

tending to start a business three years hence and constructing his premises now and not stocking them. In Parry Street a storm-water drain was laid for fifty or sixty chains, and no provision made for house connections. The road had been remade, and must soon be torn up again. The Minister referred to his memorable minute to the Premier as to a water scheme for a "greater Perth," and combated the idea that influence was brought to bear on members of the board. But the Government had nominated a civil servant as a member, and was it likely he would go contrary to their wishes? That minute was written so that the Canning scheme should be adopted. The board were not allowed to elect their own chairman. For the next few years it would pay the city of Perth to draw from the Mundaring reservoir the excess water required, and ascertain during the interval whether the goldfields would use a greater quantity than hitherto. A better scheme for Perth was highly necessary. A few days ago the Works Department prepared figures with reference to the existing bores, but the Minister had not mentioned that during the last fortnight the flow from some bores in the metropolitan area had diminished by some 800,000 gallons per day. The Minister treated the matter lightly, but the information came from a person connected with the board, and must be taken as correct. It was quite time that water supply and sewerage were taken out of the hands of the Government; and the ratepayers of the metropolitan area, who must defray the cost, should have some voice in the system to be adopted. But the present Minister had been more violently over-ridden by his officers than any other Minister for Works in recent times. Time after time Perth had applied to be allowed more representation in respect of both water and sewerage schemes; but the Works Department insisted on installing the scheme and charging the cost to the ratepayers, just as the department insisted, some few years ago, on constructing railway stations and charging fancy prices to the Railway Department, which eventually rebelled and refused to

pay. Would the Minister accept and pay for a house designed and erected by a contractor who did not consult the Minister as to the plans, and who, while the building was being erected, charged interest on the cost of construction? We were informed that these Estimates had been carefully examined by the department; but cases could be shown in which the local authority had asked for a small sum for a road, and the grant had been doubled and almost trebled in response to a request from an influential resident.

On motion by the *Minister for Works*, progress reported and leave given to sit again.

ADJOURNMENT.

The House adjourned at 11.27 o'clock, until the next day.

Legislative Council,

Wednesday, 4th December, 1907.

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

Prayers.

PAPERS PRESENTED.

By the *Colonial Secretary*: 1, Plans and papers in connection with Mr. Norman's report on the approaches to the Fremantle wharves, asked for by the Hon. J. W. Wright; 2, Papers in connection

with the Goldfields Water Scheme, asked for by the Hon. G. Bellingham.

QUESTION—DENMARK RAILWAY AND ESTATE PURCHASE.

Hon. J. M. DREW : Is it intended to lay on the table all papers in connection with the proposed purchase of the Denmark Railway.

The COLONIAL SECRETARY : A plan of the railway and the agreement were laid on the table of the Legislative Assembly yesterday.

Hon. J. M. DREW : I will move for the papers to be laid on the table of this House.

QUESTION—PARTICULARS FROM DEPARTMENTS.

Hon. C. A. PIESSE asked a question of which notice had been given, relating to the cost during the past two years of (1) survey before selection, (2 and 3) ringing and otherwise improving unselected lands, (4) the amount spent from revenue in connection with the duplication of the Eastern Railway, (5) on the Perth foreshore reclamation.

The COLONIAL SECRETARY replied : Information of this kind should be sought in a return. It could hardly be supplied by an answer. Also questions 4 and 5 were distinct from questions 1, 2, and 3. He had not the information at present. The proper course would be for the hon. member to move for a return in relation to the first three questions.

Hon. C. A. Piesse : If it would meet the wish of the Minister—

The PRESIDENT : This was not a question for debate. The Colonial Secretary answered for several Ministers in this House. The information would be given at a later date.

The COLONIAL SECRETARY : No protest was intended. He did not argue that questions must be put only for a certain department. The point was that the last two questions were for a department distinct from the departments concerned in the first three questions.

The PRESIDENT : The first three questions related to the Lands Depart-

ment, the fourth question to the Railway Department, and the fifth question to the Works Department ; but it was not irregular to ask the Minister questions concerning any department, because the Colonial Secretary represented the Government in this House.

SITTING DAY, EXTRA.

The COLONIAL SECRETARY (Hon. J. D. Connolly) moved—

That for the remainder of the present session this House do meet for the despatch of business on Fridays at 4.30 p.m., as well as on the days provided in Standing Order No. 48.

The Government were anxious if possible to prorogue Parliament on the 19th December, if that would permit of the programme being finished. Of course, if there was not sufficient time to go through the programme, it would be a case of meeting again after Christmas ; but in order to afford the fullest time possible for the discussion of Bills, the House might agree to sit on Fridays. If there was not enough work it would not be necessary to sit on those days ; but if the motion were passed it would give three additional sittings days between this and the 19th.

Hon. W. MALEY (South-East) moved as an amendment—

That the words "on and after Friday next" be inserted after the first word.

The amendment would prevent any inconvenience to members who had made engagements for next Friday.

Hon. C. A. PIESSE seconded the amendment. It would be a considerable inconvenience for him if the House sat next Friday.

Hon. J. W. HACKETT : On Friday next he would be absent from the city. He had made a previous engagement.

The COLONIAL SECRETARY : We might allow the motion to pass. He would undertake to take nothing but formal business on the Friday. It might facilitate business by receiving a Bill from the Assembly on that day and advancing it one stage. If any member indicated that he desired to debate any Bill but

could not attend on the Friday, that Bill would not be taken on that day.

Hon. J. W. Hackett hoped the debate on the Goldfields Water Supply would not be taken on Friday next.

Amendment withdrawn; question put and passed.

BILLS (3)—THIRD READING.

1, Roads and Streets Closure, returned to the Legislative Assembly with an amendment. 2, Police Act Amendment (Pearl Stealing), *passed*. 3, Permanent Reserve Rededication, *passed*.

BILL—BRANDS AMENDMENT.

On motion by the Colonial Secretary, Bill recommitted for farther consideration of Clauses 2 and 5.

In Committee.

Clause 2—Amendment of 1904, No. 61, Section 5:

The COLONIAL SECRETARY moved that all the words after "hereby" be struck out, and the following inserted in lieu:—

Repealed. All stock branded with a brand registered under any Act hereby repealed shall be deemed to have been duly branded under this Act, and such brand may continue to be used by the registered owner as if registered under this Act until the 31st December, 1908, but no longer except with the permission of the Minister, and shall not be transferable except with such permission.

Several amendments were made in the clause on the previous day, and the clause got somewhat mixed, therefore it was necessary to move this amendment.

Amendment passed; the clause as amended agreed to.

Clause 5—Amendment of Section 12:

The COLONIAL SECRETARY: When Clause 5 was before the Committee, there were several amendments made in two subclauses relating to sheep lambled in 1905 and 1906. The same amendment should have been made in reference to sheep lambled in the year

1907; it was really a consequential amendment.

The CHAIRMAN: It was not necessary to move the amendment, as it could be made consequentially.

Hon. V. HAMERSLEY: A great number of notches were made in the ears of sheep, and probably more cruelty was exercised than necessary. He had spoken to the Minister in charge of the Agricultural Department in regard to this, and pointed out to him that one notch could be saved and yet have the same number of years recorded. In no case would it be necessary to put more than two notches in the ears of sheep, whereas in the provision for the year 1908 and every sixth year thereafter the age-mark was to consist of three notches.

Hon. R. F. Sholl: How would the sixth year be recorded.

Hon. V. HAMERSLEY: Instead of having three notches in front of the ear, he would alter it to one notch on the point of the ear.

Hon. R. F. Sholl: How would that affect those who had been working under the Act?

The Colonial Secretary: That was the trouble.

Hon. V. HAMERSLEY: The Act had not been in force sufficiently long for people to have used the mark. The North-West settlers were of opinion that a change should take place in every five years instead of every sixth year, dividing the period of ten years into two parts, which was an advantage. Several settlers in the North-West had never adopted the three-notch system. He moved an amendment—

That in lines 19 and 20 the words "three notches on the front of the ear" be struck out, and the following inserted in lieu, "one notch on the point of the ear."

The COLONIAL SECRETARY: This clause had been in force some time, and the amendment would cause inconvenience.

Hon. W. MALEY: Unless the notch made was a particularly small one it was a great disfigurement to the ear to have three notches. It was one of the worst

forms of cruelty to so manipulate the ear. It was bad enough to use the pliers to cut out one inch from the ear of the sheep in two sections. It ought to be sufficient to have a notch on the point of the ear. That part of the ear was very conspicuous, and a brand there would answer every purpose. It was useless to put small notches on the front edge of the ear. In a growing lamb the mark would soon be obliterated; for brands on sheep, unlike those on cattle and horses, did not grow larger with age, but diminished. He supported the amendment.

Hon. W. T. LOTON: The mover of the amendment seemed to forget that the clause was entirely permissive. Instead of placing the third notch on the back of the ear, one notch would be on the front or point. Three notches were still allowed, and the size of the notch need not be large.

Hon. W. MALEY: One inch was prescribed. Two brands each of one inch must frequently be put on the ears of sheep, taking two inches of material out of the ear by two pliers of different form.

Hon. W. T. LOTON: The notch need not be an inch long. That was left to the judgment of the person using the pliers. A third notch at the back of the ear would not be more painful than a piece out of the front.

Hon. V. HAMERSLEY: The clause distinctly stated that in the year 1905 and in every sixth year thereafter the off ear or the near ear as the case might be should be left clean. If in the following year notches were added, nobody's registered earmark would be interfered with, for if this Bill passed the ear would not be marked at all. The lambs born next year would be marked with one notch on the front of the ear; next year the lambs coming along would be marked with two notches. Under the Bill the lambs coming along in 1908 would receive three notches. Under the amendment they would receive only one notch instead of three; namely, on the point of the ear. Then in 1909 there would be one notch on the back of the ear, and in 1910 two notches on the back of the ear. It was discretionary whether a person used these

notches; but anyone who did use them must do so in the order prescribed by the Bill. He would not press the amendment, though it was certainly worthy of adoption.

Hon. R. F. SHOLL: The difficulty was, stations working under the Act of 1904 had been regulating their earmarks in accordance with that Act. The clause was an improvement on the old Act, by reducing the period of earmarking from seven years to six. It should be reduced to five; for a sheep four years old was a full-mouthed sheep. If an owner wished for his own information to continue marking, he was not prevented; but it might be inconvenient and confusing to alter the principal Act, seeing that owners had been working under it since 1904. Anyhow, notice should be given of amendments to be moved, whether by private members or by the Government, on re-committal of a Bill, otherwise we were liable to pass important amendments without due consideration.

Hon. C. A. PIESSE: Could one move that the clause be struck out?

The CHAIRMAN: Till the amendment was disposed of it was not necessary to move that the clause be struck out. A member could either vote against it as it stood, or as amended.

Hon. C. A. PIESSE supported the humane suggestion of the amendment. To put these notches on sheep's ears was an act of cruelty. He had previously expressed his opinion at length.

Amendment negatived; the clause put and passed.

Bill reported with a farther amendment.

BILL—LAND AND INCOME TAX ASSESSMENT.

Machinery Measure—Second Reading moved.

The COLONIAL SECRETARY (Hon. J. D. Connolly) in moving the second reading said: In this Bill members will in some features recognise a former acquaintance, for the measure embodies the Land Tax Assessment Bill that was before us last session and also in the previous session. I know that certain members

were opposed to the land tax; and considerable discussion has subsequently arisen as to whether a land tax should now be imposed. The Government have decided to add an income tax to the land tax, and both are embodied in this Bill. I would ask members who voted against the Land Tax Assessment Bill not for that reason to make up their minds against this measure. [*Hon. R. F. Sholl*: That is superfluous.] I am extremely pleased to learn from Mr. Sholl's interjection that he is keeping his mind open. That is what I would ask members to do. Some may have voted last year against the land tax because they did not consider it necessary for revenue purposes, others because they did not think it an equitable measure, as it was not far-reaching enough. I trust that these scruples will be overcome by the addition of the income tax; for that certainly takes the incidence of the Bill much farther than it was taken by the former measure. [*Hon. R. F. Sholl*: It removes the class feature.] The tax will reach everyone. I will first give a brief outline of the financial position, to show that the tax is necessary. Afterwards I will deal with the Bill in order to show that it is equitable and one which it is desirable for the House to adopt in order that revenue may be raised. Recently in his Budget Speech, and also on the introduction of this and the former Bill, the Treasurer dealt fully with the financial position; therefore I do not think it is necessary for me to traverse the whole financial position of the State in detail. I may justly claim that last session, and indeed the session before, I proved to the House that it was necessary to enact direct taxation legislation for the purpose of revenue. Unfortunately a greater necessity exists to-day than it did last session or the session before, principally on account of the decrease in the Commonwealth returns and the accumulated deficit at the end of last month of £227,000. At the end of the financial year the deficit was £208,000. The necessity for direct taxation is chiefly due to the loss in our customs, that is to say through our losing control of the customs and handing them over to the Federal Government. Members have no doubt

noticed in the financial statement which appeared in the Press on Monday last that the surplus returned from the Commonwealth in November was £45,974, as against £61,037 for November of last year. There in one month is a decrease in the customs revenue returned to us of £15,000. I particularly ask members to notice that fact. Although there has been a big decrease in the customs in the past, still looking at these returns and I suppose in consideration of the high protective tariff, we can expect the fall will be even greater in the future. [*Hon. W. T. Loton*: There will be an increase.] The sum received was £15,000 less last month than in the corresponding month of the previous year. There may be an increase for the whole of Australia but not for Western Australia.

Hon. W. T. Loton: The reason for last month's decrease was that people were waiting to know the result of the Federal tariff.

The COLONIAL SECRETARY: The tariff is practically passed now. Undoubtedly the want of more revenue for public works expenditure has been felt. We want more money in order to develop our vast agricultural and mining industries. It is quite impossible, however, to do this work, or in fact to do any more developmental work, or to carry out a public works policy, out of revenue. If this work has to be done at all it must be done out of loan money. The principal reason of the necessity for fresh taxation is the loss of the customs revenue. In the financial year 1902-3 the customs returned £1,255,000, while in 1906-7 the customs only returned £780,000. There was a net loss between these years to Western Australia of customs revenue of more than £475,000.

Hon. R. F. Sholl: We have been providing for our own requirements.

The COLONIAL SECRETARY: It may be urged that there has been an increase from year to year in our State revenue. There certainly has been an increase, but it nothing like compensates for the loss we sustained by the decrease in the amount returned by the Commonwealth. In 1902-3, apart from the Commonwealth revenue, the State revenue

totalled £2,374,000, while the State revenue for 1906-7 was £2,621,000. There is certainly an excess in that respect of £247,000, but against that there is a loss to which I have already referred, from the customs, during the period, of £475,000, leaving a net shortage of £228,000.

Hon. R. F. Sholl : We were importing then, but we are exporting now.

The COLONIAL SECRETARY : I am simply dealing with the money the Treasurer had to deal with in 1906-7 as against the amount in 1902-3. We are faced with this position. For the financial year just closed we had £228,000 less revenue with which to govern 263,000 people than we had to govern 213,000 people ; therefore we have to find all the means for the government of 50,000 people more, and we have to do it on £228,000 less. There is a certain expenditure which can be curtailed ; but, on the other hand, there are certain matters on which one cannot curtail disbursements. Take for instance the fact that one quarter of the revenue is controlled by special Acts, which this Government has no control over. We have to meet interest and sinking fund. [*Hon. R. F. Sholl* : Why increase it so much ?] I will deal with that aspect later on. For the four years between 1902-3 and 1906-7 the expenditure increased by £195,000 a year, £172,000 of which is for interest and sinking fund. Therefore the position is that we have 50,000 more people to govern with £228,000 less revenue and, in addition, there is an increased expenditure of £172,000 for interest and sinking fund.

Hon. W. T. Loton : You should not borrow so much money.

The COLONIAL SECRETARY : The result of the figures I have quoted is that we have £423,000 less available this year for the government of 263,000 people than we had in 1902-3 for 213,000 people. Let us take the position of affairs this year. The deficit for the financial year just closed was £88,000, and this year, provided we get the same revenue and incur the same expenditure as last year, we shall add another £88,000 to the accumulated deficit of £208,000. Unfortu-

nately, however, it appears that we are not going to receive the same revenue as we did last year. The Commonwealth surplus estimated to be returned this year is £25,000 less than last year. This was the Commonwealth estimate ; but, allowing for the exceptional falling off that took place in the customs recently—there being no less a sum than £15,000 less received last month than in November of last year—it is a fair assumption that the customs revenue received for the financial year will be very much less than the £25,000 estimated. The railway earnings unfortunately have also fallen off. In July and August of this year they were £18,000 less than for the same period of 1906. The railway expenditure was kept down as much as possible and in those months the total expenditure was £13,000 less than in the corresponding months of the previous year.

Hon. R. F. Sholl : Why take July and August ?

The COLONIAL SECRETARY : What do you want ?

Hon. R. F. Sholl : Take August, September, and October.

The COLONIAL SECRETARY : With a falling revenue it is hard to count on an increase in any department ; but there will probably be increases in land sales, rents, water supply, and harbour dues. The decreases, however, will more than balance those increases. Last year the State revenue was £64,000 less than in the previous year. That was chiefly accounted for by the decrease in the railways. In connection with the expenditure for the current year, the interest and sinking fund will be £40,000 more than last year ; but the loans authorised by Parliament last year, when they are all floated—and some will have to be floated when the market is favourable—will add £112,000 to the amount to be paid for interest and sinking fund. Savings will be made wherever possible. For instance, in the municipal subsidies a saving has already been made by their reduction at the rate of 20 per cent. each year. The saving is even on a greater scale than that, for the municipal subsidies last year were £98,000, while for this year they will be £55,000.

Hon. M. L. Moss : You estimated last year that the total would be £68,000, but you paid £98,000 and you may be under-estimating again this year.

The COLONIAL SECRETARY : I will be able to explain that later. Retrenchment is being effected wherever possible, but the Government are not desirous of farther reducing the expenditure on public works out of revenue. The expenditure from revenue on public works has dropped in the last four years from £428,000 per annum to £193,000. I think that this accounts for a certain amount of the dulness recently experienced in the State. Certainly there are numbers of public works which are very badly needed, and which should be constructed out of revenue. The hospital for the insane had to be built, it being a matter of necessity, and it could not be delayed any longer, so the work had to be constructed out of loan money. It is not desirable that such works should be constructed out of loan funds. There are other buildings amounting to a good round sum which should be gone on with, but the Government are not able to do so, simply because they cannot construct the works out of revenue, and they do not feel justified in undertaking them out of loan money. Although these economies are being effected, it is very hard in a young and growing country like this to curtail expenditure in all directions. You can curtail in public works, for that is really the biggest limb you can use the pruning knife on ; but there are others. For instance, education is an expanding item, and while you may to an extent curtail the vote you cannot say the vote shall not be increased ; you must provide for the needs of the people. That particular vote has increased during the past four years by £60,000. [*Hon. M. L. Moss* : No one objects to that.] Quite so ; that is the point—no one objects to that increasing expenditure, and perhaps our only regret is that we cannot afford to spend more. I am now only pointing out that this is an item of expenditure we cannot curtail, for as the population increases so the expenditure must go up, almost in spite of the endeavour of any Government that does not wish to take a backward step in

this matter. The Charities and Lunacy are also departments that no Government can cut down to any appreciable extent. They can be controlled, but as in the case of education you must provide for those unfortunates who are in the Hospitals for Insane and for those persons who come under the care of the Charities department. As to the question of farther revenue being required, we may make a comparison between the years 1905-6 and 1906-7. Let us first take the railways. In 1905-6 the railway revenue was £1,648,648, and the expenditure for the year was £1,232,992 ; a difference between revenue and expenditure of £415,656. [*Interjection.*] I am now speaking of revenue, not loan.

Hon. R. F. Sholl : When you meet some of your expenditure out of loan and not out of revenue, you should show a handsome profit.

The COLONIAL SECRETARY : The hon. member would make an excellent Treasurer in bad times. If the hon. member will allow me, I will give all the figures. In 1906-7 the railway revenue was £1,557,221, as against £1,648,648 in the previous year ; the expenditure for 1906-7 being £1,159,278 as against £1,232,992 in the previous year. But although the expenditure was less, the surplus returned was also less, the figures being approximately £397,000 as against £415,000 ; or, in other words, with an expenditure in 1906-7 less by £73,714 than in 1905-6, the receipts for 1906-7 were less by £91,427 than those for the previous year 1905-6 ; so that the surplus return from the railways, notwithstanding a reduction by £73,000 odd in expenditure, was £17,714 less for the year 1906-7 than for 1905-6. Some members appear to think the whole of the saving required to adjust the finances can be made by reducing the running cost of the railways. It was recognised by the Government that, consequent on the large expenditure which had been made for duplicating and grading certain lines and the increased haulage facilities thereby provided, economies could be effected in the cost of administration. The Minister for Railways, in dealing with the Railway Estimates last year, stated that considerable econo-

mies would be effected; and it will be seen that just prior to the closing of the financial year 1906-7, economies were effected by retrenching no fewer than 592 employees. The Government were satisfied that the department was overmanned, and every reasonable economy in the running of the railways is now being effected. The figures I have given relate to the last financial year; but since the close of that year, that is since the 1st June, 1907, the services of 362 men have been dispensed with, 92 being from the salaried staff and over 270 from the permanent staff.

Hon. M. L. Moss: Then the protest of this House has done some good.

The COLONIAL SECRETARY: Seeing that the "protest" was made only some two months ago, and that 592 employees were dispensed with prior to the close of the last financial year (June 30th) and others were retrenched in July, I fail to see that the hon. member's argument applies. The Government had foreseen the opportunity for economy as far back as July 1906. To give members an idea of the value of the economies effected, I have here a comparative statement showing the working expenses for the first four months (July, August, September, October) of the financial years 1904, '5, '6, and the present year 1907. Members will find that the reduction in working expenses for the first four months of this financial year, as compared with the corresponding period of 1904, is somewhat startling. In giving this comparative statement, I would like hon. members to understand that the earnings quoted may not in all cases correspond with the revenue returned in the Treasury statements, those in the latter case being compiled at a later date after adjustments have been made; and hence if there are any apparent discrepancies, that is the explanation. Taking the working expenses for the four months mentioned they were—in 1904, £420,392; in the next year somewhat less, £395,134; in 1906, £390,818; while for this year there was a reduction from £420,392 in 1904 to £333,426 in 1907. During that period the amount spent from revenue on the railways, deducting of course

earnings, was £2,412; while for this year the amount is £1,606. The interest on loan capital expended on railways—and I ask members to note these figures—was in 1904 £97,944, the interest on revenue capital £6,980; for the first four months of 1905, the interest on loan capital expended was £107,150, in 1906 it was £110,035, and in 1907 it was £113,581. Therefore there is an increase in the matter of interest alone of £16,000 to be made up on the railways for the four months under review, as between the amount required in those months of 1904 and the corresponding period in the present financial year. [*Member:* Are not the figures available for the whole of those years?] The figures for the first four months of the present financial year only are available, and I quote the comparison because I wish to give members the latest information, to show that economies are being effected and the earnings increased as far as possible from that source.

Hon. R. F. Sholl: The increase is due to the construction of agricultural railways.

The COLONIAL SECRETARY: It is a remarkable argument for the hon. member to advance, when I am showing a decrease in working expenses, that this decrease is due to the recent construction of agricultural railways.

Hon. R. F. Sholl: No; you were speaking of the increased interest bill.

The COLONIAL SECRETARY: The total working expense, including interest, for the four months under review was for the respective years as follows:—1904, £533,112; 1905, £515,741; 1906, £511,664 (the figures run very close in those two years); while for the present year, notwithstanding that we have £17,000 additional interest to find, the working expenses for the first four months are £459,244; or a difference in the working cost for the four months in 1906 as compared with the corresponding period in this year of £52,000. The earnings for the four months were—1904, £517,972; 1905, £523,507; 1906, £522,595, and for this year £499,330—a difference between the highest figures earned in those years and those in the present year

of £25,000. As I have said, the reduction made in working expenses is starting; but I may explain to members that the economies were effected since June of this year, and had they not been made at that particular time, the comparison would not have shown such a decided comparative decrease in the working cost for those particular months. It will be seen, however, that a genuine effort is being made to bring the working cost of the railways down to bedrock; but it has to be remembered that the railways now have to provide between £60,000 and £70,000 more than last year for interest and sinking fund. They provided a certain sum last year, but not sufficient by that amount. Having now shown the falling off in railway revenue, I will deal next with the ordinary State revenue for the year 1906-7 as compared with 1905-6. The decrease in Commonwealth revenue last year was £93,000. The comparison previously made was to show the decrease in Commonwealth revenue between the years 1902-3 and 1906-7. The State revenue decreased during 1906-7 by £65,000 as compared with the previous year; so that taking the Commonwealth and State revenue together, there was a net decrease in revenue for the year 1906-7 as compared with the previous year of £158,000. Let me again say that so far as the Commonwealth revenue is concerned, there is likely to be a greater decrease in the future owing to the high protective tariff introduced by the Federal Government. [*Hon. M. L. Moss*: Not necessarily.] The hon. member, I think, could not have been in the Chamber a little time ago and heard the figures I previously quoted on this subject. He must have seen the statement in Monday's newspapers that the Commonwealth returned to this State £15,000 less for the month of November this year than for the corresponding month in 1906. The expenditure covering the period I have mentioned, 1906-7, as compared with 1905-6 decreased by £142,000; so that as a net total result, we are worse off for 1906-7, compared with the previous year, by some £16,000, although our expenditure was some £142,000 less. The revenue for 1905-6 was £3,559,000,

and the expenditure £3,632,000, showing a deficit of £73,000, to which was added, as I have already explained, £16,000, so that the deficit at the close of the financial year on the 30th June last was £89,000. Although we closed with that deficit we only spent out of revenue on public works last year £192,977. This is much smaller than has been spent out of revenue for a considerable time. For instance, in 1904-5 the expenditure out of revenue on public works was £337,000 as compared with £192,000 last year. [*Hon. R. F. Sholl*: And £337,000 is too much to spend on works out of revenue.] I think the figures I have quoted have proved the need for fresh taxation. They have shown that we will need to look for some other means of supplementing our revenue for the loss sustained by the decrease in our customs revenue. Since Federation and the loss of our customs the only avenue open to the Government for raising any considerable sum of money is by means of a land and income tax. It is by this method that the Government seek to supplement the revenue and that is why this Bill is now under consideration, not so much with the desire of imposing a tax on land and incomes, as to supplement the fall in revenue. In the past we have avoided this form of direct taxation, though it is in force in all the other States and in New Zealand. The only forms of direct taxation we have had here have been the dividend tax and some others, such as the totalisator tax and licenses for the sale of liquors, which I shall mention later. The dividend duty for last year returned £117,000. It is not a universal tax but falls on a few, comparatively speaking, and mostly on absentee shareholders in our gold-mining companies. [*Hon. R. F. Sholl*: But there are other companies?] I did not say it was paid solely by these people, but to a large extent it is. Now, since the decrease in our customs revenue people have thus been considerably relieved of the burden of customs taxation. I wish hon. members to note these figures, because they will then see that they are not so heavily taxed as they have been led to suppose. In 1897-8 when we had control of our customs the customs and ex-

cise duty paid by the people of this State amounted to £6 4s. 1d. per head of the population, but last financial year the people only paid £3 12s. 10d. per head of the population, a decrease in nine years of £2 11s. 3d. per head of the population in customs and excise duties.

Hon. W. Patrick : Who is getting the money ?

The COLONIAL SECRETARY : The people have been relieved of it and undoubtedly they must have the benefit.

Hon. W. Patrick : The merchants are getting it.

The COLONIAL SECRETARY : That is a very easy way of disposing of the question, and is an old method of disposing of an argument of this kind.

Hon. W. Patrick : I am positive the public have not got it.

The COLONIAL SECRETARY : It is a very easy and simple method to say that though the customs taxation has been removed and though the people pay £2 11s. 3d. per head less than before they are not relieved to that extent ; but if we put up the taxation by that amount the people would quickly say that they were taxed in addition to the extent of £2 11s. 3d. per head. Of course, in some instances the people may get more than the reduction, and in other instances, as the hon. member mentions, they may not get it all, but it may go into the pockets of the merchants. However, all that will right itself in time. But seeing that the people have been relieved of customs taxation to the extent of £2 11s. 3d. per head, I do not think it is unreasonable for the Government to ask them to cheerfully come to the assistance of the State and consent to a taxation measure of this kind. I know it is rather funny for me or for anybody to ask people to cheerfully pay up, but I think it is a case where they ought cheerfully to do it. Here they have been relieved of £2 11s. 3d. per head, and we are asking them to give back a little. I know it has been said in certain quarters that we are the most heavily taxed people. I do not know about "the most heavily taxed people," but it is said that we are heavily taxed, and the argument used to support that statement is rather amusing

when we come to analyse it. The revenue we had last year was £3,400,000, and people say that consequently we must be heavily taxed. I read in the papers a short time ago a statement by a gentleman who was seeking parliamentary honours who told the people that we were an extremely heavily taxed people. He said that we were taxed to the extent of £13 or £15 per head. I do not quite know how he arrived at that calculation, but it has been frequently made use of. I think the only way he could have arrived at the calculation was by taking the revenue of last year and dividing it by the number of people in the State. Dividing £3,400,000 by 263,000, it would give approximately about £13 per head. I do not think I need dwell on this, but I wish to point out the absurdity of such an argument, because a big proportion of the £3,400,000 is made up by the railway revenue of £1,567,000. The ordinary revenue is made up by customs, the Mines Department, public works and services rendered, and the only amount paid in direct taxation is £266,242. Later on I will show how this is made up, but there can be no argument so absurd as to say that the £1,567,000 paid to the railways in freights and fares is a tax. It is a return for services rendered. Would Mr. Piesse for a moment imagine, when he takes in his hundreds of pounds each year to the Lands Department, that it was a tax ? When we analyse the revenue of £3,400,000 last year we find that the only amount derived from direct taxation was £266,000 ; and indeed a portion of that could very well be questioned ; we might say it was not direct taxation, but was also for services rendered. The £266,000 direct taxation was made up as follows on last year's figures :—Dividend duty, £117,000—this I have already explained is not universal but is principally paid by a few ; probate duties, £35,000 ; licences, £43,000—and after all licensees receive a benefit and it should not be called direct taxation ; stamp duties, £63,000 ; totalisator tax, £8,000, making a total sum of £266,000 now raised by direct taxation and equalling £1 0s. 4d. per head of population, and not £13 or £15 as has been stated in certain quarters. I would

like to point out that while the customs taxation has decreased by £2 11s. 3d. the direct taxation has not increased during the same period by anything like that amount. I have not the exact figures, but in 1897-8 the direct taxation amounted to about 13s., and in the past year, as I have just shown, £1 0s. 4d., so that while we have decreased by £2 11s. 3d. on the one hand we have only increased 7s. on the other. The income tax embraces all classes of people, the rich man as well as the poor man, the professional man as well as the tradesman, the land-owner, the speculator and everyone else. In income tax measures there is a general exemption made, and in this Bill £200 is fixed as a living or sustenance allowance. When the Land Tax Bill was before the House on former occasions, it was frequently stated, and it was a stock argument, that the tax would stop settlement. We have had before us now in one form or another for 18 months a Land Tax Bill, and I do not know that there has been any diminution of settlement. Let us deal with the argument that this tax will stop settlement. Notwithstanding that in July of last year the taxation Bill was before the House, applications for conditional purchase alone numbered 276, in August 346, in September 394, in October 436. Let members from the country mark that satisfactory increase and see if the argument will stand at all that the land tax will prevent settlement.

Hon. V. Hamersley: Were these increases on previous years?

The COLONIAL SECRETARY: I have given the figures so that members can see the increase from month to month. Perhaps it will also be interesting if I briefly—and it will be very briefly—give the systems of land and income taxation in the various other States. As I have already said this form of direct taxation has been in force in the other States for some years, and in South Australia it has been in force as long as 20 years. Let us take New South Wales. The land tax there is 1d. in the pound on the unimproved value of land exceeding £240.

Hon. R. F. Sholl: I do not think they are locally taxed as heavily as we are.

The COLONIAL SECRETARY: The income tax in New South Wales is 6d. in the pound on incomes exceeding £200. In Victoria the land tax is one and a quarter per cent. of the unimproved value, and it applies to estates over 640 acres, and where the value is over £2,500. The income tax in Victoria is 3d. to 6d. in the pound on incomes from personal exertion up to £157, and over that there is a deduction of £100. On incomes from property the tax is double that amount. Take Queensland, there is no land tax in force there; but the income tax imposed is on all incomes exceeding £100. On incomes derived from personal exertion the tax is fixed at 10s. if under £150 and from 6d. to 1s. in the pound if over £150, a deduction of £100 being allowed. On incomes from property the rate of tax is greater in South Australia, where the tax has been in force for 20 years, the land tax is ½d. in the pound on the unimproved value, with an additional ½d. if the land exceeds £5,000 in value. The income tax is 4½d. in the pound up to 1s. 1½d. on all incomes exceeding £150 with a deduction of £150 on incomes not exceeding £400. In Tasmania the land tax is on the improved value and graduated from ½d. to 1d. in the pound. The income tax is from 6d. to 1s. in the pound on incomes not exceeding £100; and in addition in Tasmania they have an Ability Tax, that is a tax on those able to pay; it is another form of income tax. In New Zealand there is a fixed and graduated land tax starting from 1d. on the unimproved value. On incomes the tax is 6d. to 1s. on incomes of £300 and over. I would like members to note that, and they will see that in comparison with the other States ours is a very mild tax. One member interjects that there are changes in contemplation in some of the other States; but those changes have not become law and we have not the particulars of them. Coming to the Bill itself, it is largely based as the Land Tax Bill of last session was, on the New South Wales Act. It embodies the Land Assessment measure of last session; therefore it is not necessary for me to dwell on that particular portion of the Bill, for it has been before members for some 18 months now. It was in-

troduced by myself on two occasions and explained in this House on both those occasions. [*Hon. G. Randell*: Try again.] I am speaking in regard to the Land Tax; I do not think it is necessary to go into detail on the land tax portion of the Bill. Properly speaking there are two measures, one a machinery measure and the other a Bill to impose the tax, and this is the machinery measure. I dwelt on the fact that it will be a great benefit having the two Bills separate instead of having one measure. It will be necessary to bring down the Tax Bill every year to have the amount fixed. That will give members a far better control over the land and income taxation than if the two measures were contained in one enactment. The matter will have to come up each year for revision. The land tax this year—if I may be permitted to refer in a sense to the other Bill—

The PRESIDENT: The question is the Land and Income Tax Assessment Bill, and the member can refer to both.

The COLONIAL SECRETARY: The land tax this year is fixed at 1d. with a rebate of $\frac{1}{2}$ d. if the land is improved. The income tax is 4d. in the pound on incomes of £200 and over, and there is an amount of £10 allowed for every child under 16 years of age residing with and being dependent on the taxpayer. I wish to clearly point out and emphasise to members that although this is a Land and Income Tax Bill people will not be asked to pay double; they will only be asked to pay once. That is to say, for the same property a person will not be asked to pay the land and the income tax both if income is derivable from the property. That is the case in some of the other States.

Hon. R. F. Sholl: That is the only redeeming feature in the Bill.

The COLONIAL SECRETARY: I suppose it will be necessary to go through the Bill briefly. It provides for both land and income taxation. The land tax portion is contained in Clauses 9 to 15. Then Clauses 16 to 32 contain the provisions in regard to the income tax. The remaining portion of the Bill, other than the clauses I have mentioned, consist of machinery provisions applicable to the collection of land and income

taxation. Clause 16 provides that no tax is to be collected on any income which is assessed to be under £200, and in regard to all incomes exceeding £200 an amount of £200 is allowed. An income of £200 would pay nothing, and on incomes of over £200 an amount of £200 will be exempt. So that a man with an income of £199 or £200 will pay no income tax. If a man has an income of £250, he will pay an income tax on £50. In Subclause 3 it is provided that the incomes of absentees, that is absent from any part of the Commonwealth of Australia for the year ending 31st December, an additional rate of 50 per cent. is to be collected. I will draw attention to the fact that absentees are those outside the Commonwealth. Probably it would have been more appreciated by members if absentees were those outside Western Australia, but that is against the Commonwealth Constitution. Therefore however desirable it may be to provide otherwise, it is not possible to do so. Clause 17, I may state in reply to the interjection of a member, is a special provision made to prevent the payment of double tax on one property. When a property produces an income, the land taxation is deducted from the income tax. For example the land tax on a property the unimproved value of which is £6,000 would be $\frac{1}{2}$ d. in the pound, producing £12 10s. The income tax on £600 derived from the same land at 4d. in the pound would be £10. Therefore the amount that that property is taxable for under the land taxation provision, £12 10s., would be collected and not the income tax of £10, being the lesser amount of the two. Take another example. A property of the unimproved value of £4,800 produces an income of £2,310. The land taxation at $\frac{1}{2}$ d. in the pound on £4,800 would be £10; the income tax would produce £38 10s., hence the greater amount would be collected and not £48 10s. The only exception is stated in the proviso to that clause—income derived from a quarry or the selling of sand, gravel, or timber obtained on the land. This is not taken into account in making the rebate, the idea being that such operations are taking something out of the land that will in time

cease; it is all the time diminishing. Clause 18 assesses the taxable incomes with certain additions and deductions; where a person has the use of a house or portion of a house in lieu of a portion of his salary. I will give an instance. Where a man is employed at so much a week and his keep, his board and residence, a certain addition is put on his salary for that. That is to say if a man is employed at £100 a year and his keep, say his keep is assessed at £40, he would have to pay on £140.

At 6.15, the President left the Chair.

At 7.30, Chair resumed.

The COLONIAL SECRETARY (continuing): Before the adjournment I had reached that portion of the Bill beginning at Clause 18. Clause 19 provides that when a person resides in his own house, or occupies his own estate, not for the purpose of making a living, the property shall be deemed to be worth to him an income equal to four per cent. per annum on its capital value. Thus, supposing for the sake of argument that a man has an income of £400 a year and occupies a house value at £1,000, his income will be assessed at £440; that is four per cent. on the capital value of his house will be added to his income, placing him in exactly the same position as a man who has to pay rent for a similar house.

Hon. M. L. Moss: What if he has a big mortgage on the house?

The COLONIAL SECRETARY: The hon. member must not assume that everyone has a mortgage on his house.

Hon. M. L. Moss: Most people have.

The COLONIAL SECRETARY: I wish to point out that this would place the owner in the same position as the man who rents a house. That is to say, if a man had an income of £440 and had to pay £40 by way of rent, he would be assessed at £440, less exemption.

Hon. G. Randell: But if he pays the land tax he need not pay the income tax.

The COLONIAL SECRETARY: That is so. I have already stated that for the same property he will not have to pay both taxes. Clause 20 exempts certain incomes, namely the revenues of muni-

cipal councils, roads boards, or other statutory public bodies, incomes of life insurance companies and companies or societies not carrying on business for the purposes of profit or gain, also dividends and profits of companies subject to the Dividend Duties Act. Here again the taxpayer will not be doubly taxed. Portion of his income that may be derived from dividends will not be assessed for the purpose of income tax. In other words, the portion derived from dividends will be deducted from the taxable amount. If a man is in receipt of £1,000 a year, of which £300 is derived from dividends, he will first deduct the £200 exemption, then the £300 derived from dividends, and the taxable amount will be £500. The reason is of course that he has already paid a tax by way of dividend duty, and therefore it is not sought to collect a second income tax from him, any more than it is sought to collect land and income tax on the same property. The clause also exempts the dividends and profits of the Government Savings Bank and the Agricultural Bank, the funds and incomes of any registered friendly society, or trade or industrial union, ecclesiastical, charitable, or educational institutions of a public character, and income accruing to any person not resident in Western Australia through Western Australian Government debentures. These are the total exemptions as set forth in Clause 20. Clauses 22 and 23 provide for the liability of the representatives of taxpayers. Clause 26 provides for the safeguarding of the tax on profits derived from imported goods. A person or company outside Western Australia, trading here by means of an agent or company doing business in the State, must pay five per cent. on the turnover. That is similar to the arrangement made with such companies under the Dividend Duties Act. Clause 27 provides that if a company or trader is not resident in the State, it or he cannot carry on business here except under warrant from the Commissioner; and the Commissioner may collect the tax from any non-resident agent or non-resident trader in respect of any specific transactions during any period, on five per cent.

of the amount representing the gross trade done, at the rate of the tax last fixed. There is a similar provision in the Dividend Duties Act. By Clause 28, to prevent evasion of the tax by a person carrying on business for a short time only in this State, the Commissioner may require such person to give security, by way of bond or deposit, for due payment of the tax. Clause 30 prescribes the means of ascertaining the taxable amount on which income is payable. In assessing the income tax for any year, the taxable income from all sources for the year immediately preceding shall be the taxable amount. Profits reinvested in business are considered as income. I have already mentioned that no man will be liable for the double tax, for instance, in the case of incomes derived from dividends; and every care is taken that the incidence of the tax shall be as fair as it can be made. Dividends from shares in companies liable to pay dividend duty may be deducted. Clause 31 is very important, and one which I particularly desire to bring under the notice of members. It provides for deductions from the taxable amount, and may be summarised as follows: Losses, outgoing, and expenses actually incurred by the taxpayer in the production of his income may be deducted; also sums expended for repairs on premises let or intended to be let to tenants, only the net rental being taxable. Subclause 3 permits the deductions of life insurance premiums paid by the taxpayer on his own life or that of his wife or for a deferred annuity for his wife or children, or in respect of any fidelity guarantee; provided that in no case shall any deduction be allowed under this subclause beyond the total sum of £50. Subclause 4 provides that expenditure for repairs to premises occupied for business purposes and repairs or alterations of machinery, plant, etcetera, may be deducted from the taxable amount, the sums to be estimated as prescribed in the subclause. Subclause 5 provides for certain deductions in respect of depreciation on plant, subject to the approval of the Commissioner; but in no case shall any allowance be made for the depreciation on buildings. Subclause 7 provides

that if a taxpayer owns and actually uses for the sole purposes of his business any business premises, he shall be entitled to claim as an outgoing an allowance of four per cent. on the actual value of his interest in such premises. That is putting him on the same footing as one who rents premises, 4 per cent. being considered the net value after maintaining the building. By Subclause 8 a taxpayer who employs his sons or daughters over the age of sixteen years may deduct from the taxable amount such sum as the Commissioner deems reasonable. For instance, if a man is making, say, £500 a year out of his business, with the assistance of a son and daughter, the Commissioner may allow for the son £100 and for the daughter £100; therefore the taxable value of the income will be £300. This subclause, however, does not extend to the wife, but to the children only. When the Bill becomes law one of the first duties of the Commissioner will be to prepare the form of return which every taxpayer must furnish in respect of his taxable land and taxable income. Such form or return will be set forth in the regulations made by the Governor-in-Council in accordance with Clause 65. As in all Bills of this kind appeals are provided for, and the procedure is set out in Clause 50. Any taxpayer may lodge an appeal against the assessment made in his case; and if it is not allowed by the Commissioner, the taxpayer can appeal to the Court of Review as provided in Clause 8. It is provided also that the court may sit in private, so that the personal affairs of the taxpayer need not unnecessarily be made public. Clause 51 provides that whenever any question at law shall arise in a case before the Court of Review, an appeal may be made to the Supreme Court. Clause 53 gives power to the Commissioner to obtain information respecting salaries paid and interest earned, and gives him free access to all buildings, places, books, documents, etcetera, empowers him to take evidence under oath, and to obtain a return from banks of deposits held and interest paid or credited in respect thereof. Otherwise, the method of procedure will be the same as that previously laid down

in the Land Tax Assessment Bill. It will be seen that the powers given to the Commissioner are fairly wide; and all must agree that if the taxes are to be collected the Commissioner must have extensive powers, otherwise many persons will escape. The remaining clauses are general machinery provisions. There is a penalty not exceeding £20 provided for any person who fails to furnish the required returns. By Clause 69, if a person wilfully makes a false statement or attempts to evade assessment, the penalty shall be a sum not exceeding £100, together with a tax at three times the ordinary rate. If the tax is not paid on the day fixed by the Commissioner, an additional sum of ten per cent. shall be inflicted by way of fine on the defaulter. The amount of the tax may be recovered by the Commissioner in a court of law, by Clause 58; and if the land tax is not paid within one year, the Commissioner may let or sell the land, and retain the proceeds until the tax is paid. This is a similar provision to that in our Municipalities Act and similar Acts, wherein defaulting ratepayers may have their lands sold or leased. The Bill provides also for the appointment of the Commissioner of Taxation, and such assessors and other officers as may be deemed necessary. These, briefly, are the general principles of the Bill, and any farther information which members may require can be given in Committee.

Hon. G. Randell: Before you close, are you able to say how Subclause 10 of Clause 31 will work out? It allows a £10 rebate for every child of the taxpayer.

The COLONIAL SECRETARY: I am not prepared to say how it will work out. It was inserted very recently by an amendment in another place. I shall be able to explain in Committee, although I have no explanation to give just now. These are the general principles of the Bill, and any farther information I can supply in Committee I will be happy to do so. I admit this is not a perfect Bill and there cannot possibly be any perfect form of taxation introduced, at any rate when it is brought forward for the first time.

Hon. R. F. Sholl: We shall make a perfect Bill of it before it leaves here.

The COLONIAL SECRETARY: I trust the House will make it as nearly perfect as possible. After all, the practical working of the measure is the only effective method of proving whether it is applicable to a particular country or not.

Hon. W. Kingsmill: It is a nasty experiment.

The COLONIAL SECRETARY: It is a necessary one. No doubt the Bill will be amended from time to time as most big machinery measures are, but the main principle will always remain. In South Australia, where they have had income tax for 20 years, there have been amendments made on 12 or 13 different occasions. I think there is an amendment before the South Australian Parliament now.

Hon. G. Randell: Perhaps that is the reason South Australia does not go ahead.

The COLONIAL SECRETARY: This Bill is, generally speaking, framed on the New South Wales Act, and I trust that a measure which has worked so well there will work equally as well here. The estimated revenue to be derived from the land tax is £40,480, while the income tax is estimated to produce about the same amount, so that from the two taxes it is expected that £81,000 will be produced. At least, this was the original estimate, but since that was made a change has been brought about in the Bill by reason of the exemption in the income tax being fixed at £200 instead of £150. That change will affect the amount to be obtained from the tax considerably, but to what extent has not yet been ascertained. It was difficult, even before that alteration was made, to estimate accurately what the tax would produce and the only way of arriving at it definitely is by actual experience. The estimate is really an approximate one. As to the cost of collection that also can only be ascertained accurately after some experience of the working of the measure; but I am safe in saying that the cost will be about seven per cent., and certainly not more than eight per

cent. This calculation has been based on the cost of collection in the Eastern States. We cannot take a better guide than that, and in fact it is the only one. In New South Wales at the beginning of their income tax the cost of collection was 3.99 per cent. and for the land tax 11.61 per cent. For the combined tax it was 8.3 per cent. In South Australia the cost of collecting the combined tax has been reduced from 10.76 per cent. when the tax was first levied to 5.12 per cent. Each year the cost will decrease, but naturally, in the first years of the tax the cost will be much heavier than subsequently. In Victoria the cost of collecting the combined tax is only 3.8 per cent., but there only two men are employed in collecting a land tax which consists only of a tax on 1,300 properties. It is hardly a fair comparison there. In Queensland the cost of the income tax alone is 6.3 per cent. There, however, it has been considerably reduced and last year the cost was only about one-half what it was formerly. In New Zealand the income tax costs the country 2.25 per cent. and the land tax 4.25 per cent. Members will see, therefore, that in estimating the cost at from 7 per cent. to 8 per cent. we are allowing an ample provision. It is quite possible, however, that in the first year it may be a little more than that. Naturally in bringing a Bill of this kind into effect for the first time there will be a considerable expenditure. Probably after a year or two the cost will be much less than in the first instance.

Hon. R. F. Sholl : After a year or two we shall not want the tax.

The COLONIAL SECRETARY : I hope not.

Hon. W. Kingsmill : We will never get rid of it.

Hon. J. W. Hackett : It will cost about £5,000 a year.

The COLONIAL SECRETARY : I know the Bill, or a similar one, did not get a favourable reception last year ; but I trust that members will see the wisdom at any rate on this occasion of passing it. I regret the action of this House in throwing out the measure last session, and do so more as a member than as a

Minister. I maintain that that action taken by the House did a considerable amount of harm to this Chamber. [*Members* : No.] I give way to none in supporting the existence of a second Chamber. [*Hon. R. F. Sholl* : No lecture.] It was for that reason I so much regretted the action taken by this House. Certain members of another place took exception to the action of this House, saying the Council exceeded its right in rejecting the Bill.

Hon. R. F. Sholl : What do we care what they say ?

The COLONIAL SECRETARY : That opinion has been upheld by the Privy Council.

Hon. R. F. Sholl : After this I will oppose the Bill.

The COLONIAL SECRETARY : Also by the leading constitutional lawyer in Australia. I refer to Sir Samuel Griffith, Chief Justice of the Commonwealth. I desire to read a judgment delivered by the Chief Justice in the case of *Baxter v. the Commissioners of Taxation of New South Wales*. In that judgment he incidentally referred to a case that occurred in Queensland. I do not wish to curtail or question the rights of this House, but I think it would be well for members to hear what the Chief Justice says on this question. The case was brought under my notice by the Hon. Mr. Moss, and the judgment is as follows :—

“Again, in a Constitution establishing a State, whatever its degree of dependence or independence, certain things are taken for granted, just as, to compare small things with great, the mere creation of a corporation implies many incidents which it is not necessary to set forth. The framers of a Constitution at the end of the nineteenth century may be supposed to have known that there have been in this world many forms of government, that the various incidents and attributes of those several forms had been the subject of intelligent discussion for more than 2,000 years, and that some doctrines were generally accepted as applicable to them respectively. It is true that what has been called an ‘astral intelligence,’ unprejudiced by any

historical knowledge, and interpreting a Constitution merely by the aid of a dictionary, might arrive at a very different conclusion as to its meaning from that which a person familiar with history would reach. An excellent illustration of this is afforded by the case referred to the Privy Council in 1885 on a joint address of the Legislative Council and Legislative Assembly of the Colony of Queensland. Under the Constitution of that Colony the Legislative Council is nominated by the Crown. So far as regards the express language of the instrument both Houses of the Legislature have equal powers of legislation, except that money Bills must originate in the Legislative Assembly. The Legislative Council amended an Appropriation Bill by omitting an item which the Legislative Assembly had included. The Legislative Assembly returned the Bill to the Legislative Council with a message dated 12th November disagreeing to the amendment for reasons set forth at length and asserting their claim as follows:—

"The Legislative Assembly maintain, and have always maintained that (in the words of the resolution of the House of Commons of 3rd July, 1678) all aids and supplies to Her Majesty in Parliament are the sole gift of this House, and it is their undoubted and sole right to direct, limit and appoint, in Bills of aid and supply, the ends, purposes, considerations, conditions, limitations, and qualifications of such grants, which ought not to be changed or altered by the Legislative Council."

Hon. R. F. Sholl: Was Sir Samuel Griffith then Premier of Queensland?

The COLONIAL SECRETARY: I do not think he was in 1883. He was Chief Justice when he delivered this judgment. Continuing, the Chief Justice said:—

"The Legislative Council insisted on their amendment, stating in their message that they neither arrogated to themselves the position of being a reflex of the House of Lords nor recognised the Legislative Assembly as holding the

same relative position as the House of Commons; and farther alleging that it did not appear that occasion had arisen to require that the House of Lords should exercise its power of amending Supply Bills, adding that 'the right is admitted though it may not have been exercised.' Finally the Legislative Council did not insist on their amendment, but a joint address was presented to Her Majesty embodying a case setting out the facts, and praying that the following questions might be submitted for the opinion of the Privy Council:—

1. Whether the Constitution Act of 1867 confers on the Legislative Council powers co-ordinate with those of the Legislative Assembly in the amendment of all Bills including money Bills.

2. Whether the claims of the Legislative Assembly, as set forth in their message of 12th November, are well founded?

The case was considered by a Board consisting of the Lord President (Earl Spencer), the Lord Chancellor (Lord Herschell), the Duke of Richmond, Lord Aberdeen, Lord Hobhouse, Lord Blackburn, and Sir Richard Couch, who on 27th March, 1886, reported to Her Majesty that the first of the questions should be answered in the negative and the second in the affirmative."

That is the opinion of the Privy Council on the question, and we are told in the earlier portion of the judgment that the Constitution is similar to ours, and only differed in this respect, that money Bills could not originate in the Council. The judgment concludes:—

"No formal reasons were given for the report, but the ground on which it proceeded is sufficiently apparent. The arguments of the Legislative Assembly were accepted, and it was held that, the Legislature of Queensland having been constituted on a basis analogous to that of the United Kingdom, the express limitation of the power to originate supply to the elective House carried with it by implication a limitation of the power of the Legislative Council analogous to that which is recognised as imposed on the House of Lords. If

the Queensland Constitution had been technically construed without regard to its subject matter the result must have been different."

I am bringing this case under notice as it is the opinion held on the question by both the Privy Council and the Chief Justice of Australia. [*Member*: Do you concur in that judgment?] It is not for me to say whether or not I concur in a judgment of the Privy Council. I have now briefly placed before members the provisions of the Bill, and have shown by figures that to place the finances of the State in a proper condition, farther revenue is required. That much being admitted, the next point is as to the form of taxation, whether the taxation proposed is equitable. It has I think been shown—I do not think anyone will argue to the contrary—that a land and income tax is an eminently equitable form of taxation, in that it touches everyone and only in proportion to their ability to pay. If there be no unimproved value or no income, there will be no taxation to pay. It is, of course, unreasonable to expect members to cheerfully vote for a taxation measure; and of course it is difficult for one to become eloquent in recommending a taxation measure to members. I maintain, however, for the reasons already set forth, that the time has unfortunately arrived when we can no longer do without this method of taxation. I move—

That the Bill be now read a second time.

Dr. Hackett seconded the motion formally.

Hon. M. L. MOSS (West): As one who on two previous occasions assisted to throw out the taxation measures of the Government, I feel it is incumbent on me to explain as briefly as I can the reason why I propose on this occasion to change the vote given in the past. Not that I consider the Legislative Council acted improperly on the previous occasions, because I am not going to subscribe to any such doctrine as that the Legislative Council is bound to give its support and indorsement to every taxation measure which may come here from another place. Such a doctrine

would be a destructive one for the country, to say nothing of the cypher to which it would reduce the Legislative Council if we were to concede for a moment that whatever Government was in power, kept there perhaps by a minority in another place, sending forth by means of all kinds of unholy compacts legislation of a pernicious character—it would be the bounden duty of the Upper House to say that such legislation should not go on the statute-book. If the financial position be admitted on all hands to be so critical that farther taxation is necessary, then I have no excuse to offer, and I think no hon. member need offer any excuse for having acted as I did on the previous occasions; because if additional taxation is necessary, then this Bill is an eminently fairer measure of taxation than was the class tax embodied in the Land Tax Bill. No form of additional taxation is pleasant; and without wishing to cast the slightest reflection on members of another place, when taxation is imposed entirely upon land and we know that so few of the members of another place would have to pay that tax, and but a small percentage of the actual population of the State would have that burden cast upon them, this House was justified, and would be again justified in resorting to the same procedure as it did in the past. [*Member*: The greatest good to the greatest number.] I would be prepared to again oppose this measure at the present juncture, and would not vote for it, holding the views I shall express presently as to the necessity or otherwise of additional revenue for this country—I would be prepared to vote against the second reading if I thought the inevitable result of throwing out this Bill would be an appeal to the country, and the bringing into existence a fresh Assembly and possibly a party that would suggest some other form of taxation, or even probably a party that would say additional taxation is unnecessary. If that would result from defeating this Bill, I would be prepared to vote against the second reading. I think every member must admit that if we had now an appeal to the country we should have on the one side the Government party advocating this Bill, and on the other

hand the Labour Party or the Opposition practically advocating the same Bill. We know perfectly well that it is one of the cardinal planks in the platform of the Labour Party that there should be a land and income tax. And I am certain that if, as the result of an appeal to the country, the Labour Party were returned to power with a majority at their back such as the present Government now have in the Assembly, we should have introduced a more unpalatable measure of taxation than we now have, and the responsibility would be on this Chamber to subject that measure to far greater modification than is necessary in the present Bill. What good would it do were this House to send members of another place to the country by rejecting this taxation measure, when we know there would not be a third party in the election submitting a programme to the people of the State containing different financial proposals from those in the Bill? That is the position. I do not depart from the attitude assumed previously, that this House has absolute power to do as it has done in the past. Theoretically we have that power, and we are justified in exercising that power to the utmost if we think an injustice is being done. But there must be some limit. If from motives of expediency and from the standpoint of the Leader of the House farther taxation is necessary in the interests of the country, we must not for all time throw on one side the financial proposals of the Government, particularly when to do so would mean a general election, the result of which can only be to have presented to this House similar financial proposals for endorsement. That briefly is my explanation of the attitude I propose to assume on this occasion. I shall vote for the second reading, and will presently indicate how I think this Bill ought to be amended when in Committee so that it may press less unfairly on the people than it would if passed in its present form. We have had a surfeit of figures to-night, and I propose dealing with but a few of those given by the Minister. Taking the Estimates as placed on the table of the Legislative Assembly, we find it is anticipated that the revenue this

country will receive for the year ending June 30th, 1908, amounts (including the Commonwealth revenue) to £3,393,620; and assuming there is incorporated in those figures the £80,000 which the Minister tells us is to be derived from this direct taxation, we have (excluding that £80,000) a revenue of £3,313,000 estimated according to the Estimates to be received for the year ending June 30 1908. Excluding from that the State commercial enterprises such as the Coolgardie Water Scheme and the Railways, it must I think be admitted on all hands that this is an enormous revenue. It amounts I think the Minister admits to £13 per head, if the commercial enterprises are included. Adding to that the amount of taxation to be raised through the customs, the amount for which we are taxed is little short of £7 to £8 for every man, woman, and child in the State.

The Colonial Secretary: How do you arrive at that?

Hon. M. L. MOSS: By excluding what is to be received from the Coolgardie Water Scheme and from the Railways, which may be regarded as commercial enterprises. I think the figures given by the Minister himself show that the normal taxation per head through the customs, if added to dividend duties, licenses, and other sources of revenue from which the State derives its income, will approach £7 or £8 per head. But without dealing with the per capita amount of taxation, the revenue raised in this country when compared with that of other Australian States is absolutely enormous; and it always strikes me that there must be great losses and the money is not spent to the best advantage. We have listened to an illustration of this to-day from the Minister himself. His observations on the railways stand out prominently as a strong argument in support of the contention I have raised. As we know, resolutions have been moved in this House condemning the tremendous expenditure attendant on the running of the railways; others, with myself, have pointed out many respects in which our railways, as compared with those of Queensland and South Australia, have run this country into considerable expenditure in past

years which should have been saved to the taxpayers. And the figures given by the Minister to-day of the returns of railway income and expenditure for the years 1905-6 and 6-7 indicate clearly that had our railways been properly controlled and run as economically as they should, great savings would have resulted to the State. In 1906-7 he admits the services of 592 employees were dispensed with, and yet the railways run a greater mileage to-day than twelve months ago. If there be one thing more than another that will convert people to the management of the railways by Ministerial control as opposed to the Commissioner system, I think it will be the figures we have heard to-day. Here we have had a Commissioner vested with full power to control the railways, and yet the service has been run admittedly with 1,000 men whose labours were practically unnecessary. And when these figures are farther scrutinised we find that since the retirement of the late Commissioner, Mr. George, and Mr. Short has had control of this enormous department—and controlling it not on the condition that he is there safely for five years, but practically on his trial to a certain extent—in spite of the fact that spur lines have been constructed, adding largely to the expenses no doubt, and the farther fact that other lines also have been built, the cost of running the railways on the figures for the period between 1904 and 1907 have decreased year by year. Since the retirement of Mr. George this decrease has been so marked as to effect a saving during the twelve months, I take it from the figures given, of at least £170,000. The contention of many members of this House, and the contention also of many persons who have discussed this matter outside the walls of Parliament, was that the railways were being extravagantly run; and we have contended all along that the paltry £60,000 which it was anticipated would be derived from the land tax under the former proposals of the Government if they had been carried into execution, and I contend again that the revenue to be derived from this measure if carried into law, could be more than saved by economies in the railway service

—but it does not rest there. Last year when I complained about the extravagant government of the country I drew attention to the fact that if we cut off our municipal subsidies, which it was then expected would run the country into about £68,000, the money would be saved to the country this land tax was going to bring in. Though that estimate was £68,000 in round numbers, the amount disbursed was £98,000. This year it is anticipated that £55,000 will be spent in this connection, but assuming the estimate is as accurate as the one made last year, it will mean that, instead of being £55,000, it will be nearer £85,000. I think that no one can dispute the argument that if we take off municipal subsidies and grant the municipal councils throughout the State the permissive right to impose 6d. additional general rate in connection with municipal government, by that means giving them power to replace the losses they will sustain by our taking off these subsidies, the cost of collecting the additional 6d. would not be one fraction to these municipal bodies. If we continue these subsidies, and in order to do so it is necessary to embark on this system of taxation add to create a large Government department, which on the Minister's showing it is anticipated will cost 7 per cent. or 8 per cent., but which will in a country like this cost nearer £20,000 than £5,000, we certainly can make the Government very popular in the country with the municipal councils, and will give the latter money, but it would be an extravagance which in the condition of the finances of the country is not justified. I think the case is certainly made out for the taking off of these municipal subsidies. When I came to Western Australia no municipal council received a subsidy from the Government. These subsidies have performed a very useful purpose. When revenue was coming into the Treasury coffers at a rate which surprised even the most sanguine supporters of the Government policy, when Sir John Forrest was Premier, it was a most excellent way of assisting the municipalities. The revenue was there, and the Government provided a very welcome increase to the funds of those bodies; but like most

things, when that revenue is not coming in at the rate it did in the past, and when the conditions of the State are such as they are through the construction of additional public works and losses brought about through our entering into Federation, and through the lesser amount of customs revenue we are obtaining, my opinion is that the Government, instead of embarking on another system of taxation and endeavouring to place farther burdens on the shoulders of the people of the country, should look about to see how it is possible to economise so that we may prevent additional burdens being put on the people. I cannot see that there is anything very pleasurable in creating another department of the State, or in the people being called on to pay a land and income tax. Those people who complained of the action of the Legislative Council in rejecting the land tax on two occasions will be, many of them, the first to complain when they are called on to pay the land and income tax; and if this Bill is to go through the crucible without amendments, and my observations in this regard have particular reference to the exemption under the income tax, there will be complaints far and wide if burdens are to be put on the shoulders of the people. I have contended all along and again contend, though recognising the unpopularity of the contention, that the burden should be carried by everybody according to his means. We have a right in this matter, as in every matter, to be just before we are generous; and I cannot see where the equity and justice come in when one section of the community is to escape the burden because of limited means. I have dealt with the large savings that can be effected in the railways, and I have dealt with the municipal subsidies, and now I want to deal briefly, in support of a protest I am making against this legislation, with the roads grants. The first thing I want to contend is that the way-back roads boards should not cease to get grants. It is absolutely necessary in these districts where the settlers are doing pioneer work that a reasonable amount of assistance should be given by the Government. Any money

expended in connection with these roads grants for those way-back roads boards is money no one should complain about, but when I find roads boards, many of which should be municipal councils, around the metropolitan area and around Bunbury, Albany, and Kalgoorlie, getting grants from these Revenue Estimates, then I would be wanting in my duty if, in making this protest, I did not condemn it equally as strongly as I do the continuation of the municipal subsidies. There is a roads and bridges grant this year of £70,000, and when we look at the principal items of expenditure it is an absolute disgrace to the country. If in a large portion of this expenditure there was the making of a public work that is going to stand for all time, or if there was something that was of great importance to any part of the State, one might suffer the burden of a land and income tax for it and say, "Yes, this must be continued;" but so far as I can see—and I do not think I am making an unfair statement when I say it—these roads grants are nothing more nor less than a number of sops to all the districts presumably I suppose, to conciliate them just before a general election. I am not going to say this has not been done in the past, but when we are asked in the words of the taxation measure to freely give to the Sovereign for the government of the country, before we do that we should see that the money derived from that source is properly expended. Looking at these items, there are a number of sums of £100 and £200, and even smaller sums scattered all over the country, and I have no hesitation in saying that if the bulk of that money was taken off for two or three years, no district would suffer. I speak entirely with the reservation that, as regards the few pounds proposed to be given to those districts that are back from the centres of civilisation, I say nothing, but there is no warrant that roads boards around Fremantle, Perth, Bunbury, Albany, or Geraldton should get these sums. When we are dealing with roads boards away back, where men are opening up the country, there is justification for grants, but at a time when the Government say they want more

revenue to enable them to pay their way, and while we have the statement that £170,000 can be saved on the railways, £55,000 on the municipal subsidies, and a large part of this £70,000 on the roads grants, I point out that the amount of this land tax could be saved two or three times over. There are other directions where economies can be effected. Mr. Patrick, at great pains to himself, because he must have devoted a great deal of time and trouble to it, made an examination in connection with the goldfields water supply and pointed out, and I believe with a great deal of truth, that £80,000 per annum could be saved to the State. I have said from my place in Parliament, and I say it again, that all these commercial undertakings should be made to pay their way; particularly this water scheme. We are informed that the pitting of these pipes is going on to an extent that will land the country in huge expenditure later on, but there is no reason why that amount should not be made up. Hon. members who have paid attention to my remarks in regard to the Fremantle harbour will know that I have all along contended that the harbour should be made to pay its way, and I have condemned the very shortsighted policy in the past. Ever since the harbour was sufficiently advanced to enable ships to use it, a harbour improvement rate should have been imposed to enable the work to pay interest and sinking fund. The Government, when they amended the Act last year, inserted a provision which would enable the Governor to revise the rates and wharfages, so that the scheme should pay interest and sinking fund, and so that the harbour should not be a burden on the State. That has been done in regard to Fremantle, and I understand it is the intention of the Government to bring down a Bill to give local control of the Bunbury harbour. By all means let them have local control at Bunbury, but I want to see that harbour put on the same footing in regard to the financial aspect of the question as the Fremantle harbour. I expect the Government will have in that measure a similar clause to that contained in the Fremantle Harbour Trust Act, so

that the harbour, by virtue of the wharfages inward and outward, will pay sufficient to make it a self-supporting work. There is no need for this extra taxation if we consider the huge savings in the railways, and cut off the municipal subsidies, and reduce the roads grants, along with an effort to save tens of thousands a year on the Goldfields Water Supply, and if the Bunbury harbour is put on the same footing as the Fremantle harbour, and above all if the Government are genuine in their attempt to deal with the public service and to bring some kind of amendment down, either to keep the Public Service Commissioner in his position merely as an adviser, or better, I think to repeal the Act and revert to Ministerial control.

Hon. R. F. Sholl: No.

Hon. M. L. MOSS: As far as I can see the civil service is largely overmanned. Under the Act now in force for two or three years, leaving the railways out of consideration because they are not under the Public Service Commissioner, no great effort has apparently been made to reduce the numbers of the civil servants. I can speak as to one department I had something to do with during six or nine months, and I recognise that for the Ministers, with their hands tied as at present, it is a physical impossibility to make such reforms in their departments as they may desire while the Act remains as it is; but I believe great reductions can be made in connection with the public service, which will not in any way impair its efficiency. I am perfectly satisfied from the little I know of one department at any rate, and if my suspicions are well founded, and if I may believe what I have been told in connection with other departments, I believe large savings can be effected in connection with the service. We have an enormous revenue, and if any legitimate attempt were made to effect economies in some of the directions I have indicated there would be absolutely no need to come to Parliament and ask for taxation to the extent of £80,000. Does any member think if we impose a land tax of a penny-half penny and an

income tax of fourpence, £40,000 is all we are going to get from it? [*Member*: I would like to have the difference.] The hon. member says he would like to have the difference. No doubt he would like to have the balance in his pocket. While as a member of the House I do not think I am justified in rejecting the measure and while I would vote in a totally different direction if I were sitting in another place, the position is this: I am not going to vote for any fourpenny income tax. It is legitimately within the province of the House when in Committee to make a considerable reduction in that direction. Just now I was alluding to some directions in which I thought economies could be effected. There is a direction to which the Government could well turn their attention. I allude to the public hospitals throughout the State. A good deal could be done in connection with making these establishments somewhat more self-supporting. This is not the first of many occasions on which I have drawn attention to the system that prevails in New Zealand of dealing with public hospitals. More of the taxation, more of the money, a good deal of the money necessary to support these public hospitals should be thrown on the locality. There is a desire to make the Government provide subsidies for municipal roads and provide money for hospitals and do a thousand and one things which in other countries is thrown on the local authority, and these are entirely the means that conduce to the necessity for additional taxation. We may depend on it whatever Government may be in power the more money that is given them to expend the more money will be lavishly expended in the State. I desire to make one or two observations with regard to the Bill itself. The principle embodied in Clause 9 of the Bill taxing the absentee is a principle that under ordinary circumstances I would be prepared to give my assent to; but when an examination is made of the facts surrounding the taxation of absentees as far as Western Australia is concerned, members will see the entire injustice of such a clause. I did say on a previous occasion—members may find my remarks in *Hansard*—

Hon. W. Kingsmill: It does not matter.

Hon. M. L. MOSS: Perhaps not to the hon. member.

Hon. W. Kingsmill: It does not matter to you.

Hon. M. L. MOSS: It does. On a previous occasion I said I was prepared to support the taxation of absentees; but when one comes to look at this clause and we find the imposition of 50 per cent. is a burden that can be cast only on people outside the Commonwealth, and therefore that subclause is aimed directly at persons living in the United Kingdom, it appeals to me at once as an unfair imposition. People deriving incomes from Western Australia may go to South Australia or to Victoria to live and they will be subject to no burden, but once they go to the mother country and live for a period exceeding 12 months they have to pay an additional 50 per cent. There is a provision later providing for ticket-of-leave in the clause. I thought these things were abolished long ago, but if a person gets a permit from the Commissioner to be absent for two years he is free from this burden, otherwise he is bound. On the last occasion when this Bill was before the House—I am referring to the land tax portion of it—attempts were made to include in the Bill exemptions. I think to-day as I did then, that there is no justification for any exemption except land belonging to the Crown, public roads and thoroughfares, land belonging to religious bodies and used for religious purposes, schools and land used for similar objects. When you make exemptions of private lands because these lands do not exceed £50 on the unimproved value, and you tax a man whose land may be £51 in value and you excuse the man whose land is only £50 I cannot see the logic of it. I think the £50 man should bear the burden of the land tax, when he has only to pay if his land is improved 4s. 1d., and if it is improved 2s. 1d. According to the value of the land so he pays it. There is no justification for the exemptions. And my observations apply in exactly the same way to land outside the municipal districts. There it is intended where the unimproved value does not exceed £1,000 to deduct £250; there is no

more reason in that than in the exemption just alluded to. The greater injustice with regard to these exemptions is the conditional purchase lands, and for this reason. If virgin country is purchased from a private individual and purchased on long terms and deferred payment, or if it is purchased from the Midland Company on long terms and deferred payment, the purchasers will have to pay on the full value of the land if they have only paid £5 deposit, but if the land is purchased from the Government because it happens to be land under the conditional purchase system there is exemption. Can any member see any distinction whatever between land taken up by a settler from the Midland Company or taken from a person who owns land not cultivated, and land purchased from the Government? The position is intensified in this direction that with regard to Government land the person takes it up on easy terms and at the lowest possible price with 20 years terms, without interest, paid at the rate of 5 per cent. per annum for 20 years. These terms cannot be procured at all from private individuals, they cannot be obtained from the Midland Company. The person who buys land from a private individual is subject to a tax on the unimproved value if he has only paid £5 deposit on it. It is absolutely impossible for me to agree to exemptions of that kind. I contended before with regard to mortgages, that to persons who had property mortgaged this is an unfair measure when we apply the principle to that land. Fortunately I am not in a position of holding agricultural, city or any other land on which the mortgagee has the greater amount of interest, so I can speak without any bias. I illustrated this point during the session before last in this way. Take two contiguous blocks of land in Hay Street worth £10,000. On one block there is a mortgage of £9,000 and the other is free land. The land on which there is a mortgage pays a tax on £1,000, and the person whose land is free pays on £10,000. But there is a much more serious aspect of the question now, because there is an income tax imposed on the amount of interest that the mortgagee derives from the

mortgage on the land. We know what is going to occur. As soon as the present mortgages fall in the mortgagee will add on to the mortgage the amount that he pays for income tax, and therefore the mortgagee will pay the land tax and the income tax on that property, so that the holding of land under those conditions cannot be viewed with pleasure by people in that position. What is necessary to do to make it a little more equitable and a little more palatable, I am not at present in a position to say. It is an aspect of the problem to which the Government may well direct their attention and see that large numbers of people holding property of this class, unfortunately encumbered by heavy mortgages, are not to be put in a position which this inequity will land them in. Since 1899 we have had a Dividend Duty Act in the State. It was re-enacted in 1902 and members know that under the Dividend Duties Act limited liability companies are taxed on two bases. A company registered in Western Australia pays five per cent. on the amount of dividends declared. A company carrying on business in Western Australia, but incorporated elsewhere, pays five per cent. on its profits. In Subclause 3 of Clause 20 of the Bill it is provided that the dividends and profits of companies subject to duty under the Dividend Duties Act of 1902, or any amendment thereof, shall be exempt from income tax. I wish to point out the possibility of people escaping the income tax with this provision in the Bill; not that I for a moment think that dividends which have paid this crushing impost of five per cent. should also have to pay the income tax, but I wish to point out another anomaly which unquestionably arises. If persons in possession of property in this State producing income choose to form a limited liability company, and allow their profits to accumulate, and do not declare any dividends, those people will escape the income tax, under that exemption. We shall never get at them under the Dividend Duties Act; for this reason. They will form their businesses into limited liability proprietary companies. They will draw a bare living wage out of them; they will

allow the profits to accumulate; they will never declare a dividend. I am speaking of companies that register in Western Australia, not of foreign companies registered elsewhere and carrying on business in this State; for they will have taxation levied on their profits.

Hon. J. A. Thomson: They will have to register in Western Australia.

The PRESIDENT: The hon. member (Mr. Thomson) must not speak when out of his seat.

Hon. M. L. MOSS: Yes; but where the original registration is in Western Australia they pay only on dividends; where the registration is outside Western Australia they register for the purpose of constituting themselves proper foreign companies, and they have to pay on profits. My point is that if persons choose to take advantage of the Companies Act and register with limited liability, and allow all their profits to accumulate, and do not declare dividends, it will be absolutely impossible under this measure to compel them to pay a brass farthing beyond what they actually draw in salaries.

Member: What will they do with their accumulated profits?

Hon. M. L. MOSS: The income that is earned during the year, instead of paying income tax, goes back into the business, with the object of earning more money. The Bill provides that although you may make a certain amount in your business during the year, and may utilise that profit for the purpose of increasing your capital, you have still to pay income tax upon it. But that tax vanishes at once so soon as you turn the business into a limited liability company and do not declare dividends. In dealing with a matter of this kind, I must say the Dividend Duties Act itself is unfair. In this State we find a number of persons who for certain reasons have taken the benefit of the Companies Act and incorporated their businesses with limited liability, which never meant any more than a certain amount of capital was embarked in such concerns, and that people who traded with them traded on the assumption that the amount of capital proclaimed to the world by re-

gistration at the Supreme Court was what people had to look to who dealt with these companies. But it was not on that account that the companies had to be burdened with the dividend duty. The Dividend Duties Act was an expedient resorted to with the idea of catching mining companies, the bulk of whose shareholders remain outside the State; and although no promise whatever was made, it was from the jump a kind of open secret that it was against these companies and these companies only that the Act was directed. But the people who have taken advantage of the Companies Act have had to pay upon their dividends declared in Western Australia a duty of a shilling in the pound. My contention is, when we have a general Income Tax Act and come to deal with all classes of the community, while I say it is unfair to grant exemptions, it is more unfair that one class should pay fourpence in the pound and that another class should be subjected to the imposition of a shilling in the pound. The policy that dictates legislation of this kind is in my opinion bad. But one of the worst blots on the Bill is Subclause 9 of Clause 20, which offers a deliberate premium to people to reside out of Western Australia. Income arising or accruing to any person not resident in Western Australia from Western Australian Government debentures, inscribed stock, or Treasury bills, is to be exempt from income tax. Now if a person from South Australia invests £10,000 or £20,000 in Government stock of this State, and gets $3\frac{1}{2}$ or 4 per cent. interest, and lives outside of Western Australia, drawing his £300 a year, he pays no income tax. But the resident of Western Australia who puts £10,000 or £20,000 into our Government debentures, and lives here and spends his money here, is to be subjected to this impost. What kind of policy has dictated a subclause of this character? It offers a premium to people to reside out of the State. The Colonial Secretary tells us this is copied from the Act of New South Wales. If there is a similar provision in that Act it offers a premium to people in Western Australia to put their loose capital into New South Wales inscribed

stock or debentures, for then it cannot be reached by the Western Australian income tax, and the Western Australian Government will therefore be poorer to that extent, by not being able to command an amount of capital which might otherwise be put into Western Australian securities. I have little hesitation in saying that Clauses 26, 27 and 28 are absolutely illegal. They aim at imposing a tax of five per cent. on a person who carries on business in Western Australia by means of an agent or a commercial traveller. According to the marginal note Clause 26 is a "provision as to profit on imported goods"; Clause 27 says non-resident agents or non-resident traders are to hold commissioner's warrants; and a "temporary business" is to pay a tax under the Bill, a tax equivalent to that levied under the Dividend Duties Act. There is no doubt that the provisions embodied in these clauses aim at such firms as Foy and Gibson, G. & R. Wills & Co., and George Wills and Co.—large firms with head-quarters in South Australia, Victoria and New South Wales firms who have not registered themselves under any Companies Act, and who are therefore neither Western Australian companies nor "foreign companies" within the meaning of our Companies Act. Section 117 of the Federal Constitution provides that a subject of the Queen resident in any State shall not be subject in any other State to any disability or discrimination which would not be equally applicable to him if he were a subject of the Queen resident in such other State. Or, to put it plainly, and I am quoting from Quick and Garran's *Annotated Australian Constitution*.—

"The privilege and immunity clause does not control the power of the State Governments over the rights of their own citizens. Its sole purpose is to declare to the several States that whatever those rights are, if you grant or establish them to your own citizens, or if you limit or qualify or impose restrictions on their exercise, the same, neither more or less, shall be the measure of the rights of citizens of other States within your jurisdiction."

Now it is quite absurd for Clauses 26, 27, and 28 to appear in this Bill. They are thoroughly illegal. They form an attempt to discriminate between residents of Western Australia and residents of other parts of Australia; and the Government may just as well eliminate these clauses from the Bill, because it is absolutely safe to say that not one sixpence of the tax can possibly be levied under clauses of that character.

Hon. J. W. Hackett : Such firms will escape altogether ?

Hon. M. L. MOSS : They may escape altogether ; but I will not say that you may not be able to trap them under other clauses dealing with income tax. It is quite impossible, however, to tax them under these three clauses. This is one of the troubles that arise from our entry into Federation. We know that one of the cardinal features of the Federation is inter-State free trade ; and another cardinal feature is that there must be equal freedom, equal rights, and no discrimination at all between residents of different States. It is quite absurd to insert these clauses ; and if they do appear in the New South Wales Act, they were probably in an Income Tax Act which was the law of that State long before Federation was an established fact. [*Hon. W. Kingsmill* : That is so. The Act was passed in 1895.] Yes. I rose more with the object of giving my reason for reversing to a certain extent the vote that I gave on a former occasion. Some members may think I am rather inconsistent in the attitude I assume. But when I look at the position of parties in another place, and when I see that no third party can come along with a policy excluding the land and income tax, while I feel strongly that if the requisite economies were effected it would be entirely unnecessary, with the enormous revenue we possess, to resort to additional taxation, I feel it my bounden duty at the present time to vote for the principles embodied in this Bill. But in saying this I fully reserve to myself the right, when the Bill goes into Committee, to make it somewhat more equitable, if that be possible, and certainly to reduce the amount

which under the other Bill it is proposed to levy by way of income tax.

On motion by the *Hon. E. M. Clarke*, debate adjourned.

BILL—AGRICULTURAL BANK AMENDMENT.

In Committee.

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

BILL—ELECTORAL.

First Reading.

Received from the Legislative Assembly, and read a first time.

ADJOURNMENT.

The COLONIAL SECRETARY : I move—

That the House do now adjourn.

Hon. J. W. HACKETT : I should like to point out that a motion in my name has for several days past appeared in a very humiliating position on the Notice Paper. I rise to express the hope that the Colonial Secretary will give me an opportunity of proceeding with that motion.

The Colonial Secretary : You can proceed with it this evening. I will withdraw my motion for adjournment.

Hon. J. W. HACKETT : No; that is not desired.

The PRESIDENT : I must point out that a motion for adjournment cannot be debated.

Hon. J. W. HACKETT : I am not debating it; but I think that a member has a right to speak on a question of the business of the House.

The PRESIDENT : Yes.

The COLONIAL SECRETARY : I have no wish to adjourn the House now if hon. members desire to debate the motion.

Hon. J. W. HACKETT : Will the Minister put the motion near the top of the list for to-morrow ?

The COLONIAL SECRETARY : Yes. Question put and passed.

The House adjourned at one minute past 9 o'clock, until the next day.

Legislative Assembly,

Wednesday, 4th December, 1907.

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

Prayers.

BILL—NEWCASTLE-BOLGART RAILWAY.

Introduced by the Premier, and read a first time.

BILL—DISTRICT FIRE BRIGADES.

Second Reading.

Resumed from the 19th November.

Mr. J. B. HOLMAN (Murchison) : I cannot compliment the Attorney General on the Bill he has introduced. Such a question should be dealt with in a purely non-party spirit ; but the groundwork of the Bill is to my mind even worse than that of the Bill introduced earlier in the session. The harder the Attorney General tries, the worse he gets ; and unfortunately, this is not the only work of his which is worse than he has done previously. In this Bill he seeks to introduce a system that has never been tried in Australia ; a system that will increase fire-brigade expenditure, and will neither promote the efficiency of the brigades nor conduce to better administration. In the first place, provision is made for cutting up the State into fire districts. When we legislate on any question, it is our duty to look back to preceding legislation, not only in the State where we live but in other States also. Victoria has a Fire Brigades Act in force for the last sixteen or seventeen years, and never yet amended ; and no State in the Commonwealth—I dare say very few in the civilised world—has a fire brigade service so efficient as the Victorian. The Victorian system, with