ADJOURNMENT.

The House adjourned at eight minutes to 11 o'clock, until the next day at 2.30.

Legislative Council,

Thursday, 12th December, 1907.

PAGE
Bills: Game Act Amendment, 1R. 1596
Land Act Assessment (machinery measure) Committee resumed to end, reported and returned to Assembly with suggested amendments 1596
Land Tax (to impose a tax), 2R. agreed to formally 1613
Railway Bills (3), 1R. 1613

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

Prayers.

PAPER PRESENTED.

By *the Colonial Secretary*: Annual Report of the Public Works Department.

BILL—GAME ACT AMENDMENT.

Introduced by the *Colonial Secretary*, and read a first time.

BILL—LAND AND INCOME TAX ASSESSMENT.

Machinery Measure—In Committtee.

Resumed from the previous day.

Clause 11—Exemption:

Hon. C. A. PIESSE had moved an amendment to Subclause 3, line 4—

That the words "the unimproved value of which does not exceed one thousand pounds," be struck out.

There appeared to be a misunderstanding as to the object in moving the amendment. As the clause was drafted it made it possible for the owner of an unimproved piece of land, the value of which did not exceed £1,000, to obtain an exemption of £250. His object was to apply that exemption to the holders of unimproved land of a greater value than £1,000. It should be made to apply to all alike. If small holders were let off £250, let off large holders. When the unimproved value of land was worth £1,000 the improved value would be worth between £3,000 and £4,000. It would be quite possible, however, for a man to hold a piece of land the unimproved value of which was £1,000, and yet the improved value was only £1,100. The operation of the clause would not force a man to improve his land. It had been argued that the amendment clashed with the income tax; but it did nothing of the sort. If the unimproved value of a piece of land was £1,100, then the owner was barred from exemption although his improvements might be worth thousands of pounds.

The COLONIAL SECRETARY: The hon member lost sight of the fact that the Bill was one to impose a tax on land and income. He looked at it purely as if it were a Land Tax Bill. The amendment would not give relief at all to the man who improved his land. The Bill provided that all land used for agricultural purposes up to the unimproved value of £1,000 should have an exemption of £250. Now the member sought to strike out the £1,000 so that all holders would have an exemption of £250. But the £250 exemption would not give the holder of £2,000 worth of land any relief, because if the land was improved the income tax would necessarily exceed the land tax, therefore the exemption was no good.

Hon. F. Connor: Suppose the balance sheet showed a loss on the year's business?

The COLONIAL SECRETARY: That was probable. The effect of the amendment would be not to give a penny relief to the man who worked his land, but in every instance it would give a £250 exemption to the holder of big unimproved blocks. Here was a case in point. Take the taxpayer who had a farm of the unimproved value of £2,000, that would probably be a property worth £6,000. We must assume, including his own labour, the owner made £800 a year; take £200 off, the exemption of the income tax,

therefore the income taxable would be £600, this at 4d. in the pound amounting to £10 a year. Take ½d. in the pound on the £2,000, that came to £4 3s. 4d., therefore the taxpayer would not pay the land tax at all but the income tax. Take a property of the unimproved value of £2,000 and take £250 off for exemption, that would reduce the land tax to about 10s. or 15s., amounting to £3 12s. against £4 3s. 4d., but the income tax remained the same.

Hon. C. A. Piesse: The Minister was assuming that the man had an income.

The COLONIAL SECRETARY could hardly imagine a farmer holding a property worth £6,000 who did not make an income out of it; if not he would not hold it long. That would not apply in the case of an unimproved block from which no income was derivable; the owner would have to pay the land tax, so that the only relief afforded to the land owners would be to the holders of unimproved blocks. There would be some force in the amendment if there were no income tax, then the amendment would give relief to all farmers.

Hon. C. A. PIESSE: The argument of the Colonial Secretary was based on the assumption that every man had an income from the land, but he (Mr. Piesse) had assumed there was no income. Take a man with a property of the unimproved value of £1,000, he probably had spent £2,500 on that property. There were many instances in which there was no income from the property, therefore the land tax would have to be paid. Members of another place were furnished with a statement showing how the Bill would operate, and here was an instance given of a farmer owning 320 acres of land and 160 acres free homestead farm; the unimproved value, after deducting the exemption, was £620; the income from the farm, being his sole income, was £900. Just imagine such a case! it was all assumption on the part of the Government. The deductions were, outlay in earning the income, £350; life insurance premium, £30; repairs and alterations to machinery, £25; wear and tear of tools, £5; allowance for the services of two sons, £20; total, £610; net income £290; deducting the allowance, it being over £300, £50; making the taxable income £240. The land tax would amount to £1 5s. 10d., and the income tax to £4. That showed how far the Government would go. He (Mr. Piesse) was asking for a simple concession—that the sum of £250 should be exempt generally. Perhaps it would be better to alter the wording to "all improved lands outside the boundaries."

Hon. V. HAMERSLEY supported the amendment. It would be better if the amendment read "all improved lands." Why should the Government draw a line at £1,000 value? There was no such line drawn in connection with the income tax. Everyone benefited by the exemption. Take a civil servant with an income of £180 or £200 a year who probably owned some land and did not reside on it. The land might be worth £800 or £1,000, that was the unimproved value. This person would get an exemption of £250 on the land, and his income was exempt. What was claimed was that all improved lands should come under the same heading, as all classes of incomes were on the same footing, £200 being deducted and the balance assessed.

The COLONIAL SECRETARY: The hon. member persisted in saying that it should only apply to improved lands. He was willing to meet the hon. member in that respect, but it should not apply to unimproved lands.

Hon. J. M. DREW: We should not deprive the selector of all right of exemption. If a man took up 500 acres under conditional purchase he would have to spend £500 before the land was deemed improved, or he would have to get a certificate from the Lands Department that the improvements required had been carried into effect, but he could not get that certificate until after two years.

The COLONIAL SECRETARY: There would be no alteration to the clause providing that conditional purchase holders were exempted for five years.

Hon. V. HAMERSLEY: We should not exempt extensive freehold unimproved lands, but under the Bill we exempted a man holding freehold unimproved land valued at not more than £1,000, while we

taxed the man holding improved land worth over £1,000.

Hon. C. A. PIESSE: There was no desire to protect the man who did not improve the land. He would meet the Minister. We should make the provision apply only to improved lands.

Amendment withdrawn.

On farther motions by the *Hon. C. A. Piesse*, the word "improved" was inserted between "all" and "land," in line 1 of Subclause 3; also the words "the unimproved value of which does not exceed one thousand pounds" were struck out.

Hon. C. A. PIESSE moved a farther amendment—

That the words "or from the date of survey in the case of land not surveyed before the date of contract" be inserted after "contract," in Subclause 4.

The Colonial Secretary accepted the amendment.

Amendment passed.

Hon. C. A. PIESSE moved a farther amendment that the following words be struck out of Subclause 4—

But such exemption shall only apply to taxpayers who prove to the satisfaction of the Commissioner that they do not hold legally or equitably more than one thousand acres."

He desired to make the five-years exemption apply to all conditional purchase holders who did not exceed the area they were permitted to take up under the land regulations. If a man took up a thousand acres, the former had to do certain improvements and the other had to do the same proportion of improvements, but at a greater expenditure. When this subject was previously before the House the Colonial Secretary moved an exactly similar amendment, and said it was intended to give all conditional purchasers five years' exemption. Yet now he opposed the amendment. We wished to attract settlers, and would therefore exempt one who took up a thousand acres, perhaps a single man who did not need a larger area; but we refused to exempt a man with a family who took up two thousand. Nor would exemption be given to him who took up more than a thousand acres of grazing land—comparatively useless country, needing a large expenditure for its development. The amending Land Act of last session encouraged a man to take up 2,500 acres; consequently that area should be exempt.

Hon. V. HAMERSLEY: The last speaker's proposal was reasonable. The Land Act allowed a man to take up 1,000 acres of first-class land, or its equivalent 2,500 acres of second-class. In the first case he would be exempt from this tax; in the second he would not. All new selectors should be exempt for the first five years.

Hon. R. F. SHOLL: We showed much consideration for new settlers, but little for old, or for men who would buy land and pay for it outright. Conditional purchasers were to be exempt for five years Men need not take up inferior land, for there was plenty of first-class land available; and we did not want new comers to go on inferior land and probably starve. He would vote against the amendment unless it were supported by some stronger argument.

The COLONIAL SECRETARY: The amendment could not be accepted. Last year the conditions were somewhat different. This tax would be much lighter than the tax then proposed. New settlers were treated very liberally. A settler with 1,000 acres had a five years' exemption; but the amendment would exempt for five years a man with 3,000 or 4,000 acres of even first-class land, for he could take up land in the names of his wife and sons. The Government would agree to exempting 2,000 acres of third-class land; but farther than that they would not go.

Hon. C. A. PIESSE: In making the concession the Minister admitted the justice of the principle that new settlers should be treated considerately. So long as the law encouraged men to take up 2,000 acres of cultivable land or 5,000 of grazing land, they should have the same privilege as the man with a smaller area. Two thousand acres would not suffice for a sheep station. According to the Hon. G. Throssell we had for sale 60,000 acres of land with a 10-inch rainfall; and at the rate at which the Lands Department was humbugging along, four hundred years would be needed for the settlement of that area.

Hon. J. W. Hackett: How would the amendment aid settlement?

Hon. C. A. PIESSE: By widening the area of exemption from this tax. That was all he asked, and the principle was exactly the same as that of the clause. His desire was to have embodied in the Bill provisions fair to all.

The COLONIAL SECRETARY would agree to add to the clause the words "not more than 1,000 acres of cultivable land or 2,500 acres of grazing land, or cultivable and grazing land mixed." That would achieve the object sought by the amendment.

Hon. C. A. Piesse would accept the Minister's offer as the best he could get.

Amendment by leave withdrawn.

Subclause amended in the form suggested by the Colonial Secretary, and agreed to.

Hon. C. A. PIESSE moved the following as a farther amendment, that the following be added to the exemption clause, to stand as Subclause 5:—

All lands held under contract for conditional or outright purchase from any owner or owners of sub-divided virgin lands are exempted from assessment for taxation under this Act for the term of five years from date of contract; but such exemption shall only apply to holders who do not exceed in area the limit of selection as provided under Clause 23 *of the Lands Act Amendment Act* 1906, *and who have performed the conditions of improvement as provided by the said Act under Clause* 28.

The object was to extend to selectors on private lands the exemption privileges granted for improvements to selectors of conditional purchase lands from the Government.

The COLONIAL SECRETARY trusted the Committee would not agree to the amendment, the effect of which would be to give the private owners of land practically perpetual exemption. All that would be necessary would be for an owner to subdivide an unimproved large estate and sell the subdivisions, which would be then entitled to exemption for five years; at the end of that period, the procedure might be repeated by selling again in smaller blocks, and the land be thus exempted from this taxation almost perpetually, despite the fact that it had been held previously without improvement for 20 years.

Hon. C. A. PIESSE: There was nothing in the Minister's contention, for it was expressly stipulated in the subclause that it should apply only to such owners as had complied with the improvement conditions in the Land Act Amendment Act, 1906, as in the case of conditional purchase selectors. The subclause would not, as argued, benefit large holders such as the Midland Railway Company, but would be of benefit to small selectors of privately-owned lands. If the settlers of privately-owned land performed the same improvements and carried out the same conditions as those provided under the Land Act, they should receive the same privileges as the conditional purchasers of State lands, who were only exempt provided their holdings did not exceed 1,000 acres of first-class land and 2,500 acres of grazing land, also if the improvements were carried out as laid down in the Lands Act of 1906.

Hon. G. THROSSELL: It was the correct policy to give consideration to new settlers whether they were on Government or on private lands. If a man arrived in the State and paid 10s. per acre for his land, he was exempt for five years; but how much harder was the position of a man who had to pay 25s. to 30s. an acre for his land, and received no exemption? If the amendment provided that the holder of private land should carry out the same improvements as the holder of a conditional purchase block, then it was a reasonable one. Whether a man went on Government or private land with the object of improving it and becoming a settler in the country, it was the duty of the Government to do all they possibly could to assist him to succeed. Although it would mean a considerable sacrifice of revenue for the exemption to apply to holders of private lands, still it would be a fair thing to grant the concession, and would undoubtedly do much good to the State.

Hon. J. M. DREW: Were it not for the likelihood of the amendment leading

to dummying he would have supported it, but if the amendment were included in the measure a large land owner having 30,000 or 40,000 acres could cut it up and sell it secretly to some of his friends on impossible terms, and by that means secure the exemption from taxation. It was quite possible this would be done. Besides that, there was always the danger that it would apply to subdivisions of town lots, although Sections 23 and 28 of the Land Act had been mentioned. By Section 28 it was provided that the owner should reside for six months of the year on his property, and that he should spend a certain amount of money, equal to one-fifth of the purchase amount every two years of the first ten years and also had to fence one half of his land in the first five years. Section 23 simply restricted settlement to 2,000 acres. All these conditions could be complied with by the purchasers of town lots; therefore it might be, if the amendment were carried, that the holders of the blocks would obtain the exemption.

Hon. C. A. PIESSE: The speech just delivered by Mr. Drew showed that he assumed all the people in the State were rogues. Was it likely that such a case as he cited would arise? The principle he (Mr. Piesse) intended to embody in the amendment was that the holders of other than Government land should be entitled to similar exemptions, provided they carried out the improvement conditions set forth in the Land Act.

Hon. J. A. THOMSON: As Mr. Drew had suggested, it was likely that the amendment if carried would lead to abuse. The country was just as much indebted to the individual who took up virgin land which did not belong to the State as if he became a conditional purchaser from the State. The Colonial Secretary had protested that the same consideration should not be paid to the purchaser of private land as to a conditional purchase holder, for he paid the State nothing for the land originally. In that he was wrong, for it always had been said that the object of getting settlement was not for the purpose of the State obtaining so much money, but in order to get the people on the land and not to go out of the State and spend their money elsewhere. If a man took up the land from a private owner he left more Crown lands to be taken up by other persons. Surely those who took up private lands and paid for them in cash were benefactors to the State; they were entitled to receive equal if not superior consideration to the individual who got land from the Government and paid practically nothing for it. There was an amendment suggested by Mr. Drew which was to follow the present one containing saving clauses which would prevent dummying and other evils which might arise.

The CHAIRMAN: I want to call the attention of members to Standing Order 377, which I regret to say has been a good deal encroached on lately. It says, "Every member when he comes into the Chamber shall take his place, and shall not at any time stand in any of the passages or gangways."

Hon. C. SOMMERS: It would be well for Mr. Piesse to withdraw his amendment so as to allow Mr. Drew's amendment to take its place. The latter was a good one, and would simply require one or two slight alterations. In that amendment it was set out that the provision should only apply to land purchased at public auction, and here it would be well to insert the words "or private contract." Reference was evidently made to the Midland Company's lands. These lands were in the first instance put up to public auction, but a great many of the blocks were sold by private contract subsequently. It would therefore be necessary to insert the words he had suggested in order that the provision might apply equally to all. The State was safeguarded in the matter, for in connection with those lands the upset price was fixed by the Government and not by the company. The clause should apply to any land purchased by public auction or by private contract, in which the terms were for ten years, and the area was limited. An alteration would also have to be made to comply with the clause just passed, as the exemption referred to areas of not more

than 1,000 acres of first-class land and 2,500 acres of grazing land.

Hon. C. A. PIESSE: A sale by public auction or by private contract was really the same as purchase land held under contract for conditional or outright purchase. If the wording of Mr. Drew's amendment would satisfy members then let the Committee pass it. He did not care by what means the desired end was reached. But Mr. Drew had made the limit one thousand acres which was too small. If Mr. Drew inserted the words "or by private contract," that might meet the case. He asked leave to withdraw his amendment.

Amendment by leave withdrawn.

Hon. J. M. DREW moved an amendment that the following be inserted as a new subclause:—

All lands purchased at public auction and held under contract for sale by deferred payments extending over a period of not less than ten years are exempted from assessment for taxation under this Act for a term of five years from the date of contract, provided that it is proved to the satisfaction of the Minister for Lands that such lands are being bona fide used for pastoral or agricultural purposes, and that the owner is complying in all respects with the conditions imposed by Section 28 *of the Land Act Amendment Act* 1906. *The exemption shall not extend to a greater period than five years from the date of the original contract for sale, notwithstanding that thereafter the land has been resold on similar terms to other persons and shall apply only to taxpayers who prove to the satisfaction of the Commissioner that they do not hold legally or equitably more than* 1,000 *acres.*

There was a pretty unanimous opinion that something should be done in this direction. The amendment would apply only to lands purchased at auction. After considering the matter, if the words "private sale" were inserted it would possibly lead to dummying; still if the Committee thought there was no danger he would not raise any serious objection. It was easy to effect secret sales if the words "private sale" were inserted. If the Government discovered any attempt at evasion on a substantial scale, they could have the law amended. The Minister for Lands was arbiter and it was he who had to say whether the land was used in a *bona fide* manner for agricultural or pastoral purposes, and he would not give a certificate unless it was a *bona fide* case. The latter part of the amendment prevented a revival of the exemption.

The COLONIAL SECRETARY: There was the same objection to this amendment as to Mr. Piesse's. The principle was the same although Mr. Piesse's amendment went farther than this. The provision only affected one estate, the Midland Company, and the amendment if carried provided that notwithstanding the company had locked up their lands for twenty years, when they sold them it was on the condition that the purchasers got five years' exemption from the land tax. The company would get the benefit, not the buyer, and the price would be regulated accordingly. If this would give the settler the benefit he would not offer so much objection. We were placing these buyers on a better footing than people who purchased land from the Crown. The company had held this land for twenty years without doing anything, and now it said they should receive another five years' exemption, while people who took up land from the Crown only got an exemption of five years. The company could advertise their land for sale free of land tax for five years.

Hon. C. SOMMERS: A great deal of the Midland land had already been sold, amounting to £330,000 worth in eighteen months. He did not suppose there were ten settlers on the whole of that land who would be exempt, because the purchasers had bought land in large areas, therefore the Government would lose nothing. Another £330,000 worth of land had already been subdivided, plans drawn and prices fixed. Would the company go to the trouble of getting new plans, reprinting and altering their prices so as to get this benefit? He moved—

That the amendment be amended by inserting in the first line between "auc-

tion" and "and" the words "or by private contract."

Amendment on amendment passed.

Hon. W. T. LOTON: At first sight it appeared rather hard that a purchaser from the Midland Company should have to pay the tax while the purchaser from the Government should not, but we had to bear in mind this company was exactly on a par with other private landholders, except that they held a much larger area of land. They had held the land in fee simple for twenty years without improving it, and if this exemption was granted to them they would reap the benefit and not the purchaser. It would enhance the value. The argument of Mr. Sommers that a number of people had bought large areas from this company, therefore the exemption would not benefit them, did not seem right, or what was the object of the amendment? If a large proportion of the best land had been sold in large blocks, what was the use of giving this privilege? The Colonial Secretary had pointed out that this amendment would give the company the advantage of advertising their land free of taxation for five years, and alongside they could say, "Still the Government are imposing the tax." After looking at the matter fully it seemed not right to exempt the land from taxation, for the company had held the land for twenty years waiting for the unearned increment which they were now getting by selling the land up to £2 and £3 per acre.

Hon. C. A. Piesse: We were seeking to ease the purchaser, not the company.

Hon. W. T. LOTON: Which could not be done. He could not see his way to support the amendment.

At 6.15, *the Chairman* left the Chair.
At 7.30, Chair resumed.

Hon. C. A. PIESSE: It was said that if we gave this privilege, the Midland Company would announce to the world that they had land for sale free of taxation; but the Lands Department, if it did its duty, would announce to the world that settlers would be free of taxation for five years provided they did not take up more than a certain area; and if the Lands Department could do that, why should not the Midland Company do it? If they brought settlers to the country that was what we wanted. One could not see why this privilege should not be extended to the selectors of the Midland Company's land. It would only be a paltry advantage the company would get if they did add to the price of the land the value of this exemption; but as a rule the land was sold by auction.

Hon. J. M. DREW: It was to be hoped that the narrow-minded views of the Colonial Secretary did not represent the views of the Lands Department. The Lands Department did not exist to bring in revenue from the sale of land. Its great object was to settle the land and to increase production, and enhance the material welfare of the State. It was a wrong argument altogether that because lands were taken up from a private company the selectors were not entitled to the same consideration as those taking up land from the Crown. It was to the advantage of the State if the Midland Company's lands were selected. Some contended that the company would get the benefit; but he did not think the few pounds taxation the company would save would materially enhance the value of the land. On the other hand it would encourage them to throw open farther lands for settlement, and that was what we wanted. Until recently over 200 miles along the Midland Railway land had been practically closed to selection, and the progress of that portion of the State had been considerably retarded. He never championed the cause of the Midland Company, but it was hardly fair to say that the Midland Company had deliberately locked up their lands. The fact was that the Government had prevented them selling the land. There was a direction in 1900 restricting the sale of Midland lands with the object of keeping down the value of the Midland Company's assets which the Government then contemplated acquiring in the near future. He had little sympathy for the company; but he was speaking on behalf of his constituents who had paid a high price for their land and who would be taxed on

that high value, but would not get the benefit that was to be given to other parts of the State. The Central Province had not had fair play. Out of nearly a million loaned by the Agricultural Bank, only £18,000 had been advanced in the district from Gingin to the Murchison. Here was a case where members could come to the rescue of the people in that district and show a little leniency towards men who, not being able to purchase land elsewhere, had purchased from the Midland Company. Last session there was a chorus of voices in favour of the Midland selectors getting exemption and being put on the same basis as the conditional purchase holders; but members did not seem to support the proposal this year. It was to be hoped the proposition would get consideration, and if it was not exactly suitable it would be amended to be made suitable.

Hon. E. M. CLARK: All the arguments against this proposal were really arguments against the Midland Railway Company. In order to get at the Midland Railway Company members sought to do an injury to the settlers on the company's land. Members would find that things would turn out different from what they suggested. The Midland Company would sell their lands. If a man owned a big estate and knew there was a likelihood of a tax being put on, he would quit his land as soon as possible. Certainly the company were going to reap an enhanced value, but that was no reason why we should penalise the settlers. Any person purchasing unimproved land was as much entitled to consideration as one buying from the Government, and when one bought from the Government it was really only a matter of paying interest for 20 years and then getting the title. The Midland Company's land was the only case. There were blocks in the South-West Province that were held by the West Australian Land Company and others. After being held for many years some of this land had recently been acquired by others, and it was quite unimproved. These lands should also be exempt.

Hon. J. W. LANGSFORD: The laudable desire of Mr. Piesse was to exempt the struggling selector; but if this were done through a third party, the latter would get the benefit. Better make a direct cash payment to the selector than allow the Midland or any other company to act as an intermediary who would pocket the amount of the exemption, just as a merchant pocketed a reduction in customs duties instead of passing it on to the consumer. This objection was fatal. Grant the exemption, and the land owner would put up the price of his land. Last year the hon. member said that the value of the eggs laid by a dozen hens on the farm would pay the land tax. What had happened since to the poultry?

Hon. W. MALEY: The Press had misconstrued the action he took yesterday. He was not supporting the clause, but must oppose the amendment, which would be not only impracticable but costly to the State. An army of inspectors would be needed to appraise the value of improvements, unless a declaration were accepted from the company owning the land. Exemptions and penalties should be imposed on all lands alike. The Government were selling at reasonable prices, but a private company sold by auction, and got the last penny out of the purchasers. The amendment would be a strong lever in the hands of a land company or its agents.

Hon. J. A. THOMSON would support this equitable amendment, but feared it would play into the hands of the large land owner. The Minister referred to selectors on Crown lands as "our own people," distinguishing them from purchasers of private lands. Were the Government merely a trading concern, studying none but the customers who purchased land from them for sums representing only interest on the value of the land? Many large land-holders were now selling, and the purchasers of such lands were entitled to as much consideration as Crown selectors. The amendment, though equitable in principle, was impracticable.

Hon. S. J. HAYNES: If the exemption were extended to purchasers of private lands, the amount would go into the pocket of the vendor. We had

plenty of Crown lands available for selection. Surely land purchasers were business men capable of choosing between Crown and private lands. The exemption would not benefit the selector.

Hon. C. A. PIESSE: The amendment sought to give Midland selectors an exemption for five years. The unimproved value would be 10s. per acre, and the tax on the improved land would be ¼d. per acre; so that the amount possible to add to the price was one farthing per acre for five years, and it was moonshine to say this amount would materially affect the price to the purchaser. Even though the unimproved value were assessed at £1 per acre, the amount involved still remained a cypher.

Hon. W. T. LOTON: The Midland Company had been too much quoted. There were other private owners of land, several holding estates of upwards of 50,000 acres and many others from 20,000 to 25,000 acres. Some of these, after being held and not improved for 40 or 50 years, might if the amendment were passed evade taxation by being subdivided and sold. It would be preferable to forego this taxation rather than pass the amendment, unless the Bill was intended to apply only to towns.

Hon. S. J. HAYNES: The primary reason for measures of this nature was to compel owners of unimproved land to part with their properties, to "burst up" large estates; but the Bill would fail in that object were the amendment passed. If privately-owned estates were granted the privilege suggested in the amendment, the benefit would be reaped by vendors and not by selectors.

Hon. J. A. THOMSON: The benefit of this exemption would be but a small thing to such corporations as the Midland Company, but to small selectors it would be a great boon.

The COLONIAL SECRETARY: The advantage of the exemption would be reaped by vendors and not by selectors. It had been said the Midland Company had fixed their upset prices, and were unlikely to alter them. While the benefit of the proposed clause would be small to selectors individually, it meant something considerable to the State, and also to the Midland Company. Under a clause previously passed, selectors were exempted up to £250 for all time; and if the subclause now proposed were agreed to, taking the unimproved value at £1 per acre, it meant a farther exemption on estates of 1,000 acres of £1 11s. 5d. each for every year during five years. Could that be urged as a real benefit to the selector? In a measure of this kind, amendments should be made only after mature consideration as to their effect on other provisions. It would pay the State better to present selectors with the amount of the proposed exemption, rather than incur the cost of inspection of their lands for the purpose of taxation. Was it intended to make it possible for large areas of unimproved suburban lands to be cut up and sold under a guarantee of exemption from taxation for five years? [*Member*: The Minister must issue a certificate in the matter.] The Minister was required merely to certify that the land was used *bona fide* for pastoral or agricultural purposes, and such certificate would be obtainable by merely fencing the land and running sheep or goats on it. The subclause was dangerous and opposed to the spirit of the Bill.

Hon. C. A. PIESSE was surprised at the Minister's opposition to the subclause, under which it would not be possible for unimproved lands to evade taxation, for "improvements" were defined in the Bill, and the unimproved value would be arrived at irrespective of improvements. Suburban land worth £40 per acre would be assessed and taxable at that figure unless improved.

Hon. J. M. DREW: Objection appeared to be narrowed down to the benefit derivable under the subclause by the Midland Railway Company and other large private owners; but no public benefit could be granted without conferring a boon incidentally on private individuals. The proposed purchase of the Denmark Railway was an instance of this, and another Government proposal would if carried increase the value of the Midland Company's asset. It had been said it would require an army of inspectors, but there were plenty of inspectors already in the district. For what purpose were

the exemptions suggested ? Was it simply to extend a favour to people to buy land from the Government ? Was it to be considered in the nature of a discount ? No ; there was a higher motive and that was to increase settlement. In justice to the district he represented, which had suffered badly in the past from the Agricultural Bank downwards, the claims of the people there should be taken into consideration.

The COLONIAL SECRETARY : The more one looked at the subclause the more dangerous it appeared. There was not even a word to say that the land should not be within a municipality.

Hon. C. A. PIESSE : Could we amend the proposed new subclause by putting the words "agricultural and pastoral" before the word "all" in the first line ?

The CHAIRMAN : It was not competent to move an amendment in that part of the proposed new subclause, as others had already been made farther down.

Hon. C. A. PIESSE : An amendment would be in order to add certain words to the end of the proposed subclause ?

The CHAIRMAN : It would be well to point out that one portion of the proposed subclause required a consequential alteration in order to make it fit in with the alteration made to a previous clause in the Bill.

Hon. C. SOMMERS moved an amendment to the proposed new subclause :

That the words "or cultivable land, or 2,500 acres of grazing land, or of cultivable and grazing lands mixed" be added.

Amendment passed.

Hon. C. A. PIESSE moved an amendment—

That the words "provided that the provisions of this subclause shall not apply to lands inside of a municipality or town" be added to the proposed new subclause.

The CHAIRMAN: It was necessary by the Standing Orders for all amendments to be handed in in writing.

The COLONIAL SECRETARY: Even as proposed to be amended, the subclause would apply to suburban lands. A man might easily hold a considerable quantity of land in the suburbs worth £100 an acre.

Hon. R. F. Sholl: Mount Lawley, Cottesloe, and Osborne Park were instances.

The COLONIAL SECRETARY: They were very good examples. All the owner would have to do would be to subdivide his property and, if he used the land for agricultural or pastoral purposes, he would be exempt from taxation for five years.

Hon. G. RANDELL: Every possible argument had been used in support of and against the proposed new clause. Evidently the idea of some members was that the centres of population should pay the whole of the land tax.

Hon. E. McLARTY: No member was more anxious to assist the small settler than he, for he knew their difficulties, but in the present case he could not agree to the proposed subclause. There were many difficulties in the way. As Mr. Loton had pointed out there were many other individuals besides railway company owners who held large areas. There was one estate of 70,000 acres close to this centre of population. The measure was introduced for the purpose of assisting the revenue, and the tax should be made as far-reaching as possible and embrace all sections of the community. The exemption of five years for the holders of conditional purchase blocks was too much, but he had to submit to that. He failed to see why a settler on private lands should be placed in the same position as a settler on Government lands, when he entered into the transaction with his eyes open and based his valuation according to the conditions.

Hon. V. HAMERSLEY supported the proposed new clause. He was anxious to do all he could for the settlers on the Midland line. For many years past the effort of all had been to get the Midland people to unlock those lands, and now there was a chance the effort should not be blocked by taxation legislation.

Farther amendment put and passed.

Amendment (new subclause as amended) put, and a division taken with the following result:—

Ayes	..	..	8
Noes	..	..	14
Majority against	..	..	6

Ayes.	Noes.
Hon. E. M. Clarke	Hon. T. F. O. Brimage
Hon. V. Hamersley	Hon. J. D. Connolly
Hon. W. Patrick	Hon. J. T. Glowrey
Hon. C. A. Piesse	Hon. J. W. Hackett
Hon. C. Sommers	Hon. S. J. Haynes
Hon. J. A. Thomson	Hon. J. W. Langsford
Hon. J. W. Wright	Hon. R. Laurie
Hon. J. M. Drew (*Teller*).	Hon. W. T. Loton
	Hon. W. Maley
	Hon. R. D. McKenzie
	Hon. E. McLarty
	Hon. G. Randell
	Hon. R. F. Sholl
	Hon. G. Bellingham (*Teller*).

Amendment thus negatived.

Clause as previously amended put and passed.

Clauses 12 to 15—agreed to.

Clause 16—Incomes liable to taxation:

Hon C. A. PIESSE moved an amendment—

That in line 6 of Subclause 1, after "two hundred," the words "and fifty" be inserted.

The object was to increase the amount of exemption from £200 to £250, placing the tax on incomes on the same basis as that placed on agriculturists.

The COLONIAL SECRETARY: When the Bill was originally introduced the exemption was fixed on incomes at £150, which was thought to be a living amount. That was increased to £200; and now the member sought to increase it to £250. The member's argument was that the land exemption had been made £250, therefore the income exemption should be £250. There was no analogy, for the land tax was 1d. or ½d. in the pound and the income tax 4d.

Hon. C. A. PIESSE considered an income of £250 the lowest possible living amount.

Amendment put and negatived.

The COLONIAL SECRETARY moved an amendment—

That in line 3 of Subclause 3, the words "ending the 31st day of December" be struck out.

Amendment passed; the clause as amended agreed to.

Clause 17—agreed to.

Clause 18—Residences, etcetera, chargeable as income:

Hon. G. RANDELL: What was the meaning of the clause?

The COLONIAL SECRETARY: If a person was using a house and paying no rent, the value of the house was assessed and added to the amount of the income. If a man was bound to live on works or in a factory, he received so much wages and a house or rooms to live in. If he did not have the house to live in he would receive a higher income; therefore the premises were assessed and the amount added to the income.

Hon. C. A. PIESSE objected to the provision. Every avenue of taxation was seized upon.

Hon. R. F. SHOLL: The framer of the Bill had taken clauses from different Acts and left out the exemptions. This provision would act harshly.

Clause passed.

Clause 19—Taxable amount where land held for residence:

Hon. R. F. SHOLL: This not only taxed the residence on the basis of 4 per cent., but if the owner made his grounds attractive he was taxed on 4 per cent. on that. We should encourage people to improve the grounds attached to residences.

Hon. C. SOMMERS: There was one instance of a house on which £10,000 had been spent in laying out the grounds. Surely it was not intended to tax a man's thrift in laying out his grounds.

Hon. W. MALEY: There was no intrinsic value on the land the hon. member referred to before the owner set to work on it. It should be our object to encourage what this owner had done.

Hon. J. A. THOMSON: The clause was reasonable; if the man had not the income he would not spend money in carrying out improvements, and in paying gardeners. The man got the income and spent it as he chose.

Hon. M. L. MOSS: It was a most unreasonable clause. There was no deduction on account of a mortgage. If the clause were struck out the owner would

still have to pay a land tax at ½d. in the pound, notwithstanding there was a big mortgage on the property. It was unreasonable to make a man pay income tax on 4 per cent. of the value of the property with a big mortgage on top of it.

The COLONIAL SECRETARY: We could not provide against the mortgage. If a man had a mortgage on his house it paid him to have it. It was a fair clause. It put a man living in his own house on the same footing as the man paying rent.

Hon. M. L. Moss: But we penalised the man who made improvements.

The COLONIAL SECRETARY: What did it amount to? We charged 4d. in the pound on 4 per cent. of the value of the house and improvements. If a man rented a house he would expect to pay more than 4 per cent. on the capital value, so that a man who owned a house was in a better position than the man who paid rent.

Hon. C. A. PIESSE: It was a downright shame to tax enjoyments. If the clause was struck out the owner of the land would have to pay land tax all the same.

Hon. W. PATRICK: The main object of land tax was to get at the unearned increment. We should encourage people to spend money in beautifying their property, and should not penalise them for doing so. We not only had to pay a tax on the unimproved value of the land but we also had to pay on the improvements. In a country like this we should encourage people to beautify their homes and to make themselves as comfortable as possible. The money spent in doing this would more than recoup the State indirectly.

Hon. S. J. HAYNES: We had passed the second reading so he would not be a party to wrecking the Bill, but he would endeavour to make it as fair as possible. There was an argument raised against a previous clause that the land tax was a class taxation. We should put the man who paid rent and the man who owned his own property on the same footing. If a man chose to rent a house, he kept his capital and put it to other uses. If a man chose to invest his capital in building a house surely some amount should be reckoned as against income for the use and enjoyment of that house.

Hon. M. L. Moss: Suppose there was a 75 per cent. mortgage on the place.

Hon. S. J. HAYNES: It was hard to meet the case of mortgages. There would be many hardships under this taxation in addition to that. He would support any practicable method of relieving the mortgagor; but if a person thought fit to be his own landlord, four per cent. on the actual value of the land and improvements was a reasonable rate; for the ordinary tenant's income, including his rent, was taxed.

Hon. M. L. MOSS: Nobody complained that four per cent. was too much; but was the clause fair in principle? Suppose a man with improved property worth a thousand pounds, and a £700 mortgage. His interest in the property was only £300. He would pay the tax on improved land, and income tax on four per cent. of the total value of the land and improvements. If we assisted anyone we should assist the man who owned his dwelling-house. Strike out the clause, and the land would still be taxed at either a halfpenny or a penny. Why impose an income tax on hypothetical rent—a tax on the industry and thrift of people whom we ought to assist.

Hon. R. D. McKENZIE must vote against the clause, which was somewhat ill-advised. On the goldfields municipal valuators raised the valuation when a man beautified the land around his house. If before a garden was planted and fenced the valuation was £25, it would afterwards be raised to £35 or more.

Hon. G. Randell: The clause might be acceptable if "improvements" were defined.

Hon. M. L. Moss: They were defined, and included fencing and planting, on which the four per cent. would be charged.

Hon. G. RANDELL: That would be decidedly unfair, to tax a man who was beautifying his property for his own delectation and that of passers-by. "Im-

provements" should mean "enlargements of the buildings," or anything else which increased the rental value. A garden would not do that, for it was a source of expense.

The COLONIAL SECRETARY: Mr. Moss complained that this was taxing thrift. The House had already passed the second reading. Surely it was fair to add something to the taxable income of a man who lived in his own house; for if he rented a house his land would be taxed. As to the sentimental objection to taxing a garden, a good average garden could be planted for £100, and the tax on that would be fourpence on four per cent., or 1s. 4d. a year. To meet the objection he would agree to strike out "buildings," thus exempting gardens.

Hon. M. L. MOSS hoped the Committee would not agree to any such modification. The objection was not to the 1s. 4d. per cent, but to the principle, which was thoroughly bad.

Hon. S. J. Haynes: What about taxing rent?

Hon. M. L. MOSS: When a man paid rent he knew he was disbursing part of his income, but the mortgagor must pay interest on his mortgage, income tax on the amount of it, and land tax on the property. The land tax was all the Government should exact.

The COLONIAL SECRETARY: The clause was copied from the South Australian Act, where the assessment was at five per cent.

Hon. M. L. MOSS: Must we copy South Australia if the clause was bad in principle?

Hon. W. T. LOTTON: When a man lived in his own house, the interest on the capital value should be considered part of his income; but if there was an encumbrance, the interest on the encumbrance should be deducted.

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

Ayes	5
Noes	17
Majority against ..	12

Ayes.	Noes.
Hon. J. D. Connolly	Hon. E. M. Clarke
Hon. S. J. Haynes	Hon J. M. Drew
Hon. G. Randell	Hon. J. T. Glowrey
Hon. G Throssell	Hon. J. W. Hackett
Hon. J. W. Langsford (*Teller*).	Hon. V. Hamersley
	Hon. R. Laurie
	Hon. W. T. Loton
	Hon. W. Maley
	Hon. R. D. McKenzie
	Hon. E. McLarty
	Hon. M. L. Moss
	Hon. W. Patrick
	Hon. R. F. Sholl
	Hon. C. Sommers
	Hon. J. A. Thomson
	Hon. J. W. Wright
	Hon. C. A. Piesse (*Teller*).

Clause thus negatived.

Clause 20—Exemption of certain incomes:

Hon. G. RANDELL moverd an amendment that the following words at the end of Subculause 2 be struck out:—

"But this exemption shall not apply to incomes derived from interest on investments."

Hitherto we had abstained from taxing mutual provident assurance companies, and had good grounds for that course. He had received, as probably every other member did, a typewritten copy of arguments against the imposition of this taxation. He believed the Government did not contemplate this provision when the Bill was introduced, but that it was an amendment inserted in another place. In the *Australian Insurance and Banking Record*, as well as in some statements placed before members from insurance companies, it was argued that many members of mutual insurance societies would have to pay taxation probably on land and on income under this Bill. It was objected that income tax would be a tax on thrift, and would be particularly hard in the case of members who had endeavoured to provide against the results of illness which might overtake them early or late in life. It was also argued that any profits apparently made by mutual assurance societies were not profits in the ordinary sense, that the directors or managers of these societies did not derive any profits for their personal use, but the profits were added in the form of bonuses payable to members. It should be the object of Parliament to encourage people to insure against disaster or illness; and this clause was utterly wrong in principle. Private com-

panies on the other hand operated for the advantage of those concerned in them. Interest received from investments was one of the most important means of investing savings to provide the bonuses that were paid to members of mutual assurance socities; and if these were taxed it would reduce the bonuses given. These societies could not re-arrange contracts made with their members, to meet the altered circumstances if this tax were imposed; therefore the words should be struck out.

The COLONIAL SECRETARY: Whilst agreeing to a certain extent with the mover that there was some reason in regard to taxing the investments of mutual assurance companies, he could not accept the amendment. This provision was in force in all the other States of Australia, and in a much severer form than was proposed here, except in the case of New South Wales. In Queensland, 25 per cent. of the annual premiums received was defined as constituting the society's or company's income. In Victoria 30 per cent. of the premiums constituted the society's income, and there was a charge of eightpence on that amount. Members would be aware that the proportion of premiums received in the first year would be very little, yet in Victoria 25 per cent of the annual premiums constituted the society's income, and eightpence in the pound was charged on the amount. It was not proposed to touch the premiums of the companies here, but to charge a tax on the income derived from the money invested. Assuming that a company invested £100,000 in mortgages in the State and received 5 per cent.; with an income tax on that sum the company would only have to pay £165 per annum. Surely that was not a hardship to a company? If a similar instance were taken in Queensland the tax would amount to £400, and in similar circumstances at the Victorian rate the tax would result in £800 a year being received by the State. While agreeing that these societies should be encouraged it was only just that they should contribute something to the revenue.

Hon. C. SOMMERS: The clause as printed was reasonable and fair. The Bill recognised the desirability of encouraging this form of thrift, for a policy holder was entitled to deduct £50 from the income on which he would have to pay a tax. That was a big sum, for a man who paid £50 a year as a premium was insured for something like £2,000. In the other States the taxation was very much heavier. In New Zealand there was a mortgage tax of 6s. 3d. in the £100.

Hon. M. L. Moss: There was a Government Life Assurance Department there and doubtless they did not want competition.

Hon. C. SOMMERS: It was wise that societies should be helped and encouraged, but the amendment went too far.

Hon. W. MALEY: In New Zealand there was a mortgage tax of 4d. in the pound, and it was only reasonable to suppose there were some special reasons why it should be imposed. The benefits of life assurance companies were thoroughly recognised by all and it was realised they did much good by lending money on mortgage at reasonable rates. If, however, other mortgages and incomes were taxed, while the insurance companies were exempt, the latter would have a monopoly of the best securities and become really too rich. That had been the experience of American companies.

Hon. M. L MOSS: The life assurance companies were exempt from taxation under the Dividend Duties Act. Fire and marine insurance companies had to pay under that tax one per cent. on their premiums. The Bill did not seek to tax the incomes of life assurance companies, but only the income derived from the money they invested. In dealing with the question we must bear in mind the enormous amount of accumulated funds of mutual life offices. The A.M.P. Society had a sum of something like 22 millions sterling accumulated. All knew there was nothing like a distribution of the profits by way of bonuses which that company earned. True, such a company was not making private gain for itself and the case was very different from that of a proprietary concern; still it should pay the tax. Proprietary concerns, such as the Citizens' Life Office,

should never have been exempt from the provisions of the Dividend Duties Act, and evidently they got off through an oversight. In view of the fact that these offices were being taxed far more heavily in other parts of Australia, and while it was the desire of members to deal fairly and leniently with them, still they had no reason for requiring exceptional terms here. They should make some contribution to the revenue, and especially seeing that the country was looking for additional funds.

Hon. R. F. SHOLL: The life assurance companies paid away the money they made by means of bonuses to the policy holders. The income tax had existed in the Eastern States for some time, so that in reality the policy holders of this State had been paying their proportion of that tax. The main bulk of the policy holders of the various companies were in the Eastern States, and consequently it would be only a fair thing now that they should pay a portion of the tax to be levied in this State. If the proposed amendment were carried it would mean that policy holders here would still be paying their share of income tax in the other States, but that the policy holders over there had nothing to pay in the direction of a tax in Western Australia. If these investments were exempt in the Eastern States it would be just to exempt them here. He would like to see mutual companies exempt, but as they paid income tax in the Eastern States he would not oppose the principle.

Hon. J. W. LANGSFORD: A few years ago he might have been found supporting Mr. Randell. But the more one looked into this amendment one saw it was not reasonable that the incomes derivable from investments in life companies should be exempt. Looking at the tax in the other States he was surprised at the moderation of the Treasurer of this State. Most life companies based all their calculations on the assumption that they would have a 3½ per cent. return for their investments and everything they got above that amount was profit. The Government had much to do with the prosperity of life companies. The selection of lives of course was left to the companies, but the maintenance of good Government and the security of investments which Parliament provided for was everything to a life company. The improvement in the laws of mortality, every lesson taught in State schools on hygiene, every Bill passed in the House for the administration of the health laws were to the advancement of life companies, and in view of that fact we were not asking companies too much to pay this slight tax to assist the government of the country.

Hon. G. RANDELL: The feeling of the Committee was against the amendment, evidently on the ground stated in the *Banking Record* of 1902, because of the ease with which this amount was collected and because of the large sums of money invested for the good of the community as well as for the advantage of shareholders.

Amendment put and negatived.

Hon. G. RANDELL: If the incomes on the investments of insurance companies were taxed, why exempt the investments of friendly societies and trade and industrial unions? He did not oppose this, for he believed it was a proper principle. With reference to educational institutions, what was the meaning of the words "of a good public character" in Subclause 6?

The COLONIAL SECRETARY: An educational institution of a public character would be an institution which taught for nothing, not proprietary schools by which the owners lived on the profits.

Hon. M. L. MOSS moved an amendment—

That Subclause 9 be struck out.

It was sought by this subclause to exempt from taxation incomes arising or accruing to any person not residents in Western Australia from Western Australian debentures, inscribed stock and Treasury bills. The principle contained in that subclause was exceedingly bad, because it offered a premium to persons to draw an income in Western Australia and reside out of Western Australia. We had already penalised the absentees by imposing an additional tax, but in this instance

we put the residents of Western Australia at a decided disadvantage. If a person had £20,000 in Western Australian Government bonds at 4 per cent. and derived £800 a year, if he resided in Western Australia he would contribute to the revenue through the customs and other ways; but by this clause there was an inducement for him to take his £800 out of the State and spend the money in some other place, while remaining free from taxation.

The Colonial Secretary: If that man lived in London he would pay 1s. in the pound income tax.

Hon. M. L. MOSS: It was decided by the Privy Council that in respect to incomes derived from the investment in British colonies, the income tax must be payable to the colony and in the United Kingdom; but the power of the State to tax persons could only extend to the property in the State. No other State of Australia could impose taxation on a person drawing an income from property in Western Australia. No member could justify the retention of the principle of taxing people residing in the State and allowing the individual living outside the State to go free.

The COLONIAL SECRETARY: This clause was not put in as an inducement to people to reside out of the State, but it was an inducement to people to take up our debentures knowing that they would receive the interest on the debentures without any deductions.

Hon. S. J. HAYNES: If the subclause were struck out, then everyone would have to pay income tax on incomes arising on Government stock.

Hon. M. L. MOSS was glad the hon. member drew attention to that. The incomes should be exempt, but the principle should apply all round.

Amendment by leave withdrawn.

Hon. M. L. MOSS moved as an amendment—

That in Subclause 9 the words "not resident in Western Australia" be struck out.

Amendment passed; the clause as amended agreed to.

Clause 21—Persons by whom income tax payable:

The COLONIAL SECRETARY moved as an amendment that the following stand as Subclause 4—

"In respect of the stakes won in any horse race on the racecourse of the Western Australian Turf Club or any other club or company, incorporated or otherwise, registered by the Western Australian Turf Club by the secretary of such club or company; and in respect of the stakes won in any horse race on any racecourse belonging to any unregistered person by the proprietor of such racecourse.

Members would agree that the money won on racecourses should pay income tax.

Amendment passed; the clause amended consequentially, and agreed to.

Clauses 22 to 26—agreed to.

Clause 27—Non-resident agents and traders:

On motion by the *Colonial Secretary*, clause amended by inserting in line 6 of Subclause 4, after "motion," the words "subject to adjustment within the prescribed time at the instance of the Commissioner or taxpayer."

Clause also amended consequentially, and agreed to.

Clause 28—Temporary business:

The COLONIAL SECRETARY: This taxed the profits derived by theatrical companies.

Clause passed.

Clause 29—agreed to.

Clause 30—Taxable amount, how ascertained:

Hon. S. J. HAYNES: This provided for the first assessment. Apparently the assessment was provided from the 30th June 1907 to 30th June 1908, making the tax retrospective.

The COLONIAL SECRETARY: The subclause fixed only the year of assessment. There was a vast difference between that and fixing the date when the tax should commence. That would be fixed in the taxing Bill, not yet considered. But in assessing the tax we must

always take the preceding year's income as a basis. He moved an amendment—

That the words "for every subsequent year of assessment" be added to Subclause 1.

Hon. S. J. HAYNES: We have no guarantee that the taxing Bill would fix the commencement of the tax.

Hon. M. L. MOSS: Yes. Clause 2 of that Bill would make it commence in the year ending 30th June, 1908. The present clause simply fixed the basis of assessment.

Hon. S. J. HAYNES: There was no statement in the Land Tax Bill of the date on which the tax should begin to be imposed. And it was unreasonable that the tax should commence from 1st June.

Hon. M. L. MOSS: There certainly seemed to be some doubt about the commencement. The clause ought to be postponed.

The COLONIAL SECRETARY was informed that this clause did not fix the commencement of the tax, but fixed the period for assessment. Clause 2 of the taxing Bill would fix the commencement as the year ending 30th June, 1907; in other words, the tax would commence on the 1st July, 1907.

Hon. S. J. HAYNES: No. By clause 2 that provisio was subject to the provisions of the Bill we were now considering.

Hon. W. PATRICK: Apparently Mr. Haynes thought that when the taxing Bill came before us we should be obliged to accept the year of assessment as from June to June, and would be unable to make it from January to December.

The COLONIAL SECRETARY: The clause meant that if in the taxing Bill we fixed the commencement of the tax as from last June, the year which formed the basis for assessment should be from last January to next January, and for each subsequent year the assessment would be based on the preceding year. The clause in no way fixed the commencement of the tax.

On motion by the Hon. M. L. MOSS, the clause postponed till after consideration of Clause 75.

Clauses 31 to 49—agreed to.

Clause 50—Appeals:

Hon. W. MALEY: In so large a State some of the people at a distance from the Appeal Court had little chance of appealing within thirty days. He pointed this out, though he did not wish to make the Act too easy, for the more oppressive it was the sooner it would be repealed.

The COLONIAL SECRETARY: The hon. member need not fear, as the time provided was reasonable.

Clause put and passed.

Clauses 51 to 70—agreed to.

Clause 71—Contracts, etc., affecting assessment, incidence of assessment, etc., void:

Hon. G. RANDELL did not like the wording of the clause.

Hon. M. L. MOSS: This provision was made in all measures for imposing land and income taxes. It was to prevent the burden being shifted on to someone else.

Hon. G. Randell: Suppose the owner had made a previous agreement?

Hon. M. L. Moss: That previous agreement would be void under the Bill.

The Colonial Secretary: The owner could not contract himself out of this liability.

Hon. M. L. Moss: The owner would have to put the amount on his rent or on his mortgage.

Clause put and passed.

Clauses 72 to 75 (end)—agreed to.

Postponed Clause 30—Taxable amount, how ascertained:

Hon. M. L. MOSS would be satisfied to allow this clause to pass if to make it plain the Minister would agree that when we imposed a land tax in the next Bill we should make a proviso that the tax should not be retrospective. This would allow it to be collected for the half-year.

The COLONIAL SECRETARY: The House could fix exactly when the tax should come into operation.

Hon. S. J. HAYNES: Did the Minister agree to accept the proviso now suggested, in the event of the House afterwards altering the date for the tax to come into operation?

The COLONIAL SECRETARY: The House could fix the date as it thought fit.

Clause put and passed.

Bill reported.

On motion by the *Colonial Secretary*, Standing Orders suspended so far as to allow the Bill to be reported and the report adopted at the same sitting. He moved this to allow an opportunity for recommitting the Bill and adopting the report; and this could not be done at the same sitting under the new Standing Orders.

On motion by the *Colonial Secretary*, report adopted.

On motion by the *Hon. M. L. Moss*, Bill recommitted for farther consideration of of Clause 18.

Hon. M. L. MOSS: When the Committee agreed to strike out Clause 19 (taxable amount where land held for residence), the effect was to limit the operation of Clause 18; and if this clause were now to stand by itself, a person in possession of a house would have to pay the full rental value in excess of the four per cent. Clause 19, now struck out, was to limit the four per cent; therefore to make the vote of the House sensible in striking out that clause, it was necessary to amend Clause 18.

The COLONIAL SECRETARY: The hon. member appeared to misunderstand the clause, for it had practically no bearing on the clause struck out.

Hon. M. L. MOSS: That was absolutely not so; the Minister was was mistaken in the interpretation of it. The object of the amendment was to make what was done in Clause 19 sensible. Even if the Committee were against him he did not want it to be said in six months time that the Council had struck out Clause 19, thinking they were doing something clever, then allowed people's houses to be assessed at more than 4 per cent.

The COLONIAL SECRETARY: If those words were struck out a person occupying a house would have nothing more added to his income on that account. If the hon. member desired to make it quite clear that it should not apply to a person's own house, words could be inserted to provide therefor.

Amendmest put and passed.

Hon. M. L. MOSS moved an amendment—

That the words "the use and enjoyment of any house or portion of a house shall be charged as income notwithstanding that the person using and enjoying the same may be under any obligation or duty to use or enjoy the same," be struck out.

The Colonial Secretary: None would say that that portion of the clause applied to a man's own house.

Hon. M. L. MOSS: It was necessary to excise that portion of the clause to keep it in uniformity with the one which had been altered.

Amendment put and passed.

Bill reported with farther amendment, report adopted, and a message sent to the Legislative Assembly requesting amendments to be made in the Bill as suggested in the resolutions of Committee.

BILLS (3)—FIRST READING.

Narrogin-Wickepin Railway, Mount Magnet-Black Range Railway, Pinjarra-Marrinup Railway, received from the Legislative Assembly and read a first time.

BILL—LAND AND INCOME TAX.

To impose a Tax.

The COLONIAL SECRETARY, in accordance with arrangement made with hon. members moved—

That the Bill be now read a second time.

Question passed, the Bill read a second time.

ADJOURNMENT.

The House adjourned at 10.55 o'clock until the next day.