no means of ascertaining whether I have taken the correct amount for those with incomes of over £5,000, but from inquiries made I believe the sum given is within the mark. Another factor comes into this which did not come into the 14th assessment I have been quoting from. There is £244,969 worth of dividends collected which paid 1s. 3d. in the pound and no more when this assessment was made. Under the Bill and under last year's Bill a substantial portion of those dividends will come in with the

incomes and be taxable at a higher rate than 1s. 3d. Thus the State will gain considerably on that account. I suggest that the State will gain £50,000 instead of losing anything at all. Before Parliament prorogues I should like to see appointed the select committee suggested by Mr. Lynn. During the recess that committee could sit, unofficially if you like, and be reappointed next session, when it would be ready with its report. It could go into the whole of this taxation legislation. At present we have the Land and Income Tax Assessment Act, and we have an amending Act. It is getting into a shocking state, and when we put some more amendments into it as the result of this Bill, it will be scarcely readable. If we had a select committee, probably we could knock this taxation legislation into shape. We have in addition the Land and Income Tax Act of 1920 and also the Dividend Duties Act, which ought to be taken into account now that we propose to give effect to the provision to be found in Clause 2 of the Bill. If we had a select committee, we might put up a consolidating Bill for consideration next session, and put it up in the form adopted by the Federal people, which shows in erased type the alterations proposed to be made and in black type the additions to be inserted, and which gives after nearly every clause a note showing the why and wherefore of the erasure or of the addition to the clause. Thus during recess we might remedy quite a number of existing anomalies. I suggest we make what amendments we can with a view to putting the Bill right, watch the fate of those amendments in another place, and then see what tax, if any, is necessary to recoup the loss brought about by the amendments.

Hon. H. STEWART (South-East) [5.40]: We all realise that the Government need revenue. When a Government take office they bring forward a Budget and expect to achieve certain results. On the other hand, members of Parliament expect them to carry on their work and take such measures as will give them sufficient revenue to enable them to achieve that result. The present Government seem to have no idea of conforming to a financial policy. Their interpretation of their duties is to come down to another place and tell members there that a certain result will accrue if certain measures be endorsed. On that basis they estimate their revenue. But as soon as they meet with any opposition in another place, instead of having the backbone to say, "If we are to govern the country we must have money," they sacrifice half of what they proposed to derive.

Hon. T. Moore: You do not know what they intended to get. They ask for a lot, knowing that it will be cut down.

Hon. H. STEWART: We know that they estimate their deficit will be increased by the amount which they will lose as the result of the amendments made to the Licensing Bill, the proposed taxation under that measure having been reduced from 10 per cent. to 5 per cent. When the Land and Income Tax

Assessment Bill came along, another place again took from the Government some of its calculated revenue. Yet the Government took no stand. They did not say, "We must have all that we have calculated upon, for it is necessary to the financing of the State." Although I desire to see that the Government are provided with the necessary funds, it is not to be expected that we should come down here and blindly follow the Government as they follow the course of the wind as it bloweth where it listeth in another place. I do not believe any serious harm would result if the Bill failed to pass the second reading. Clause 2 proposes to put into Section 16 of the Act a provision which is already in the Land and Income Tax Act, namely, that referring to incomes derived from dividends. Here the attainment of a little uniformity seems to be really the only reason for wanting to incorporate the provision in the Land and Income Tax Assessment Act, unless indeed there remains something yet undisclosed as was indicated by Mr. Lynn. Section 19 of the Land and Income Tax Assessment Act gives a list of exemptions from income tax. Subsection 3 of that section provides exemption for dividends and profits of companies. When we were considering the Dividend Duties Act, which we did only a few sessions ago, we went into all the pros and cons of the position. It seems as if these two subsections it is proposed to insert in Section 16 of the principal Act, when taken in conjunction with Clause 3 of the Bill, will eliminate the companies that have been provided for in Subsection 3 of Section 19. In other words, Clause 3 of the Bill will affect that Subsection 3 so that dividends and profits subject to duty, and which have been exempt, will come within the scope of the two subsections it is now proposed to put into Clause 2. We are altering the basis of taxation as we dealt with it when we considered companies and dividends. Why effect alterations, if those alterations will not result in more revenue being produced? Then, again, it does not matter if we do not do it this session unless we are told that, say, £10,000, £20,000 or £30,000 additional revenue may result. If Clause 2 is passed, Clause 3 is a natural corollary to bring about a necessary result. Clause 4 is not essential. Members can go on for another 12 months without having their travelling expenses allowed. Clause 5 is desirable to bring the deductions and allowances for dependants up to the same amount as those allowed for children. But it is not vital that we should pass that amendment at this stage. Then we come to the next amendment which alters the incidence of taxation. The cost of living has not gone up, and the financial position of the State has not improved. For the past couple of years the position has been that taxation has been imposed on the majority of the people of the State, those exempted being single persons in receipt of less than £100 and married persons in receipt of less than £156. I believe that people would take more interest in the government of the

country if they were obliged to make a small contribution to the finances of the State.

Hon. T. Moore: Would you give them all a vote for this House?

Hon. H. STEWART: I am not going to be drawn aside; I have been prepared when the Constitution Bill has been before this House to declare my attitude.

Hon. T. Moore: We know your attitude.

Hon. H. STEWART: Regarding Clause 6 I fail to see the necessity for it at this stage. In fact there is no more necessity for it than there is for any of the other amendments. We certainly are not justified in considering those affected on account of the financial position of the State or the cost of living. Even if we do, we have no guarantee from the mistakes made in the transmission of messages last session, that the Bill with any amendments which may pass, will go before another place. As to Mr. Lovekin's remarks regarding Clause 6, that is a matter of granting some measure of redress to those who, as Mr. Collier said, are near the bread line. Last session this House increased the exemption per child to £40 so that married people with families obtained that amount of alleviation and encouragement from the point of view of what is desirable in this State—families, immigrants, and population. The time is not ripe to justify the Government at this stage granting concessions. They should stand their ground, in fact, stand or fall by it. But it seems to be a simple matter with the present Government to take the line of least resistance. Mr. Lovekin's only alternative, if he wishes to modify Clause 6, is to vote against the second reading of the Bill, because if he does what he has suggested, he will not succeed in giving financial concessions to the people who are on or near the bread line. He will merely alter the position, and the alteration will mean very little increased revenue for the State. He will, however, increase the burden on the people, because he will reduce the exemption. This Chamber, however, cannot do that. We may send a message, but I am confident it would not bring about the result he expects. Clauses 7 and 8 are not of vital importance. One provides for the extension from two years to three years of the period within which an application for a refund may be made, and the other deletes the thirty days' period allowed for the payment of the tax after the due date. If this House discards the Bill the existing Assessment Act will stand, and that should meet requirements. I wish to refer to the constitutional position of this House in connection with the Assessment Act which we passed last session. I referred to the matter on the Address-in-reply. I do not hold the Leader of the House responsible, but I am disappointed to find that provision has not been made for the consideration of the amendment carried by this House, and which amendment was not again before us after another place disagreed with it. The Leader of the House pointed out at the beginning of the year that we would have an opportunity



of dealing with the matter. It is acknowledged that an amendment was carried by this House, and apparently went to another place which place disagreed with it, and that a different amendment came back to this House and was submitted to hon. members here. The Leader of the House was asked what that amendment was and stated that it was quite a different one, but that he was going on the information which was put before him. That amendment was agreed to, but members here did not agree to the amendment to delete what was Clause 3 of last year's Bill. Then that Bill was assented to and became an Act and it was printed with a clause which this House never agreed to.

Hon. A. Lovekin: There is no doubt about that.

Hon. H. STEWART: The morning after the session closed, I rang up the Leader of the House and told him it was reported in the Press that an amendment which we had not agreed to had been embodied in the Bill. The Minister said that he would investigate the matter. On the 5th February I received from him a letter, dated the 3rd February, stating that he had inquired into the matter, and continuing as follows:—

I am writing you to advise you of the decision the Government has arrived at in the circumstances. The Solicitor General advises that the Votes and Proceedings are conclusive evidence, and they show that the Bill was passed in the manner desired by the Legislative Assembly, i.e., with Clause 3 remaining in the Bill. From several points of view it would be a serious matter to taxpayers and somewhat embarrassing to the department if the Bill were not assented to, but the Solicitor General says that he has no hesitation in advising His Excellency to assent to the Bill. The Government has consequently instructed the Taxation Department to proceed with their assessments as though the Bill had been passed and assented to, but to ignore Clause 3.

That is the clause which did not come before us, although the Assembly had passed it.

Hon. J. J. Holmes: This is ignoring an Act of Parliament.

Hon. H. STEWART: Yes, one section of an Act. The letter continues—

Treating it as though the Legislative Council's amendment to delete that clause had been agreed to. The Solicitor General advises that it is competent for the Government to do this. The result will be that force will be given to the Bill just as though your amendment had really been carried, and the question as to whether Clause 3 shall become an operative part of the Act can be considered when Parliament meets again.

I want members to consider that point if this Bill goes through the second reading. If not, things will have to go on for another 12 months. I do not think it would matter very

much if we threw out the Bill that is now before us.

Hon. G. W. Miles: What was the view taken by the Taxation Department?

Hon. H. STEWART: I will come to that. The Minister continues—

It is very regrettable that the error should have been made, and whilst, as I have already said, I am not prepared to express an opinion as to who was to blame, it seems to me inexcusable that simple messages cannot be transmitted from House to House without any fear of confusion.

The letter was an eminently fair one and I was prepared to admit that the best had been done that could be done in the circumstances. As a member of the Legislative Council, however, I was not satisfied. I had a grave suspicion that when the Government instructed the Commissioner of Taxation not to put a certain section of the Act into operation they were exceeding their duty, and it was likely the Commissioner would not agree to follow the advice given. I believe that was the attitude taken up by the department, although the Commissioner did not know of any particular cases where the section had had any definite effect.

The Minister for Education: I do not think any damage has been done.

Hon. H. STEWART: Last week I asked the Commissioner if he could say what effect the section had had. He said, "To ascertain that would mean going through the whole of the assessments in connection with land. If an assessor had this Act before him he would assess the land as though that section was in operation." Unless we went through the whole of the assessments we could not say whether any assessment had been varied because of Section 3 of the Act. I do not say that any damage has been done. The Commissioner for Taxation did not think that was the case.

Hon. A. Lovekin: The department collected on all walk-in-walk-out sales.

Hon. H. STEWART: I do not wish to confuse the point made by Mr. Lovekin with the point I am making. The Leader of the House is absolutely in accord with me in this matter, both in what he has said and in what he has written. I replied to the Minister on the 6th February as follows:—

I am in receipt of your letter of 3rd inst. and thank you for having dealt so fairly with the matter. While appreciating the difficult position which has arisen and that the Government's decision is perhaps as fair and just as possible under the circumstances, I feel that "assent" should not be given to a clause that the Council have not agreed to. I have therefore lost no time and this morning sent the following telegram: "His Excellency the Governor, Perth. Respectfully direct attention that Clause 3, Land and Income Tax Assessment Bill, owing to error in transmitting Assembly Message, has not been agreed to by Legislative Council

and protest against assent being given to that clause. Hector Stewart, South-East Province."

If every member of this House had sent the same kind of telegram, possibly the matter would not have been held in abeyance until now. I received the following reply from the private secretary to the Governor, who clearly shows the position as far as this House is concerned, namely that there is something on the Statute Book to which we have not agreed. The letter is as follows:—

With reference to your telegram of the 2nd February addressed to His Excellency the Governor in connection with Clause 3 of the Land and Income Tax Assessment Bill, I am desired by His Excellency to inform you that he referred your telegram to his Ministers, who have replied as follows: "The Council's amendments to the Land and Income Tax Assessment Bill were returned by the Assembly with a message that it agreed to the amendment No. 1a, but disagreed with amendment No. 1. The amendment No. 1a was to delete the word 'further' in Clause 5. The amendment No. 1 was to strike out Clause 3. The Council resolved not to insist on amendment No. 1 and the Bill was passed."

Mr. Lovekin and others knew that No. 1, as an amendment to delete Clause 3, did not come before the Council, and that No. 1 (a) was put as No. 1. We asked what it dealt with, and were told by the Leader of the House that it dealt with the deletion of the word "further," and the deletion of the word "paragraph," and the substitution of "section." We agreed to that. Because of wrong numbering this other clause was nominally passed.

The Minister for Education: That was the message as conveyed to me.

Hon. H. STEWART: I do not blame the Minister. We are in full accord with each other. The letter continues—

The effect of Clause 3 is to delete the proviso to Subsection (2) of Section 10 of the principal Act, whereby the improvements made on one parcel of land shall extend to any one other parcel belonging to the same owner if such parcels of land are not a greater distance apart than ten miles. In dealing with the message from the Assembly, the Council resolved not to insist on the amendment No. 1, believing that it was considering the amendment 1 (a) striking out the word "further" in Clause 5; and it was by inadvertence that the Council resolved not to press the amendment No. 1. In these circumstances, until there is an opportunity to bring down the matter again before Parliament, Section 10 of the Act of 1907 will be administered by the Taxation Department with the approval of the Treasury as if the proviso to Subsection (2) had not been repealed.

The correspondence clearly shows the position so far as this House is concerned. If the second reading of the Bill is carried I hope

that these matters will be taken into serious consideration by members in Committee.

Debate adjourned.

## BILL—LICENSING ACT AMENDMENT.

### *Request for Conference.*

Message from the Assembly received and read intimating that it no longer disagreed with amendments Nos. 44, 47 and 54 of the amendments insisted upon by the Council, but requested a conference on amendments Nos. 7, 27, 42, 49 and 50, at which conference the Assembly would be represented by three members.

On motion by the Minister for Education, resolved—

That a message be transmitted to the Assembly agreeing to a conference; that the mover, Hon. A. Lovekin and Hon. J. J. Holmes be appointed managers on behalf of the Council, and that the conference meet in the President's room at 7.30 p.m.

*Sitting suspended from 6.15 p.m. to 10.58 p.m.*

### *Conference Managers' Report.*

The MINISTER FOR EDUCATION (Hon. H. P. Colebatch—East) [10.58]: I have to report that the managers for the Council met the managers for the Assembly and agreed as follows:—

No. 7. Clause 16.—The conference agrees to the retention of Subclause 2 subject to the omission of the word "committee" in line 2.

That was the clause permitting the granting of a temporary license to clubs or other organised bodies. This House had objected to the clause, but in conference we compromised by agreeing to the clause with a provision that the club should be an organised body so that the responsibility could be passed on to them.

No. 27. Clause 41.—The conference agrees to the omission of the words "if in its opinion having regard to the matters referred to in Section 50 (82) a reduction is necessary" subject to the addition to the clause of the following proviso:—"Provided that after the 30th June, 1926 the board, unless otherwise required by Parliament, may refrain from any further reduction of licenses if in its opinion, having regard to the matters referred to in Section 50, such further reduction is unnecessary."

Clause 41 provided that it shall be the duty of the board to reduce the number of licenses in the State. We inserted after the word "board," "if in its opinion, having regard to the matter referred to in Section 45 (82), a reduction is necessary." To that the Assembly disagreed and, on the amendment coming back to this House, it was pointed out that this part of the Act would continue for only six years. We took the view that six years was too long a period

and that in such time licenses might be reduced beyond what was necessary. We decided that the reductions should be left entirely to the discretion of the board. As a compromise, conference agreed that the board must reduce until the 30th June, 1926, that is for a period of three years and six months, but if at the end of that period the board consider that licenses have been sufficiently reduced, they can suspend reduction and need not further reduce unless required by Parliament so to do. The clause, in the amended form as agreed upon by conference, will then read that it shall be the duty of the board to reduce the number of licenses provided that after the 30th June, 1926, the board, unless otherwise required by Parliament, may refrain from any further reduction of licenses if in its opinion, having regard to the matters referred to in Section 50, such further reduction is unnecessary.

Hon. J. Duffell: You have done very well.

The MINISTER FOR EDUCATION: I think that carries out the wishes of both Houses.

No. 42. Clause 77.—The conference agrees to the first three lines of the Council's amendment, and agrees not to insert the words "traveller or"

The effect of this is that Section 102 of the principal Act will remain in force as this House desired. That is to say, if a publican is able to satisfy the bench that he honestly believed persons representing themselves to be bona fide travellers were bona fide travellers, that will be a defence for him, and action will lie against any persons who falsely represent themselves as bona fide travellers. The conference agreed not to insist on the insertion of the words "traveller or." The effect of this is that a bona fide lodger, during prohibited hours, may obtain liquor to carry away from licensed premises, but a bona fide traveller may not obtain liquor to carry away; he may obtain liquor merely for his own refreshment. On this question one half of our amendment has been accepted and the other half has not been accepted.

Hon. J. Duffell: It is a very good compromise.

The MINISTER FOR EDUCATION: On the next amendment referred to conference, the decision was as follows:—

No. 49. Clause 96.—The conference agrees to the retention of this clause subject to the insertion after the word "licensee," in line 7, of the words "elsewhere than in the North Province of the State."

This was the clause relating to the employment of Asiatics and here again we have compromised. I do not think that any member of the conference was in full agreement with the decision, but it was a compromise. All licensees must now cause to be registered in a register kept at the licensing court of the district the Asiatics in their employ on the 15th August, 1922. The clause says—

And that no licensee excepting in the North Province shall employ any person of Asiatic race in or about his licensed premises whose name is not so registered.

It means that all those Asiatics who are at present employed in hotels may continue to be so employed, but that no others may be employed in hotels excepting in the North Province. The provision is purely a compromise. With regard to No. 50—referring to Clause 101 or Clause 104 respectively—the conference has agreed to the retention of the clause as passed by the Assembly, subject to the insertion, after "premises" in line 8, of the words "by other than bona fide lodgers." The clause is that relating to the playing of games. As it came to this House it provided that in the metropolitan area within a radius of 12 miles of the General Post Office, Perth, no licensee should permit any billiards, bagatelle, or other games to be played on his licensed premises during hours when liquor may not be sold to the public. We have agreed to that, subject to the exclusion of bona fide lodgers from the prohibition. I move—

That the report be adopted.

Question put and passed.

#### BILL—DAIRY INDUSTRY.

##### Assembly's Message.

Message received from the Assembly notifying that it had agreed to amendments Nos. 1, 2, 3, 4 and 6, made by the Council, and that it had modified amendment No. 5, in which modification the Assembly desired the concurrence of the Council.

#### BILL—DAIRY CATTLE IMPROVEMENT.

##### Assembly's Message.

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

*House adjourned at 11.7 p.m.*