

The COLONIAL SECRETARY had grave objection to the word "Governor" being inserted, for the reasons put forward by Mr. Pennefather. The select committee which considered the Bill comprised two ex-Ministers who had administered the Health Act, Mr. Langsford, who had served a long apprenticeship on health boards, and Mr. Wright, who had long experience on the Central Board of Health. If a local authority neglected its duty in health matters it was very different from a local body neglecting its duty in regard to general matters; for if a health body neglected its duty at Fremantle for instance, it might affect the whole State. Mr. Moss had referred to Clause 22. If one found an inspector not doing his duty, instead of the Central Board saying, "You must get rid of that man and put a competent man in," the local board was superseded by the Central Board. That provision was too cumbersome. In health matters prompt action was necessary; and where an inspector was not doing his duty through some cause or other, the Central Board should be empowered to step in and order the man's dismissal. There was less likelihood of political influence if the matter were left to the Central Board of Health.

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

|       |    |    |    |   |
|-------|----|----|----|---|
| Ayes  | .. | .. | .. | 8 |
| Noes  | .. | .. | .. | 8 |
| —     |    |    |    |   |
| A tie | .. | .. | .. | 0 |

AYES.  
 Hon. E. M. Clarke  
 Hon. J. W. Hackett  
 Hon. V. Hammersley  
 Hon. W. T. Loton  
 Hon. E. McLarty  
 Hon. M. L. Moss  
 Hon. G. Throssell  
 n. R. Laurie (Teller).

NOES.  
 Hon. G. Bellingham  
 Hon. F. Connor  
 Hon. W. Oats  
 Hon. R. W. Pennefather  
 Hon. G. Randell  
 Hon. J. A. Thomson  
 Hon. J. W. Wright  
 Hon. R. D. McKenzie  
 (Teller).

The Chairman gave his casting vote with the Noes.

Amendment thus negatived, the clause passed.

Clauses 39 to 46—agreed to.

Clause 47—Powers of the Minister:

Progress reported and leave given to sit again.

## BILL—MARRIAGE ACT AMENDMENT.

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

## ADJOURNMENT.

The House adjourned at twelve minutes past 6 o'clock, until the next Tuesday.

## Legislative Assembly,

Thursday, 7th November, 1907.

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

Prayers.

## PAPERS PRESENTED.

By the Premier: Copy of amended Gaol Regulation No. 147.

## BILL—MARRIAGE ACT AMENDMENT.

Read a third time, and transmitted to the Legislative Council.

## BILL—LAND AND INCOME TAX ASSESSMENT.

Machinery Measure—Second Reading.

Debate resumed from the 31st October.

Mr. T. P. DRAPER (West Perth):

In speaking this evening, I desire to remove a wrong impression created among some members of this House and also out-

side ; namely, that by moving the adoption of the Address-in-Reply I undertook to support the Government programme in its entirety. I wish to state that I was elected generally as a Government supporter, and that as the last elected member I understood it was incumbent on me to move that motion. Before moving it I asked the Attorney General whether in so doing I undertook to support the whole Government programme, and he said that was not so. I have no reason whatever to think that he was mistaken. In addition to that, I may state the Attorney General's opinion was confirmed by two members of another place, members with many years' parliamentary experience.

*The Premier:* Then what have you done wrong?

Mr. DRAPER: That is what I wish to know. Both those members confirmed the Attorney General's advice, and each of them in the Upper House opposed the Land Tax Assessment Bill last session. Moreover, I understood the Bill would be modified. I will not say that the Premier, in asking me to move the adoption of the Address, intended to mislead me; but I understood from the member for Gascoyne (Mr. Butcher), before I moved the motion, that the Bill when introduced to the House would be modified. I do not speak of modifications in amount, but of modifications in the land tax assessment. In these circumstances I fail to see how any person, whether in this House or out of it, can justly say that by moving the adoption of the Address in accordance with what I took to be the established custom of this House, I undertook to support the Government programme in its entirety. To point out what I consider the absurdity of such a contention it is merely necessary to show that the provisions of the Bill now before the House were not known to anyone at that date. The present Bill was not laid before us at the usual time, but was brought in when the Treasurer rose to move the second reading.

*The Premier:* Is any Bill ever laid on the table before the second reading?

Mr. DRAPER: I understood that was so. But whatever may have been the in-

tention of the Government as to the modification of the assessment, I can only say after perusing the measure that as regards the land tax assessment it is the same as the Bill of last session.

*The Premier:* Did I not say it was, when speaking on the Address-in-Reply?

Mr. DRAPER: And the Treasurer, early in his speech introducing the measure, stated that the provisions of the Bill of last session were embodied in their entirety in the measure now before the House. I was willing to go some way House. I was willing to go some way to compromise any disturbing element there might be amongst those who sit on this (Government) side of the House, provided that in so doing I could promote the interests of my constituents. I plainly indicated, when moving the adoption of the Address, the nature of the measure I was willing to support, and also the conditions on which I would support that measure. If the measure does not contain the conditions of which I approved, no one either inside or outside the House has any right to blame me if I do not support it. I am not speaking of any deficit prior to this year, but have always urged that the deficit for the present year should be squared; and I have always advocated that the best means of squaring the deficit was to cut off the municipal and roads-board subsidies. I pointed out when moving the adoption of the Address that when the incidence of taxation was altered by the addition of an income tax to a land tax, it was questionable whether the property-owners of a town would receive the same advantage by having no municipal subsidy as they would if it were merely a choice between a municipal subsidy and a land tax pure and simple. Having regard to the fact that Perth under the land tax of last year would pay about four-ninths of the total tax, there can be no doubt as to the choice of owners of land on the question whether they would have purely a land tax of the nature of last session or a municipal subsidy. The owners in Perth would be better off with £9,000 with no municipal subsidy. It is questionable whether that applies when the land tax

is coupled with the income tax. At the time the Address-in-Reply was discussed, it was impossible to say anything definite, as we had not the actual figures before the House of the amount which was to be raised by the two taxes. The reason why Perth pays so large a proportion of the land tax is this. It is not only on account of the properties in Perth, but also on account of the discrimination between town lands and other lands in the State, whereby an unfair burden, I admit, is imposed upon the lands of the towns in comparison with those elsewhere. If we take the figures which appeared in *Hansard*, and no doubt they will be subject to a slight alteration owing to farther alienations since then, we find that the total value of the alienated lands which would be subject to the land tax is about £12,500,000. From inquiry at the City Council office I found that the assessed value of the land in the municipality of Perth is £4,250,000. Therefore on the question of the assessed value alone Perth would pay one-third of the land tax. The Treasurer says he proposes to raise by the land tax £40,000, and by an income tax, £60,000, but adds that of the latter sum £22,000 is included in the land tax. One can put the same words in another way, and that is that of the £40,000 to be contributed by the land tax £22,000 is included in the income tax. [*The Treasurer* : You cannot put it that way.] The two methods are identically the same. It comes to this : if one includes the income tax in the land tax we can also include the land tax derived from improved lands in the income tax. Another way of putting it is that the land tax, apart from the income tax, will result in £18,000 being raised. If that is the total sum to be raised from the land tax then Perth would have to pay £6,000. The municipal subsidies, according to the estimate of the City Council, will be £12,000 this year, so that I was quite right in saying that, so far as the owners of property in Perth were concerned, it was questionable whether, with the income tax added to the land tax, it would be better for them to have no land and income tax rather than to

have no subsidy. With a land and income tax it is obvious that the land-owners in Perth would be better off by £6,000 with the subsidy. That is an estimate made upon the assumption that the land tax is going to remain at one penny in the £, and also on the assumption that there will be no farther reductions in the municipal subsidies. If there had been, as I suggested in moving the Address-in-Reply, a fixed ratio incorporated in this Bill to provide that the amount in the £ on the land tax should not exceed a certain amount in the £ on the income tax, and if the fixed ratio had been made constant, there would have been little risk that the amount of the land tax, namely 1d. in the £, would have been increased ; but when there is no fixed ratio, or when it is simply at the option of any Government to raise what additional moneys they require, either by increasing the land tax or the income tax—having the machinery for both available on the statutes—there is absolutely no security whatever that the amount of the land tax will not be increased out of all proportion. I stated that I was quite willing to assist the Government in passing any fair, reasonable, and equitable measure of taxation, and I plainly indicated to the Government what was my idea of fairness. [*The Premier* : On what date ?] I pointed out that there should be no duplicate taxation, that there should be a fixed ratio, and in addition, that there should be no discrimination between town lands and lands in other parts of the State. Not one of these provisions has been incorporated in the Bill, not a single suggestion I made has been adopted. It is idle, I think, for the Government to contend that this measure does not impose a duplicate taxation upon the land-owners, and for this reason : Land is frequently subject to mortgage, and whenever there is a mortgage the land produces income ; therefore the mortgagees will be taxed under the income tax. If duplicate taxation is to be avoided it would be only fair and reasonable that the amount of that mortgage should be deducted from the assessed value of the land, and that the land-owner should

only be taxed on the excess of value of land over the amount of the mortgage. Similar provisions exist already in two of the States of the Commonwealth and in New Zealand. In New Zealand, in order to arrive at the assessed value of the land, they deduct the amount of any mortgage upon the land and also deduct a farther sum of £500 from the assessed value of the land. In Tasmania provision is made whereby the owner of land can recover from the mortgagee the proportion of the land tax which the owner has paid, and which will be covered by the amount of the mortgage. In New South Wales they have practically the same provision which I have advocated should be inserted in this measure. So long as the land-owner is to be taxed simply upon the assessed value of his land, without deducting the amount of the mortgage upon it, there is undoubtedly a duplicate taxation, which is neither fair, reasonable, nor equitable. [*The Attorney General: Does the mortgage cover improvements?*] I think it does. If the Attorney General examines the statutes to which I have referred he will find that improvements values are included in all the other States. If the provision can be worked in Tasmania, New Zealand, and New South Wales, there is no reason why in common fairness it should not exist in Western Australia. I would also urge that there should be a definite fixed ratio between the amount in the £ of the land tax and the amount in the £ of the income tax. If this ratio were fixed by the Assessment Bill, and that Assessment Bill could not be altered without being sent to another place, owners of property would have some security that, when taxation was required, it would not unfairly be imposed upon the owners of land. In addition, I submit that where there is any discrimination between the taxation to imposed in favour of property which happens to be situated upon the goldfields or in the country, and which is not taxed to the same extent or in the same proportion as land in the town, one could not by any stretch of imagination suggest that the measure could be regarded as fair, reasonable, or equitable. I have tried to

find some precedent in the statutes of the other States of the Commonwealth and of New Zealand for the provision of a similar clause to this. I have searched them from one end to the other and in not one of them is there a provision for any discrimination of the kind intended by this Bill; nor is there anything approaching it. In Queensland there is no land tax; in Victoria it is practically a tax on big estates. I do not think a tax is imposed there unless the estate contains 640 acres and is of the value of £2,500. I may be wrong in these details, but I think those are the figures. In New South Wales instead of discrimination they take off the value of all land before assessment the sum of £240. That is evidently where this Government obtained the idea of deducting £240 from country lands. If they had taken the New South Wales measure and wished to deal with towns in a reasonable and fair manner, they could have given the town lands the same benefit and exemption up to £240 as they do to the country lands. Take the goldfields. I frankly admit that if £240 had been given as a general exemption to all lands in the State there would be very few lands, outside municipalities, upon the goldfields which would have been subject to the land tax. But as that is not the case there can be no reason, no fair reason, why all resident areas, business areas, machinery areas, tailings areas, and other areas should not be subjected to the tax.

*Mr. Underwood:* They pay a big rent.

*Mr. DRAPER:* The land tax does not allow for rents. I am not arguing that much would be received from mining tenements other than mining leases, but some revenue would be derived from them were they subject to taxation. If we are going to tax the whole of the lands of the State—as the Treasurer stated was the intention when moving the second reading—I see no good reason why these mining tenements should be exempted.

*Mr. Troy:* How are you to assess the unimproved value of a gold-mining lease?

*Member:* In the same way as pastoral leases.

*Mr. DRAPER:* The query is easy of answer. I would assess them in the same

manner as this House has provided in another connection—I believe the hon. member was in this House at that time—the same as in the Roads Act of 1902, which provides for assessing the unimproved value of gold-mining leases. [Mr. Troy: I was not a member until two years later.] There can be no doubt that the unimproved value of gold-mining leases can be assessed in a manner already provided by an Act of the Parliament of Western Australia; and it is now done, for I know that rates are paid to road boards in respect of gold-mining leases. The question as to whether such property can or cannot be assessed is to my mind beside the mark, for this reason, that we have already a measure providing for the assessment of the unimproved value of gold-mining leases; and if the Government desire to assess all the lands of the State, as was stated by the Treasurer when moving the second reading of this Bill, there can be no doubt that if they desired to tax these lands, they could have provided in their Bill for doing so. There can be no reason, no principle of equity or common-sense or fairness, why country lands should be exempted to a total value of £240, and town lands exempted only to the value of £50. Surely that discrepancy is grossly unfair; and that unfairness is increased by this additional fact, that the owner of country lands is to be entitled to be credited to the extent of £240 on the assessed value, whereas the owner of town lands is not to be credited for one penny. I submit this method is no more fair than if you were to take three persons enjoying the benefits conferred upon every part of this State, living here and enjoying the protection of the laws of the State, and say to one, "You living in a certain place shall pay no proportion of the taxation due to the State"; to another, "Because you live in another place you shall pay one-third"; and to the other, "Because you live in yet another place you shall pay two-thirds." A measure of that kind is unfair, is totally devoid of any principles of fairness or equity. There is no reason why this discrimination should be inserted in the Bill. I can discover no principle upon which the Bill is framed;

and while no doubt the interests of the goldfields and the country constituencies have been amply provided for, I submit that the interests of the towns, as shown by the provisions of this Land Tax Assessment Bill, have been entirely ignored. Therefore, I shall oppose the Bill.

Mr. W. J. BUTCHER (Gascoyne): Out of consideration for members who were kept in the House throughout last night, I should prefer not to have spoken on the second reading of this Bill. However, as this measure was discussed so thoroughly but a short time ago, and as I have spoken on it on several occasions at great length, there is little for me to say at this juncture. It will be remembered that the exception taken by me to the taxation measure as presented last session was founded principally on the fact that it was a class tax. It was taxation which I considered applied to only one section of the community, and that section I maintained, and still maintain, was less able to bear taxation than probably were other sections. There were also other provisions in the measure which made it unacceptable, at any rate to me. I advocated various alterations to the Bill and stated unhesitatingly in this House that if the Government would bring down a measure more equitable in its incidence, and one which would apply more particularly to those I considered best able to bear taxation, I should be found supporting it. I was many times accused of opposing a land tax because I should have to pay a land tax. If that were the reason for my opposition, it was inconsistent on my part to advocate an income tax. Yet, when the Government failed to secure the passage of the Land Tax Bill, I was one of the first to approach the Leader of the Government and told him distinctly and unhesitatingly that if he were prepared to bring down taxation which to my mind would be fairer and bear equally upon every section of the community, I would be found supporting him. I added that I should be agreeable to his adding an income tax to the original land tax, in such way as would enable the land tax to be moderated to some extent, allowing the two taxes to merge

at a certain point; the Government to reserve to themselves the right to collect whichever of the two taxes yielded the greater amount. I am glad the Government have fallen in with this view. Under this Bill I consider that the whole of the community will pay something towards this taxation which everyone will recognise is necessary. I am not one of those who would see the wages-man attacked, who expect the wages-man to pay the whole of the taxation; but it is only fair that every man in receipt of an income large enough to entitle him to be classed as other than a wages-man should pay his fair proportion towards the taxation of the State. [Mr. Bolton: Under this Bill the working man will pay nearly all the taxation.] Under this Bill, so far as I can see, the wages-man will be exempt. If he be not exempted, I hope some of my friends opposite will move an amendment which will have the effect of exempting him—[Mr. Bolton: To do so would be mere waste of time]—and I will be found supporting such amendment. But I was not going to remain quietly in my place and allow the imposition of taxation to be borne by only one section of the community, when other sections better able to bear this or any other form of taxation were allowed to go scot-free. To my mind the present proposals are fairer than those of last session, and for that reason I intend to support the second reading of the Bill. But I will add that there are several clauses in the Bill which do not meet with my approval, and I hope I shall have the assistance of members in Opposition to amend those clauses in the direction of making the Bill more equitable. I may now indicate where I intend moving certain amendments. With reference to the income tax, a resident is liable to a penalty if he be out of the Commonwealth for longer than twelve months continuously. That practically debars any man leaving the State for a longer period than ten months, for if he does so he is to be liable to the extreme taxation provided in the Bill, which is manifestly unfair. An absentee may be continuing his ordinary local expenditure, may be maintaining his home and family here; yet if he be away himself,

probably on a health trip or something of that kind, and remains away more than twelve months, he has to pay extra taxation. There are other clauses also to which I object. I consider that insufficient penalty is imposed on those holding large estates in this State for many years, doing nothing towards improving them, and waiting for the unearned increment to be derived from the work and expenditure of their neighbours. The penalty imposed on such persons is insufficient, and in Committee I shall move in the direction of imposing a much higher penalty than is proposed in the Bill. There are many matters of detail of that description in regard to which it is my intention to move for alteration. I am pleased that the Government have brought down a measure I can support, and it is my intention to support the second reading.

Mr. G. TAYLOR (Mt. Margaret) : I have few words to say on the question under review. One cannot be but struck by the speeches delivered by members on the Government side of the House this afternoon, after having heard speeches from that side within the last few weeks. Carrying our memories back a year or even six months, one wonders if he is not in a sort of circus where the topmost flights in acrobatic feats are reached, rather than in Parliament. We have listened to the member for West Perth (Mr. Draper) making excuses for having moved the adoption of the Address-in-Reply to his Excellency's Speech at the opening of Parliament. He now points out that he had taken legal advice, had sought the advice of the highest legal authority in the State as to his standing in that particular, and had acted on that advice—which, while it may be sound in law, and according to the law of evidence perhaps, would not hold water in the court of parliamentary procedure or in politics. I am not alone when I say the hon. member in moving that Address a few weeks ago, conveyed clearly to my mind that it was his intention to support the present Government; and so satisfied were Ministers and members on the Government benches that

there was a round of applause and clapping of desks when the member for West Perth was pointing out the equitable proposition the Government were now bringing down in the form of the dual taxation proposals; but to-day, having accepted some farther legal advice than that of the Attorney General, the legal gentleman representing West Perth finds he has in some degree compromised himself. I can excuse any young politician like the hon. member for doing that. It must be refreshing to the Treasurer to know the attitude the member for West Perth is going to take up on this measure. It was about time the House had the opportunity of knowing it. The hon. member was returned with a direct mandate from the electors to oppose certain important planks in the policy of the Government, the most vital planks of their policy, and planks on which their very existence has hung since December last; and one would naturally think that when the hon. member was returned with that direct mandate, he would announce his attitude to the House in clearer terms than those the hon. member has employed. It would be unnecessary for an ordinary member of Parliament to have to make explanations of this nature. I do not know whether I can put it down to the hon. member's legal training. Then we have the member for Gascoyne who opposed the Land Tax Bill, but who a few minutes ago pointed out that during the discussion of this measure last session, just before the prorogation, he had approached the Premier with the object of inducing the Premier to bring down a more equitable form of taxation. The hon. member is now pleased to tell the House that this equitable form of taxation has been brought down. The only fault the hon. member seems to find is that there are large areas held by individuals—I suppose he means the pastoralists—which areas do not come sufficiently within the scope of this Bill in the opinion of the hon. member. The hon. member has indicated his attitude on that point. I should like in a few words to discuss this equitable form of taxation. If it be equity I have a hazy knowledge of what equity is. I will only

take the speech delivered by the Treasurer introducing the Bill on the second reading, when he pointed out that the tax on land values was reduced and an income tax was imposed. The Treasurer pointed out—I am speaking from memory, but I do not think my memory will fail me because it struck me very forcibly at the time—that a tax on incomes from £150 to £300 was estimated by the Government Actuary and Mr. Whiteley, who are gentlemen competent to compute, to raise £42,000 while from incomes from £300 to £500 the sum of £9,000 would be raised; and from incomes from £500 upwards £9,000 would be raised. That is the equitable form of taxation of which the Government and their supporters and their converts are so proud. The Treasurer estimates to take £42,000 from people earning £150 to £350, and £18,000 from those receiving incomes beyond £300. If that be an equitable form of taxation I have no knowledge of what equity means, and I should like to get a definition of the word from those hon. gentlemen who have applied it to this measure, because I consider it the most iniquitous measure I have had the opportunity of speaking on since I have been in this House. Why, every working man in this State will be reached by the first figure £150, and the £300 will cover every worker on the goldfields. The workers of this country will contribute £42,000 out of the possible £60,000, and that is equity. [*The Treasurer: No.*] I am speaking from memory, I am not permitted to quote from *Hansard*, but I challenge the hon. gentleman to peruse his speech and contradict my statement.

*The Treasurer:* The figures are printed. You need not make such a fuss about it.

Mr. TAYLOR: I have not seen the prints, but I have taken your speech, having heard you deliver it. This is a monstrous proportion. I do not know whether the Treasurer has had farther computations made since he made his speech on the second reading. I take the hon. gentleman's speech, and that is what he said. It is my intention to oppose this measure, and I think that the grounds I gave in opposing the Land Tax Bill

last session hold good to-day. I find that this equitable measure is one that has been inspired by another place. I had the pleasure of listening to a member of another place who was a most bitter opponent of the Land Tax Bill. He pointed out to the Premier in a speech delivered at Northam that if the Premier brought in an income tax he would support it. It was only a direction from another place as to the attitude the Government should take up. That is really the position: we cannot shut our eyes to the fact; the Government have abandoned a position which was a legitimate one on the Land Tax Bill they brought down and on which they were defeated in another place. That Bill was more equitable than this now before us, but it was not considered equitable by those in another place, because it did not press heavily enough on the poorer class of workers in this State, but reached those who could well afford to be taxed and to contribute to the revenue of the State, those who derived greater benefit from the expenditure of revenue and loan funds in this State than the actual workers whom this income tax will reach in a very severe form. I remember the Attorney General addressing the people of West Perth during the recent campaign, and pointing out that a land tax was a fair tax, but an income tax would not get his support because it was not an equitable tax. We heard the Minister for Mines in a similar strain, and we heard the Minister for Works—all the Ministers at the time they were fighting for the candidate supporting the land tax proposals advocated a land tax as a legitimate tax as opposed to the iniquity of an income tax. The Attorney General may say I am misrepresenting him; I have no desire to do that. I think this is what the hon. gentleman said during the West Perth campaign:—

“Dealing with his reasons for preferring land values taxation to an income tax the Attorney General said that the latter was a tax on what a man had by his own energy and brains and the exercise of thrift gathered together. Such a man was a benefit to the State and to his fellows and de-

served to be rewarded. Under the income tax that man would be taxed because of his energy, whereas those people who had waited for the unearned increment due to his labours would pay nothing. On the other hand, under the land tax as proposed by the Government such a man would reap the reward of his labours by reason of the rebates for the improvements, whereas the other people would have to pay the full amount of the land tax.”

Those who made money by their energy and thrift deserved their reward. This is the reward they are getting. The reward the Government are giving these people is to fleece them of their hard-earned money. This is the reward given by the Government to the present struggling population of Western Australia. People who are earning from £150 to £300 a year are called upon by this measure to contribute £42,000 per annum against £18,000 contributed by the rest of the population of the State. If this be an equitable form of taxation which the Government have been proud to boast of, and which those on the Government side of the House so recently converted to the Government proposals boast of as equity, I want a definition of equity from those gentlemen. There can be no equity in taxing the working man no matter what class of work he follows—storekeeping, farming, gardening—if his income be only a bare subsistence, and if he has to rear, clothe, and educate his children, and pay doctors' bills and all the other incidentals which follow rearing a family. Unfortunately I have no practical experience, but I have many friends, and I know from them the trouble and privations they and their families have to undergo through the parents not earning sufficient income to keep the families as they should be kept. And those very people are to be farther taxed, when already they are paying the bulk of the taxation of the State. It is from that section of the community that taxation has been obtained in the past; it is to be continued in a more aggravated form by the present Government. While I am in the House the Bill will not go through with my approval. I would put the Bill

out on this second reading before the hands of the clock moved again if it were within my power. It would be the only way by which the electors of the country could send back to Parliament members who would voice their opinions. I believe a majority of the people think with me, that the most equitable form of taxation is on the unimproved value of land, and not on incomes as brought down by the Government. It has been argued by the Government that this income tax is portion of the Labour platform. As a labour man for many years I have always been taught to believe, as a political economist and as a student of labour politics, that an income tax is the last resort. You must exhaust the unimproved land taxation first, and if it is necessary to introduce farther taxation an income tax may be resorted to, but not an income tax which will tax the people already taxed almost to death. It is absurd on the face of it. We hear so much about equity and we see so many acrobatic feats in the House, members changing their views with such rapidity, I was going to say with lightning speed, but that is too slow for it. I suppose the Government have been careful enough to arrange their forces so that there will be no mistake about the passage of this measure. I may say the Government taxation measure has met with some disasters in its earlier stages. It has travelled over some very rocky roads in the past, and the Government had to place a tax on incomes to make the measure more palatable to the landed gentry of the country, and more palatable to the representatives in another place. The Minister for Works in speaking in 1906 in this House (and then quoting) said:—

“Equality of taxation means apportioning the contribution of each person towards the expenditure of the Government, so that he shall feel neither more nor less inconvenience from his share of the payment than every other person does from his.”

That was a fair statement for the member to make; I find no fault with the statement made on that date, but I have fault to find with the member associating himself with a measure diametrically op-

posed to the principles enunciated by him in 1906. The hon. member went on (also quoting) to say:—

“As in case of voluntary subscriptions for a purpose in which all are interested, all are thought to have done their part fairly when each has contributed accordingly to his means, that is has made an equal sacrifice for a common object.”

That is fair comment. He goes on to remark:—

“To me an income tax is one of the very last taxes that a Government should resort to, because it is a direct tax on a man's energy, and in a country like this we need men of energy and grit to develop the country before anything else. In a tax on unimproved land values we tax to a very large extent that augmentation of value that accrues to the land of any country owing to the energies and industry of the whole of the people.”

These are sentiments I admire. I can admire the member when he points out to the Chamber in unmistakable language that an income tax is an iniquitous tax. At that time the hon. member was a member of the Cabinet with a majority of 33 untried colts behind him, but they were like colts in a team. The teamster can get along very well until he gets into the plains and the heavy black soil, when the young colts will not stand the whip, and it is necessary for him to come down from his position and put off some of the load; he quietly removes some of the bales and eventually gets through. That is the attitude of the hon. member; he had 33 supporters, untried, youthful politicians. This mushroom Minister boasted on the platform that the Government would carry their tax. He said, “I can inflate my chest and talk through my neck, because I have a big majority behind me.” But that majority dwindled away. An election came on, and the full force of the Government was arrayed against a young and unsophisticated politician, who, single-handed and untried, was fighting the battle of the West Perth electorate against an array of Ministers, and yet he fought his way through that array of Ministers, that an old politician like my-

self would shudder before taking it on. I congratulate the member for West Perth in tackling such a phalanx as that, and successfully defeating them. That was the first dose of medicine that was unpalatable to the Government. Then we come along to the election in the East Province; I will not deal with that aspect of the question, because it does not belong to this House. But the Government were most desperate when the figures went up. There again another colt was against an old warrior. Then we come along to the attitude of another place. I do not want to remind the Government of the prorogation; unfortunately I was ill during the last month of that Parliament and was not able to be in the House. But I remember the Premier's prorogation speech; I remember the hon. gentleman, who is proud to represent Bunbury, standing in the House, almost imagining that he was haranguing a corps, leading them to victory: "I will not take any rebuffs from another House," the Premier said, "I will test the feeling of the country, I will call a special meeting of Parliament, I will advise his Excellency to call a special meeting in February. This Government will not be played with, this is a Government of backbone and principles that we will put into practice. We will leave our mark on the statute book of the country, for we have a majority of 33 behind us,"—as silent as mummies. What was the result? February came, March and April, and old warriors whispered into my ear, "Those young colts will know better when they grow older." The Premier evidently has grown older. We met later this year instead of meeting earlier.

*The Premier:* Early, as Parliaments have met for years past.

Mr. TAYLOR: Not when Parliament had been prorogued and a promise was given that there should be a special session in February. There was a special understanding that the Premier would recommend to His Excellency that Parliament should be called together in February, to retrieve his character practically, after the rebuff he got from another place. The Premier being a young politician and Leader of this House felt the rebuff, and I believe he took it more as a

personal rebuff than as a rebuff to the Assembly. He said, "I will retrieve myself in February, I will wipe them out." February came, but there was no Parliament.

*The Premier:* You were away in New Zealand, and we could not meet without you.

Mr. TAYLOR: I made a special effort to be here in February. I said to myself, "This young and untried Premier cannot be false; I pin my faith to the February session; he has said so." I would not stay in New Zealand, but I came back at the cost of my health, I may say perhaps at the cost of my life. I was determined to see the hon. member from Bunbury do something. For many years I had opposed another place, and I said, "Now will be the fight." But there was no fight; so you see with all these facts in front of us, we find that the Government have resorted at last to farther taxing the unfortunate people who cannot bear it. I would not for the life of me deal with the prorogation in September last; I was perfectly satisfied it was only sparring, speaking in sporting parlance, sparring to win. I knew it was necessary for this Chamber, this Government, and the representatives of another place to come together to shake things up afresh, to devise some means of placing the burden of taxation on the shoulders of those who cannot afford to bear it; and that is what has been done. I pointed to the teamster as an illustration of the Government's action. The ordinary bad driver, whether he has bullocks or horses in his team, if he has one or two good ones that will pull every time he asks them, when he gets into a tight place sees it is no use beating the bad ones, so he belts into the good pullers and makes them lift up. That is what the Government are doing with this tax. It is no use taxing the man who can afford to pay. He is too strongly represented in another place to stand it. Therefore the Government act like the bad driver—stick it on the fellow who cannot afford it, who cannot help himself—the poor worker, no matter what occupation he may follow. Against that I enter my protest, and I hope those who have expressed themselves against the

proposition under review will vote against the second reading. I know the member for West Perth (Mr. Draper) will not accept my advice so readily as that of the Attorney General; but mine may prove the more correct. I wish to tell the hon. member not to pin his faith to the Committee stage of the Bill, but to pin it to the second reading. If he desires to put this Bill out of the way, the second reading is the time to vote against it. Do not wait for Committees. I have been waiting for them too long, and I am left every time. It is idle for the hon. member to say he will remedy the Bill in Committee. There is no possible chance of doing that. It will be beyond redemption then, and I hope those who are against this iniquitous form of taxation will vote against the second reading. [Mr. Bolton: Its supporters will vote blindly.] I do not think they will be likely to vote blindly. It does not follow that because people sometimes do things blindly they will continue. There are times when even the blindest person can see a little, and I hope the Government supporters will on this occasion see the necessity for voting to save this State from what in my opinion is a cruel form of taxation. The Bill proposes not to tax the land-owner, the wealthy person, but to tax the worker, the man who is earning £150 a year, and has perhaps a wife and four or five children to feed, clothe, and educate; and we must have due regard to the amounts proposed to be derived from the different classes of taxpayers—£42,000 from people earning incomes up to £300, and only £18,000 from those above £300. That is a most cruel form of taxation; and moreover, when we lighten the burden of taxation on the shoulders of the land-owners, who can afford to pay the tax, we are taxing the people whom the Attorney General, the Minister for Mines, and the Minister for Works said should not be taxed—the people whose energy and ability are opening up this country, the people who have made Western Australia what it is; the pioneers of this State.

*Hon. F. H. Piesse:* You would tax the pioneers if you had a chance.

Mr. TAYLOR: The member for Katanning has just arrived.

*Hon. F. H. Piesse:* I have been here all the time.

Mr. TAYLOR: He has just arrived in time to save the Bill, to help the Government to place a farther burden on the workers, the struggling section of the community, so that landed gentry like the hon. member may escape the tax. I say it is atrocious. I would not tax the pioneers, and the hon. member knows well that I would not tax people already overburdened and unable to make ends meet.

*Hon. F. H. Piesse:* It is so difficult to discriminate.

Mr. TAYLOR: The hon. member had no difficulty in discriminating between the legitimate taxation of the Bill of last session and the form of taxation in this measure. He could quite easily discriminate, because the former proposal would press very heavily on those with whom the hon. member associates, and would perhaps affect the hon. member himself in a manner rather beneficial to the Treasurer.

*Hon. F. H. Piesse:* I have never objected to pay my share.

Mr. TAYLOR: The hon. member has prevented the tax from being imposed. He has been in the House since the granting of Responsible Government, has opposed the placing of any species of taxation on people who could afford to pay it, and has heaped taxation on people who could not afford to pay it. The form of taxation which the hon. member says he never objected to pay has never appeared on the statute-book. When the hon. member has to pay some of the unearned increment by way of land tax, his ire will soon be roused; he will soon rally his forces. Did he not address the electors in his own district with regard to the Bill of last session? Did we not read in the Press his eloquent speeches? Why, had it been a question involving the fair fame of our country, the speeches of the hon. member would have roused the farmers to arms. They would have come to Perth and almost attacked the citadel. I do not suppose the reports of the speeches were embellished. He pointed out the iniquity of the tax. Oppose it? He would oppose it to the last gasp. [Mr. Stuart: Yet he voted for

the Bill of last session.] He voted for it, like others who performed some extraordinary antics. I believe the Attorney General has provided in the Electoral Bill that all would-be candidates for Parliament must pass a certain test before being eligible to stand; and then we shall not be able to witness the acrobatic flights of certain members in this House, for they will be disqualified.

*Mr. Foulkes* : You had to submit to a test before you were allowed to stand.

*Mr. TAYLOR* : Well, fortunately, I have always stood the test; but I do not know what form of tax I would recommend to the hon. member interjecting. I wish to emphasise my protest against this measure, and I hope the House will oppose it with such force that the Bill will be relegated to the waste-paper basket.

*Mr. Bolton* : We shall then have a different one next session.

*Mr. TAYLOR* : We shall have an opportunity of attending some agricultural shows, and witnessing the conferences between the Premier and some of the intellectual giants from the Upper House.

*The Premier* : You need not make out you were not in it. You went up with me.

*Mr. TAYLOR* : Well, I am one of those who do not give away secrets, anyhow. I did go on that occasion with the Premier, and enjoyed looking at the prosperous country between Perth and Northam. That was one of the few occasions on which I had the pleasure of travelling from Perth to Northam in daylight. I saw that country, I believe, at its best; and speaking at Northam that night, in reply to the toast of Parliament, I said I thought the Government were unwise in not bringing all members of the Legislative Council to the Northam show, to see the evidences of prosperity in the district, the increased prices for produce, the stock, the land with its high waving grass as green as a leek. These sights would have formed an overwhelming testimony in favour of the land tax. I said so that night; and I am sure, had members of another place gone to Northam, there would have been no necessity for this iniquitous Bill now before us. It pleased me to be on the scene when the first intimation leaked out that pressure

had been brought to bear on the Government by another place. I do not desire to be uncivil; but I must say I could not help remarking the smile that rippled over the Premier's face when it was announced at Northam that another place would support an income tax, or a "fair" tax. The Premier's smile seemed to say, "I am saved. There will be no elections. I shall not be in the unfortunate position of having to turn out my loyal supporters to the cold charity of their electors." I am glad I was present when the Premier was relieved of so great a burden, which has been harassing his mind for a considerable time. I cannot find words to express my sorrow at the Premier's being so susceptible to the dictation of another place as to what legislation should be introduced to this House. I am sorry he did not pursue the course he intended at the close of the last two sessions of Parliament. I am sorry that he weakened as he did. It has been argued, I do not know with what truth, in very influential circles, that the persuasive powers of the Attorney General were too much for the Premier; that the Attorney General influenced the Premier as the Attorney General influenced the member for West Perth (*Mr. Draper*).

*The Premier* : He did not make much of a job of the member for West Perth.

*Mr. TAYLOR* : I am looking forward to the Premier's taking the same attitude as the member for West Perth, who, for a week or so after getting the Attorney General's advice, was quite satisfied with its soundness, and acted upon it. But on farther investigation he has found the advice unsound. I am hoping that the Premier, after considering the Attorney General's advice, will not act on it, but will take up a sound proposition emanating from his own brain, something that will be a credit not only to the Premier but to the State. I hope the Premier will adopt that course, and will not be led astray by those whose advice on political questions, however sound on matters of law, has undoubtedly proved to be disastrous. We have seen that the Attorney General himself, on this very land tax proposal, has had to turn a somersault;

and those whom he has advised will have to do likewise to keep up to him. I wish again to emphasise the unfairness of this tax. My desire is that the Bill should be thrown out on the second reading, because I believe that is the only opportunity electors in this country will have of saying who shall have a majority in this House. I intend to vote against the second reading of the Bill. It may be, however, that even if the Bill is defeated the Government will not take it as meaning a defeat of the Ministry. There are not five members on the Government side of the House who at the last elections supported a land tax, let alone a land and income tax. Among the five members are the Minister for Works, the Attorney General, and I believe the Minister for Mines, who all have for a considerable time been land-taxers; but the other members on the Government side won their elections against the very propositions which they now support. I do not know whether the land tax question was raised during the campaign of the Minister for Works, but at all events I do not think it was a burning question then. The Minister, however, supported the tax and came to this House on the understanding that he was in favour of taxing the unimproved values of land. Although they have no authority whatever from their supporters, the great majority of Ministerial supporters are now voting for the land tax. They have still less authority for voting for an income tax. This method of taxation is a portion of the policy of this side of the House. I am perfectly satisfied that if the Bill is defeated on the second reading the result will be achieved that the country is looking for, and I am sure if an election follows, the people will be glad to have an opportunity of saying who shall represent them in this House and what policy shall be adopted by the majority. Of course I do not know whether the Government would take even the defeat of this Bill as a rebuff, for you cannot place credence in the Government which accepts rebuffs like the present Administration have done in the past. Whatever may be the result, I will be perfectly satisfied to have a general election even

though the electors return a majority of members to tax the incomes of the workers and so legislate that every penny of the tax will be derived from the workers. What I want at the present time is for the people of the State to be given an opportunity of saying what they think of this system of direct taxation. Non-realise the awkwardness and absurdity of the position of members opposite better than they do themselves. I will not stand here and support a Government which bring in taxation against their own pledges; who institute forms of taxation and legislation which they opposed during their campaign. It is unfair and unreasonable, and I sincerely hope this Bill will be thrown out in order to allow the people of the State to say who shall represent them.

The PREMIER (Hon. N. J. Moore): The distinguishing characteristics of this second-reading debate up-to-date have been the apology of the member for West Perth, and the close criticism of the measure which the member for Mount Margaret has not given to it. I do not propose, in discussing this question, to go over the ground covered by my colleague the Treasurer in introducing the measure or to repeat the arguments used in connection with the Land Tax Bill brought down last year, when the necessity for direct taxation was effectively demonstrated to my mind. I would point out that the member for Brown Hill himself recognised some two years ago the absolute necessity for a measure of similar character, namely a Land and Income Tax Bill. [*Mr. Bath: No.*] He wanted a tax on unimproved land value and an income tax, with the view of making good the amount which the State was losing owing to the sum returned by the Commonwealth being so much less.

*Mr. Bath* (in explanation): May I explain, as I pointed out the other night that the Government themselves made the necessity by throwing away revenue owing to exemptions and rebates.

The PREMIER: I will quote a paragraph from the Governor's Speech presented by the Government of which the present Leader of the Opposition was a

member. The speech was delivered in July, 1905, and the paragraph is as follows:—

“Measures for the imposition of taxes upon unimproved land values and incomes and upon totalisator receipts, will be submitted to recoup the deficiency caused by the reduction in revenue returned by the Commonwealth.”

What was the proposal of the Government of which the hon member was a Minister. At the same time they intimated that the exemption, so far as the tax on unimproved land values was concerned, would be £400, and the exemption in connection with the income tax £200. If the hon. member realised at that time the necessity that existed for this form of taxation to make up the shortage in the amount received from the Commonwealth, how much more does the necessity exist now? In that year they received the sum of £1,027,898 as against £780,166 last year, or something like £247,732 more than we received. Therefore, if the necessity for the taxes then existed, there are £47,000 other reasons now why the hon. member should support the present principle.

*Mr. Bath:* How large a territorial revenue have you received?

The PREMIER: We have received more than the Daglish Government did, but the expenditure has gone up and there are 60,000 odd more people to cater for. If the argument held good on that occasion it does so now. I would also emphasise the fact that notwithstanding that £249,000 extra was received from the Commonwealth, after that year the then Government were £129,885 short on the year's operations.

*Mr. Bath:* No.

The PREMIER: They were that much short on the ten months of the financial year?

*Mr. Bath:* And the surplus that existed on the preceding 30th June was spent before that Government took office.

The PREMIER: The facts are disclosed in the Financial Statement of the day. When we realise that we are receiving £500,000 less from the Commonwealth than we received five years ago,

and that we have an additional 60,000 people to cater for, it must be apparent that there is every necessity for additional taxation. Up to now direct taxation has been confined to dividend duties, stamp duties, probate duties, totalisator tax, and licenses under the liquor laws, while all the other States and New Zealand have for years past received large amounts from land and income taxation. In view of the fact that we are paying so much through the Customs house, it would have been unfair in past years to impose farther direct taxation. As a matter of fact in 1898 we were paying in indirect taxation £6 4s. 1d., as against £3 12s. 10d. last year, so that we were contributing more than 70 per cent. extra in indirect taxation then than now. In the meantime the direct taxation has only gone up from 12s. 9d. to 20s. 4d. Surely, therefore, it is a reasonable proposition to ask the people who have been relieved of this indirect taxation of £3 per head to contribute to the revenue to the extent of 6s. per head. That is what the new taxation will practically mean, for £80,000 is to be obtained from a population of 260,000 people. The only argument of any great intrinsic value used against the land tax proposals of last year was that the imposition of that tax would fall on one class of the community, namely the landowners; but when this tax has coupled to it an income tax, that objection is removed. It is very difficult to work up any mild enthusiasm about taxation of any kind, but I maintain that at the present time the people of this State realise that if we are to continue to develop the country it is necessary that additional revenue should be raised, and that if we cannot get that revenue from the Customs the majority of the people of the State are prepared to do their share to provide the money in order to get means with which to develop our great State.

At 6.15, the Speaker left the Chair.

At 7.30, Chair resumed.

The PREMIER (continuing): As I was remarking before the adjournment, it is difficult to work up enthusiasm in

regard to taxation of any kind, and especially as to direct taxation. A man prepared to pay £5 in taxation through the Customs might resent strongly having to pay even one-fifth of that sum by direct taxation. Having regard to the fact that every economy consistent with efficiency has been effected, it is manifestly the duty of the Government to do everything possible to adjust the finances; and while we recognise that direct taxation is unpopular, yet it is our manifest duty to cut our coat according to our cloth. I am satisfied that a majority of the people of this State recognise the absolute necessity for this taxation. In many of those districts whose representatives in this House have expressed views antagonistic to this taxation, I have had recent opportunity of seeing that some members are not in line with their constituents in regard to this form of taxation. The member for Mt. Margaret (Mr. Taylor) has said the Government have been somewhat inconsistent; but as I have pointed out, the hon. member himself has at times shown inconsistency. Often we can find the mote in another's eye without seeing the beam in our own. As I have shown, what was a virtue when the Leader of the Opposition was a member of a Government, becomes a vice with this Government. I shall not detain the House at length, but in glancing through the Bill I wish to say that the land taxation provisions are identical with the provisions contained in the measure originally introduced, notwithstanding that the member for West Perth (Mr. Draper) has stated that he was under the impression until the Bill was introduced by the Treasurer that there would be some modification. The only modification made is as to the amount of the tax; and if the hon. member had read my speech on this question during the no-confidence debate he would have noticed I distinctly stated the land taxation proposals to be submitted this session were identical with the measure brought down on a previous occasion. Possibly he has considered it essential he should make the lengthy apology for the action which I understand he intends to take—provided he does not change his mind again before the vote on the

second reading is taken. If he takes that course, to-day's explanation was unnecessary; while if he does not take that course, the explanation he gave when moving the adoption of the Address-in-Reply was unnecessary. As I stated, the exemptions in the Bill are practically the same as in the previous measure; and so far as the land tax assessment provisions are concerned, they are exactly the same as in the former Bill. With regard to the income tax, as the Treasurer has indicated, this has been framed on the New South Wales and New Zealand measures. The exemption of £150 is the figure adopted by two or three of the States, though it is lower in Tasmania and Queensland; and although there has been a Labour Government in power in Queensland for some time, apparently no attempt has been made so far to raise the minimum at which income tax can be levied. As has already been stated, income taxation is in force in nearly all English-speaking countries in the world. The principle was I believe first introduced in 1793 by Pitt, to meet the expenses of the war with France. Between 1816 and 1842 there was no such taxation; but in 1842 Sir Robert Peel introduced an income tax of 7d. in the pound; and this form of taxation has been in force in the old country from then until now, the amount varying from 7d. to 1s. 2d. in the pound. At the present time the income taxation at home is 1s. in the pound.

*Mr. Walker* : That tax is a graduated one.

The **PREMIER** : Yes. In New Zealand also they have a graduated income tax; in Tasmania they have, in addition to the ordinary income tax, a tax called a tax on ability, from which last year they reaped something like £3,000; and from the income tax they secured a revenue of £53,000 and something like £84,000 from the land tax. So that last year in that little island they raised practically £1 per head in direct taxation. Hence the people of this State, who asked to pay direct taxation to the amount of 6s. per capita, cannot accuse us of imposing a very harsh burden.

*Mr. Bath* : While this taxation will average 6s. per head, its incidence is not in actuality that way.

The PREMIER : I would point out to the hon. member that though absolute exemptions cease at £150, there is a farther exemption to the amount of £100 on incomes between £150 and £300. That is to say, a man with an income of £250 would pay income tax only on £150 ; between £300 and £500 there is an exemption of £50, and above £500 there is no exemption at all. In addition, provision is made in cases where money is devoted to the payment of premiums on life assurance policies, which are exempted up to £50, and also for other outgoings such as repairs etcetera to property, in respect of which it is provided that a person will not have to pay the tax. Income tax is to be levied on incomes for the calendar year prior to the year in which the tax is collected ; so that, if this Bill becomes law, the tax will have to be collected as from the 1st January to the 30th June of next year, that is during the six months of the present financial year, while the amount of the income taxable will be assessed on the income derived during the present calendar year. It will thus be realised that in order that the amount may be collected within the period stated, it is necessary this Bill should become law as early as possible to allow of the necessary machinery being arranged providing for the valuations and the collection of the tax. I do not propose to go through the various examples given, because I think they do to a large extent explain themselves, and their consideration is really more a matter for the Committee stage than on the second reading. I would like to point out that as this Bill is to a large extent similar to the statute in force in New South Wales for the last ten years, the legal decisions delivered on points of law which have arisen during the operation of this law in that State will be of advantage to us in the administration of the taxation measure we have now under review. The only tax operating here similar in nature to the income tax is the dividend duty, under which we collect 1s. in the pound from all limited

liability companies, that tax yielding last year £115,000. Several of the companies affected by the dividend duty have pointed out the anomaly existing in the fact that while they have to pay 5 per cent. on their profits, the local trading firms carrying on similar businesses and perhaps next-door to them are exempt from taxation. But though that anomaly has existed for some years, only the introduction of this income tax has apparently awakened those companies to the fact. Quite recently a deputation waited on me suggesting that these taxes should be levelled up. But if the dividend duty were brought down to the rate of this proposed income tax of 4d. in the pound, the benefit of the amount estimated to be derived from the income tax, £80,000, would be absorbed in the loss of dividend duty taxation ; while on the other hand if the income tax were raised to 8d. in the pound, it would be an altogether too high impost to place on incomes. The anomaly, however, is to a considerable extent reduced by the fact that absentee trading firms will pay an additional income tax impost of 2d. in the pound—that is, 6d. in the pound as against 1s. in the pound paid in dividend duty by limited liability companies. The Leader of the Opposition agrees with the Government in one very important particular—that there is every necessity for taking early steps to adjust the State finances and to remove as far as possible the deficit in the ordinary revenue and expenditure account. In fact, he went so far as to say, if the deficit was not removed by the collection of the land tax, he would be prepared to support an income tax. Now it must surely be apparent to any candid mind, from that declaration, that were the hon. member saddled with the responsibilities of office, with the necessity for making that adjustment, he would be prepared to support a land and income tax, which at the present time he considers himself unable to support. I should like also, however, to point out that the congress of Labour representatives which quite recently met in Kalgoolie affirmed the principle of a land and income tax, but they suggested an exemption of £250 instead of £150, so

that the other fellow would have to pay.

*Mr. Troy* : No ; so that a man's livelihood should not be taxed.

The PREMIER : That depends on what you consider a livelihood. The £250 is more than members of Parliament are paid for doing their duty to the State.

*Mr. Troy* : You try to keep your wife and family on £250 at Lawlers or Black Range !

The PREMIER : I have lived as cheaply on the goldfields as the hon. member.

*Mr. Troy* : But you could not keep your wife and family there on that income.

The PREMIER : The hon. member would therefore suggest that we should discriminate between the worker on the coast and the worker on the fields. He said it was necessary for a man to have a decent livelihood. We know there are hundreds of workers on the coast who would be well satisfied if they were assured of 10s. a day for the 300 working days of the year ; and these workers are exempt under the Bill. However, that is a question more for Committee than for a second-reading discussion. As a matter of fact, the Labour Government's suggested exemption was £200, a suggestion supported by the member for Mount Magnet (*Mr. Troy*) ; and I take it he was in accord with the proposals of that Government.

*Mr. Troy* : How do you know I was ?

The PREMIER : You ought to have been. You seemed to be a *persona grata* with them.

*Mr. Daglish* : Is the member for Kattanning in accordance with your proposals ?

The PREMIER : On the general principle he is. Some details he objects to, and will no doubt voice his objection in Committee. Indirect taxes, as I pointed out, are really like allopathic medicines, in which one swallows a mixture of several drugs. But I take it direct taxes are more like homœopathic medicines, easily recognised but not pleasant to the taste. As I pointed out, the dividend duty at the present time is practically paid by one class of the community ; and

I think it only reasonable that people who are carrying on practically the same business as some of the limited companies should have an opportunity of contributing to the revenue. Hitherto the high Customs tariff has practically rendered unnecessary the introduction of such taxes. However, their introduction is absolutely necessary at the present time. The need is great ; and while the land tax would reach only one class, by combining the two taxes we shall be able to reach all classes of the community. The hon. member referred to higher exemptions, and quoted New Zealand and other countries, where the exemption reaches £300, while in Queensland it is only £100. That is a matter which may well be discussed when we come to the exemption clause.

*Mr. Bath* : In New Zealand the exemption is to be raised to £1,000.

The PREMIER : If we raised it to £1,000 in this State, we should get very little income tax. One section of the community will be reached by an income tax, a section which would not be reached in any other way—the wealthy man who has hoarded a considerable pile, and has not invested the money either in land or in shares. It is not likely that he will pay much in Customs duties, nor would he contribute to the dividend duty or the land tax ; and I do not think many people will pity him when the Government endeavour to secure from him a certain return for the services rendered to him by the State. Nothing makes the Government more unpopular than the imposition of direct taxation ; but it is absolutely necessary, at this stage of our history, if we are to endeavour to live within our income, that we should impose this tax whether it is against the wishes of our friends or our opponents. And in submitting this measure the Government have been actuated with the desire, realising that if we are to endeavour to carry out the progressive policy to which we have committed ourselves, it is absolutely essential to have the sinecure of war ; and in the proposal submitted I contend there is an equitable attempt to secure the same.

Mr. T. WALKER (Kanowna): I expected to hear from the Premier some reply to the arguments advanced not only this evening but previously, as to the unwisdom and inequity of this form of taxation scheme. I expected, for instance, to hear an attempt to refute the argument of the member for West Perth (Mr. Draper) that the land tax was not in itself an equitable measure, inasmuch as it made broad and irritating distinctions between certain classes of land in the country, and certain lands in other parts of the country, and town lands; and that if it were to be a land tax based on principle, and following any line of equity, these distinctions could not possibly exist; for no tax could be considered fair or just that made the burden light on one section of the community and heavy on another. That, I take it, is a fair argument advanced by the hon. member this evening, an argument which should not have been ignored, but fairly and frankly met. It is no argument whatever in support of this measure to say that the member for West Perth, or the Leader of the Opposition, or the Labour Party, or any other section of this House, has been inconsistent. Statements have been made at one time which do not comport with the statements made now. That does not answer such an argument as is advanced by the member for West Perth. That is simply throwing dust; merely blinding one to the real issue. What we want is some justification for the course the Government have taken in regard to this measure. I think that is the most serious question at the present moment: why have the Government taken the present course? What reasons have induced them to change front? What was the justification for not merely an alteration of the measure, but an absolute change in policy? There can be no question but that parties are divided in the House, not on details, but on policies. If the policy of this (Opposition) side of the House were precisely the policy of that side, there would be no reason for any division line whatever. The Government are kept in power by virtue of its policy; and let me say that a policy in order that it may keep a Government

in power, must be like a contract entered into between the Government and the electors. If the policy the Government are pursuing be that which people outside are condemning and have condemned, or be such as the people outside sent the Government in not to pursue, then by every rule of constitutional government, those who occupy the Treasury bench are there by fraud. They have no right to be in that position. And here it will be perfectly in place for me to review the circumstances, and to ascertain whether the Government are in office according to their pledged policy. I am obliged to go back over a little old ground. The present Government are a continuation of Mr. Rason's Government. There have been changes of ingredients; but this is the same Government; it has some of the same elements in it that it had when Mr. Rason returned from the country. It is to all intents and purposes placed in that position on the policy enunciated by Mr. Rason when he went before his constituents. What was the policy then enunciated? That there was no need for a land tax; that a land tax would not be imposed. And the Honorary Minister (Hon. J. Mitchell) knows well that he owes his seat in the House to the policy which he himself then enunciated, decrying the land tax, absolutely opposing it, and fighting the rival candidate solely on that ground.

*The Honorary Minister*: That is not so. Have you the speech of mine you read before?

Mr. WALKER: The hon. member opposed the land tax in his contest, and that brought him to this House. I say that absolutely.

*The Honorary Minister*: I say it is not so.

Mr. WALKER: Then I do not know the meaning of language.

Mr. Holman: What did the Hon. G. Throssell say?

Mr. WALKER: Never mind what Mr. Throssell said. What did the hon. member say? If I had thought the hon. member would have gone back so unblushingly on his utterances I would have had his speech ready; but I will send for *Hansard*.

*The Honorary Minister* : Exactly the same thing happened before ; you could not get the speech then ; you cannot now.

Mr. WALKER : I am not accustomed to go back upon my statements, or falsify anything, or use any untruth for the sake of argument. I wish to gain no points that cannot be fairly gained, and I wish anything I say to be on the strict lines of truthfulness in the interests and welfare of the country. I have no axe to grind, I have no portfolio to get, I am simply doing it in the interests of this country. In that election the Ministry were opposed to the land tax, said it was not necessary ; and they came into power and ruled until the time Mr. Rason had a particular desire to have a change to England ; and the Ministry was not destroyed but changed with new elements introduced into it ; and those new elements were the Attorney General and the member for Fremantle (Mr. Price). They came in, I admit, with honest—and I give them every credit—motives in the direction of land reform. They believed in land reform ; I believe the Attorney General believed almost on the lines of the views held by the Labour Party on land reform ; and one of the conditions of their admittance into the Government was that a land tax proposal should be introduced into the Government programme. [*Mr. H. Brown* : They should be on your side of the House.] To digress a little, I have now *Hansard* with me and here is a quotation from the speech I delivered in this House previously.

*The Honorary Minister* : I do not want the quotation from your speech ; I want one from my speech.

Mr. WALKER : I am going to give the quotation from your speech that I quoted then. It is here in *Hansard*. According to a report in the *Morning Herald* of 21st October, 1905, Mr. Mitchell said :—

“As he had already pointed out, he thought that with the large revenue which the State earned, there should be no farther need for farther taxation. All that was wanted was good administration.”

Here is another portion of the same speech :—

“According to Mr. Rason, a tax on unimproved land values in Western Australia would only realise £30,000, which, judging by South Australian experience, he thought was a reasonable estimate.”

Mr. Mitchell went on still making these utterances, and said :—

“Mr. F. F. Wilson, the Labour member for North Perth, had said that the land tax would realise two millions a year. No doubt that was what Mr. Watts had in his mind when he expressed himself on the platform at Meekering in favour of a good rousing land tax.”

And then Mr. Mitchell added, what think you ? He said :—

“He pitied the poor farmer. If such a proposal became law they would have to work night and day in order to earn enough to pay their land tax.”

That is the Minister who to-night unblushingly accuses me of misrepresentation, after having uttered these words reported in the *Morning Herald* and never contradicted by him.

*The Honorary Minister* : That was with reference to the two millions.

Mr. WALKER : I do not care if it was two millions or not, the hon. member was opposing the land tax, ridiculing Mr. Wilson, opposing his rival candidate, and threatening the poor farmers whom he pitied if they ever became victims of the land tax. Now he is an apostle of the land tax ; he preaches land tax doctrines.

*The Honorary Minister* : Not the doctrine of two millions.

Mr. WALKER : Never mind the two millions ; it is the principle. But this is digressing. I had to turn back to evade those misrepresentations as to the truthfulness of those who make utterances on this side of the House, misrepresentations that so often get into the Press, and to evade that habit which is becoming too common of misrepresenting this side of the House to screen the defects and deficiencies on the Government side. I now pick up the point

where I was interrupted, the admission into the Government of the Attorney General and the Minister for Works. They imposed that as part of the terms of their admission. The Government at that time were in a particular state of adversity. Mr. Rason was leaving them, there was a chair empty, alterations were to be made, and in the course of those alterations injustices were done to those who stood true to principles. Rightly or wrongly they were sent about their business without rhyme or reason in order to give space and room for the Attorney General and his new land tax. As I have shown from the quotation of the Honorary Minister, who was then quoting Mr. Rason, the Government were returned on that occasion to keep away from the land tax. That is the *raison d'être* for the existence of the Government; they had to keep away from the land tax. Here on this side of the House was a Labour Party, genuine land-taxers, not on such a measure as we have here to-night, one with no principle in it, a mere tentative thing for the purpose of haphazardly raising a few thousands of pounds and squaring the Upper House; but on a measure of land taxation founded on a principle, one that would do no injustice to the farmer or city man, one that would not penalise the landowner any more than, or as much as, the measure proposed now, but one that would be simply adjusted on an equitable basis. That is the difference. Here, as I say, were the Labour Party with the land tax as an avowed policy; there was the Rason Ministry averse to the land tax. The people, rightly or wrongly I am not arguing now, agreed to the body which said "We will have no land tax." The people put them in and kept the land-taxers out. Then that party came in and became the apostles of the land tax. From that time forth, without appealing to the people, without asking the people if they had changed their minds or if they wanted any alteration of the policy, they unblushingly went on with this new policy which was a breaking of faith with the people. [Member: Proved by the West Perth election.]

Proved by every election that has taken place since, even by the East Province election if it can be properly analysed. Going back to principles, I say the Government are not kept in office by men but by policy. We may change a few ingredients as to the men composing a Ministry, but we cannot change a policy without asking the authority of the people to do so. But behind the backs of the people, they introduced this new policy; and I submit at that very time they forfeited their right to exist for another day, they sacrificed every tittle of responsibility to their electors; for responsible Government is of no value whatever, its essence is absolutely gone, if those sitting on the Government bench can change their policy from day to day without asking the people's authority. We might as well declare ourselves permanent at once and never go before the country again; because there is no need to ask the country what they think: policy is manufactured on the Government side, and it can be changed to-morrow or the next day. What are these elections for? When we introduce a new man why do we send him to the country again before he can take his position in this House as a Minister of the Crown? Only that the people may say whether they approve of him or his policy when introduced into the Cabinet. That is all. That is the foundation of British Government. It is that the people shall dictate the policy that shall rule the State, and Ministers shall have no power to alter and change it and swish it about to suit their own convenience, which is not constitutional government. From that moment, therefore, the Government sacrificed their right to exist. We will sweep over that, because so many astounding things, such absolute departures from all moral rights and honest principles of constitutional Government occur in this country, that one ceases almost to be surprised at the utter abnormalities. They got their Government going; then they produced their land tax; they sent it up to another Chamber; they were beaten; they threatened vengeance and they come down here again.

The other House, with all the vengeance breathed, did not back down one iota; the Government did. The Government again backed down in the championship of the rights of the people. No champions of the rights of the people in the people's House! There is convenience again. I do not approve of the conservative tendencies the other place sometimes exhibit, yet I am bound to say that at times they perform duties that are necessary. The House of Lords of England, the Upper Chamber in the Commonwealth and our own Legislative Council have often performed those services to the people, and whenever they have suspected the Government of the day have gone behind the people to force upon them laws the Ministry had no authorisation for, they have refused to endorse that conduct, saying "Stop; we will not let you go ahead with this measure until we are sure that the people have endorsed it." Sometimes they did that. What they said is what I have said just now, that the Government had no mandate from the people to introduce the land tax. Had the Labour Party been returned at the last elections with a majority, they would have had a right to introduce this taxation, but not so the present Government. Therefore, the Upper Chamber said: "We have a duty to the people as well as the Lower House to perform. You shall not pass this measure until you have asked the people their opinion upon it, for you came in with a different policy and having altered it so, you must go back and get the people's endorsement to the change." That is the position which the Upper House have taken in connection with this measure. The Treasury benchers were indignant, but they were not "game" to go to the country and get a mandate from the people. They threatened the Upper House. They said: "We will bring you to your bearings next February." What were they doing in February?—gallivanting about, and out of the country on amusement bent. There was no intention to hold that February session. It was another fraud upon the people,

another means of blinding the electors in this State, another agency to deceive the populace. It was a card played ignominiously in my opinion for the purpose of retaining office. A day or two afterwards the House meets again and they send the Bill once more to the Upper Chamber. Their actions showed the character of the Government, and to what depths of humiliation they go in order to retain portfolios. When the Upper House sent the measure back what did this Government try and do? They did all they could to get the Bill restored in the Upper House, and when certain amendments were suggested in this Chamber what was proposed? It was suggested that the amendments of the Upper House should not even be considered. Members talked about debating the amendments as was their paramount duty, but we were told: "Don't say a word; keep quiet; we want to steal a march on the Upper House. If we can only keep that Bill quiet, humbly and lowly, we will get it passed." The Upper House saw through the farce. They sent the Bill back in order that their amendments might be adopted, and afterwards they rejected the measure. The Bill was rejected three times. The Government were slapped in the face by virtue of the actions of the Upper House who would not allow Ministers to get through Parliament a measure which had been brought up in violation of the publicly declared policy of the Government when before the electors. Then we heard all kinds of threats against the Upper Chamber, and there was the apparent farce of the resignation of the Government. Once more the Government come back again and by their actions clearly showed they had backed down in every particular in order to please the Upper House. There was another desertion of their principles, another desertion of their policy, another breach of faith with the people who sent them here. For the sake of retaining office they kow-towed to the Chamber that had pointed a fist at them. If that action of the Government was honourable I do not know what term is applicable to a

dishonourable Government. It was their duty to have gone to the people, to have told them what they proposed to do. The people, however, are nothing to the Government; it is only the Upper House they consider; and so long as that Chamber can be cajoled, subdued, persuaded, or mollified in any way to allow them to continue in office the Government care for no one else. In order to get this result another direct change of policy is introduced. It was not authorised by the people, and it was condemned even by some members of the Ministry. The Minister for Works, the Attorney General, and the Minister for Mines, three weeks before the Government undertook to bring down a land and income tax, had gone publicly into the streets, into the by-ways and highways, and had condemned the policy of an income tax. Before the present member for West Perth was elected, and during the election campaign, the Attorney General went forth to oppose the present member on the ground that the Government would have no income tax but would have only a land tax. He was fighting against the land tax purely and simply. The Attorney General denounced the income tax and so did the Minister for Works. The latter actually repudiated the very suggestion of an income tax. The Minister for Mines is in the same position. Is it not playing false with the people when men, who openly go about to get a seat for their supporter, denounce the policy which less than three weeks afterwards they seek to have incorporated into law. Is that honourable government? What reliance can be placed upon Ministers who do things of that sort? They brought down the measure; they told us that the land tax would be on all fours with the tax proposed last session, but when it is brought down we find that that was not correct, for it makes concessions in certain quarters which did not appear in the last tax. The Government have not stuck to their guns. It is the incidence of a land tax which is its essence, and which gives character to the Bill. It is the incidence and exemptions which make the present

Bill different from one which would be introduced from this side of the House. The alterations effected were not with the purpose of carving out a public policy, to stand to one's guns, to assert a principle, but merely for the purpose of giving the Bill a chance of being carried by the Upper House. Here was another occasion when the Government kow-towed to the Upper House. Then there was the income tax which half the Ministry had been denouncing three weeks before. Where is the honour and consistency of these Ministers? Let us go farther. How do they seek to screen themselves for it? They say: "The Labour people favour a land tax and have endorsed the principle of an income tax, and they cannot complain of our introducing these measures." As far as the Labour Party are concerned it is our legitimate policy. A land and income tax rightly framed, with proper incidence and gradation, is the property of this party. We have a right to complain when we see those who have declared their disbelief in such a measure and their opposition to such proposals, carrying out the measure. This side could introduce the measure honestly, without sacrificing their consciences in order to do it. This side would have the authority of the people to do the work, but that side won the confidence of the people by opposing these very measures. That is the difference between this side and that. One side would be honest, the other side would be hypocritical and unfaithful and fraudulent. Was there any body of men, particularly of workers, that would endorse the income tax proposed by this Government? The total amount expected to be collected from the tax is £81,020. For the income tax on salaries of over £150 and not over £300, the Government expect to get £42,000; on incomes of over £300 and not over £500 they expect to get £9,000; on incomes of over £500, which are received by the wealthiest people, the Government only expect to get £9,000.

*Mr. Foulkes:* It just shows how few people there are getting good incomes.

*Mr. Bath:* We know how they will avoid payment.

*Mr. WALKER:* The fewer there are the better we shall be able to "get at" them. Just imagine the position. The sum of £42,000 is to be paid by those who are receiving incomes between £150 and £300 a year; the total expected to be obtained from the two taxes together amounts to £81,000; therefore the people with limited incomes of between £150 and £300 would have to pay more than half the total amount. If there is a labour party in the world or a conference or anyone else that would in the interests of labour and the welfare of the State propose a tax of that kind, then the country is going mad.

*Mr. Bath:* Especially in view of the present incidence of taxation.

*Mr. WALKER:* Exactly. Already the workers pay the bulk of the taxation of the State. The Premier endeavoured to show this House that this measure was only a copy of the South Australian Act, the New South Wales Act, the New Zealand Act, and the Tasmanian Act. There was nothing new in it. The principle of income tax is not new, and with proper provision for its incidence I am under the impression it is a wise tax and am heartily in favour of it; but in this kind of tax I scarcely think the Premier was fair in the way he sought to make a comparison. The income tax here will draw from the poorer portion of the community a sum of £42,000 as against £18,000 to be paid by those in the possession of incomes over £500 a year. In South Australia on incomes up to £500 a year the amount received is £17,000, and on incomes over £500 the amount received is £32,000. See the difference. It is all right enough saying that they have these taxes elsewhere. They have, but not with this incidence. It stands on its base in South Australia, but here it is on its apex. The same thing exists in New Zealand. It is the aim and object of taxation there so to equalise things that it will not be a burden on the poor. I interrupted the Premier when speaking on the income tax in England, and said it was a graduated tax and he admitted

it was so. The English law has gone down to the bed-rock principle, and says that men shall pay their share in proportion to the revenue they derive from the State. In other words, a man with little will pay but little; and as he increases up to his thousands, every thousand and he reaches he will pay so much more in the pound for it. In the case of death duties and succession duties the principle is applied, it is applied universally, apportioning the burden to the back that has to bear it. It is not so here; as if industry, thrift and self-denial were some species of crime. In the proposals of the Government we have it that the man who has saved enough to build his own house and thus to escape the terrorism of landlordism will be compelled to pay income tax on that saving.

*Mr. Bath:* In New Zealand they exempt the house.

*Mr. WALKER:* In New Zealand there is humanity; everything that is good in the New Zealand, the South Australian, and the New South Wales Acts is omitted. We are going into a very severe form of class taxation, and not only class taxation but class hatred and class persecution. The man who has built his own cottage is to be penalised. He will have to pay more out of his income than the man who has been improvident and is living under the shelter of the landlord.

*Mr. Troy:* They must placate the landlord.

*Mr. WALKER:* Yes. There is landlordism in the Upper House. It is a species of small, paltry crawling that makes humanity disgusting, so that a man will not be anxious to build his own cottage but will desire a class of landlords; penalising the man who lives in his own house. This is the policy of the Government. It is clear to those who have followed me that this (Opposition) side is not opposing the principles of land taxation or of income tax, but we are opposing the hypocrisy of the present measure, the departure from principles in the measure, the poor expediency, the dodge to placate another Chamber. I am speaking for my comrades on this side of the House. There is something brutal

in the hypocrisy that pretends to tamper with good laws and principles; it is tampering and profaning almost a sacred subject, if I may so say it. It is a wrong of the heart, of the mind and the conscience. Much as we love a land tax and much as we desire to see an income tax, and much as we appreciate and support the principle they support, we could not because of this name tolerate a Government that is juggling with these principles, utilising them for the purpose of catching popular support, using them for the purpose of prestige or for the purpose of placating another body. These principles are for the good of the people, not for the good of the Government. These are principles which are to be embodied in the development of the State, not temporarily used to get over a temporary deadlock created by the just attitude of the Upper House in desiring to send the Government to the country to ask for the mandate of the people. Whilst we believe in these principles we do not believe in their being profaned for party aims and purposes. We do not believe in their prostitution, simply for the purpose of continuing the present Government in office. That is the attitude this side in taking? We depart from no principles, but we call these measures iniquitous, conceived in dread, developed by greed of office. They are not sincere, they are not based on principles, but used to preserve the safety of those in office so that they may continue to run on. We say the people have a right to speak on them, and if they have these measures at all they want just measures. Because a person takes a bottle with a particular label on it and fills it with ingredients different from that shown on the label, that does not prove that the bottle contains what the label describes. The Government have taken the bottle and filled it with their own putrid and vile decoctions. For myself I condemn utterly this juggling with principles, this expediency for the sake of office. And in order that we may have some justice in our political life, and some honour amongst those ruling the country, and some aim towards keeping faith with the people who trust us and make us their

representatives, and in order that there may be no breach of faith, but responsibility and reciprocity between the people and their representatives, I intend to vote against the second reading of the measure.

Mr. A. MALE (Kimberley): The taxation measures which were introduced by the Treasurer only a short while ago I have given considerable attention to, and I must say that the more I consider them the more difficult I find them, and in many ways I am inclined to think they are not altogether what we require at the present time. In the first place I think I have to consider my duty to my electors. I was returned as a supporter of the Rason Government, and I have a distinct recollection that when Mr. Rason was before the electors at the last election he said he considered that by careful management and strict economy he would be able to adjust the finances of the State without farther or additional taxation. But he also intimated to the public that if it were necessary to impose additional taxation, that taxation should be some form of land taxation. At that time when addressing my electors I said that if it were necessary that farther taxation should be imposed, I was prepared to support some measure of land taxation which would provide a fair and reasonable exemption for the small settlers who were trying to go on the land. Since then I have seen no reason to alter my views and I have endeavoured to be consistent with them. I farther went on to advise my electors that I did not consider an income tax would be an advisable tax, and until all economies had been effected and every other form of legitimate taxation adopted, until then I should be opposed to any form of income tax. An income tax is an impost on the energies of labour; it is a tax of an inquisitorial nature and a tax which is objectionable to the individual and decidedly difficult of collection. It is in my opinion a tax which should be withheld as long as possible, a tax that we should keep up our sleeve, so to speak, as a kind of emergency tax to be used as the income tax in England is used for wars and other

emergencies, when the tax is put up to meet any deficiency that may be created. I should be sorry to think at present the state of our finances has been reduced to such a condition as to need at the present time an income tax. That some additional revenue is required owing to the fact of our loss of revenue through the customs tariff I have admitted and I still admit it, and as in the last session I am willing to vote for some form of land taxation to meet the deficiency. But as I said before I do not consider at the present moment it is necessary for us to impose a dual tax as suggested. The Treasurer advised us last session when introducing the land tax that he estimated the revenue to be derived from that taxation to be somewhere about £60,000. We are now confronted with a dual tax estimated to realise a sum of £80,000. What has led to the necessity for a dual tax? Only a short time ago a land tax received the unanimous support of this Chamber; and its rejection by another place should not suffice to persuade us that our convictions last session were wrong, and that the imposition of an income tax will make the taxation fairer or more justifiable. I must express my surprise on finding that in a few short weeks members of this Chamber who were absolutely opposed both by reason and by conviction to an income tax, are now supporting that form of taxation. When we consider that high land values are not created by the energy of the owner, but are principally due to the increased demand for land and the products of land, when we realise how much of the true value of land is represented by the unearned increment, we must logically conclude that it is fairer to levy a tax on that wealth derived without effort or exertion, rather than to tax the results of a man's personal energy. Looking through that portion of the Bill devoted to the income tax, we must recognise that it is not a tax on property, but on incomes and wages, and the bulk of the revenue will be derived from the toil and energy of working men, and from other people in receipt of moderate incomes, not derived from interest on accumulations, but from the personal

exertions and ability of those engaged in duties which call into play virtually as much physical exertion as the duties of the working man. I mean those who have to expend time, strength, and mental ability in the struggle of life. When we picture to ourselves the profits derived from mental exertion, we must not confine our view to the prosperous merchant, the wealthy banker, or the successful doctor or lawyer, but must remember that there is a large middle class of men, the tradesmen, who will be responsible for a great proportion of the revenue sought to be derived from this tax. To an income tax all taxpayers should contribute as nearly as possible in proportion to their ability to pay. The tax should be levied only on what remains after the taxpayer has provided the necessities of life for himself and his family. It should fall on what is really the surplus income. The Treasurer estimates the revenue from the tax on incomes of £500 and under at £51,000; from incomes of £500 and over, £9,000. We find also that incomes of £150 and under are to be exempt. But on the goldfields, where the cost of living is high, even if we assume that £150 would be a fair income for a single man, I do not think we can fairly assume that a married man with a family would have anything to spare out of that income. Another point to be considered in connection with taxation: We should try to take from the taxpayer as little as possible beyond what will be netted by the Treasury. The levying of the tax may require a large number of officers and a complex organisation which may eat up too much of the revenue; and this to me is a strong argument against dual taxation. It seems to me that the amount raised will not justify the enormous expense of collecting the dual tax. The collection will necessitate the creation of new departments with their permanent heads and staff; and the expenditure will, I think, be quite out of proportion to the small revenue, which, after all, will only be a matter of £80,000. Increased work will mean increased cost; and it is but fair to consider whether we shall derive enough to recoup us for the increased cost of collection. It often seems to me

we have here a State which is far too large for the few people in it to develop thoroughly as we should like; and we cannot ignore the fact that each year the increases in the civil service are largely due to the increased duties imposed upon the country by the necessity for developing and controlling our public estate. All Governments, we know, start with the best intentions, form good resolutions, tell us they will keep down the expenses; but, after all, the expenditure goes on much the same as before, probably through no fault of the Ministry, but because during every session we pass new legislation, we create new departments, make new regulations, all of which need additional officers to administer and enforce. I cannot conclude that the municipal, roads board, and special grants are conducive to strict economy. To me it often appears that many candidates for election are chosen rather for their ability to obtain large grants for their districts than for the ability to do good work for the State. That we have reached the limit of possible economies I am not prepared to accept as a fact. That our railways are being worked to the best advantage of the State is still open to strong criticism, in view of the recent correspondence in the Press. Altogether, I am not inclined to believe that the dual form of taxation now before us will be in the best interests of the State. I cannot understand the convictions of those converts both in this and another Chamber who are prepared to support the measure because it is more reasonable and equitable than the Bill of last session. They seem to think this Bill more reasonable because it reduces the land tax from  $1\frac{1}{2}$ d. to 1d., and more equitable because it will draw the tax out of more pockets than were originally intended. I think the Government should go still farther to make taxation equitable, by bringing in an amendment of our Dividend Duties Act. No sane man can hold with the fairness of charging one tax on dividends and another on what may be called profits; that persons trading as a company should pay the heavier tax while the private trader should pay the lighter. The idea seems inconsistent and unfair, and

if a special tax on gold-mining companies be necessary and expedient, better devise a form which can be applied to other companies also. The member for West Perth (Mr. Draper), speaking at the end of last session, said the Government had no mandate from the people for the introduction of a land tax. That was true, though Mr. Rason gave some intimation that such taxation might be imposed if it were found necessary. But I would say we have no mandate from the people for the imposition of an income tax, neither have we an intimation that such a tax would be imposed if it were found necessary. It appears to me that a great deal of our revenue may yet be recouped from that wave of prosperity we know is now going through our farming districts. That, I think, must to a great extent, stimulate our industries. It will bring undoubtedly increased earnings to our railways, not only by the carriage of produce, but by the carriage of machinery and farming plant, which I think will be purchased and brought into the State by the additional profits being derived by the farmers owing to the very fine prices they are now obtaining for the products they are exporting; and in addition to the revenue it will give to our railways I think there is not the slightest doubt it will also bring additional revenue through our customs. Recognising as I do and always have done that the Government are doing good work, and admitting at the same time that a certain form of taxation is necessary to assist in recouping what we have lost through our customs revenue, it is not my intention to unduly harass the Government; but in so important a matter as additional and new taxation I think I must reserve to myself some independence of action and thought, and if the principle of this dual taxation does pass through the second reading I shall certainly reserve to myself the right to propose any amendments which I may think necessary and expedient.

Mr. J. SCADDAN (Ivanhoe): May I, at the outset of my remarks, congratulate the member for Kimberley on his fine exposition of what is an equitable form of taxation? The speech the hon.

member has just delivered is undoubtedly the finest we have yet heard on this Bill, and I think it would be as well if the Government distributed the speech in pamphlet form to give the public of this State an opportunity of judging exactly what their taxation will be. My object in rising on this occasion is to draw attention to the fact that the latest proposal of the Government is an undue taxation on the goldfields population. [*Member: Goldfields workers.*] That is so. After looking up the *Statistical Register*, I find that there are 18,000 workers employed in the mining industry of this State, and it is estimated by the Statistician that the average wage amounts to £4 a week. In some cases it is considerably more, but I am prepared to accept it as a fact that the average rate is £4 a week, which means £208 per annum. Making a deduction of the £100 exemption allowed in this Bill, it will leave £108 on which these 18,000 men employed in the mines solely will pay taxation under the present proposal. Of course I am prepared to admit that in some instances this may be an over-estimate, and that a number will not pay the tax, but those who will not pay the tax are very few, consisting of boys who receive from £2 to £2 10s. a week, and perhaps a few railway servants as well; but I am mainly speaking of those employed on the mines. I estimate that the Government will derive about £35,000 under this taxation from the wage earners on the mines, and I cannot imagine how the Treasurer can arrive at his figures that £42,000 will be the total amount received from the income tax on incomes not exceeding £300 per annum. I notice that the Minister for Mines is smiling as usual in his wisdom. Probably the hon. gentleman imagines that my statement is not correct.

*The Treasurer:* The hon. gentleman is pretty sure of it; he does not imagine it.

Mr. SCADDAN: The probability is that we will find after the first year under this income tax, if it is passed by this Chamber and the other House, that the Treasurer's estimate will be considerably exceeded. [*The Treasurer:* I hope it will.] There are others working on the goldfields of this State receiving large

salaries, considerably over £4 a week, but I have not taken them into consideration at all. For instance, there are large trading concerns on the fields which will pay a considerable amount under the tax, but I do not desire to give them any sympathy in dealing with this form of taxation, because I consider those best able to bear the taxation should be called upon to pay it. The proposal of the Government is undoubtedly a climb down and a sop to another place to enable another place to pass this form of land taxation in order to prevent Parliament in the near future placing on the statute-book an equitable form of land values taxation. The proposal of the Government is one that should be carefully scrutinised. While the wage earner cannot remove the burden of the income tax, the man in possession of considerable property can easily remove the burden of the land tax or the income tax. Under the dual proposal of the Government I certainly believe that the £42,000 that the Treasurer estimates is likely to be raised from those receiving incomes not exceeding £300 will be realised. Those who are paying that sum cannot remove the burden of it, because the bulk of them are not property owners; but in the case of those who receive salaries over £300 per annum, from whom the Treasurer anticipates receiving something like £18,000 per annum, they are persons in possession of property in many instances, and they will certainly evade the land tax. The result will be that the land taxation proposal of the Government will be a dead letter, and I am not prepared to sacrifice the principle of land values taxation on this occasion by agreeing to the proposal of the Government to include an income tax. I am pledged to land values taxation and also to an income tax, but I am not pledged to the proposal of the Government, which is neither one nor the other. An income tax is undoubtedly a tax on exertions; but what I want to point out is this, that it taxes a man because he receives an income irrespective of what portion of the income is left in the man's hands; and that is unfair. Those persons who are running huge business concerns can

build up their expenditure so as to evade the tax, but in the case of a wage earner we tax him on the whole of his income, and do not take into consideration what is left in his hands. Under the proposal of the Government a man in receipt of £3 a week, or £156 a year, will pay 18s. 8d. income tax. Of course that does not seem a large sum, but we have to take into consideration the possibility that on the goldfields not one worker will have anything left in his hands at the end of the year. The result will be that what he is receiving to-day, which is merely subsistence, he will have to curtail in order to pay the tax; so we find it is an undue tax on that individual. Even if I concede the point that a person in receipt of £156 a year is able to save 10 per cent.—I do not admit it for a moment, but I am doing so for the sake of argument—it will be something like £15 at the end of the year; but of that amount the person will have to pay income tax to the extent of 18s. 8d., or a tax of 6 per cent. on the actual saving for the year. Now, take the case of a man whose income is £1,000 a year I do not think I am stretching it very much or asking him to curtail in any way any of the necessities of life, when I say that such a man could easily save £600 of the £1,000, leaving £400 for his usual expenditure and upkeep. Under this Bill he will pay £16 13s. 4d., which is really less than 3 per cent. of the actual saving for the year, whereas if he paid on the same basis as the individual receiving £156 a year he would be called upon to pay £36 income tax instead of £16. Next, take the case of an individual in receipt of £10,000 a year. He could easily save £9,000 a year without being called on to stint himself in any way. Under this Bill he would pay £166 income tax, which really means less than 2 per cent. of the actual saving, whereas if he paid on the same basis as the man earning £156 for the year he should be paying £540 by way of income tax each year. This is the class of taxation proposed by the Government, and while I represent a section of the workers in particular, and the whole of the workers of the State in general, I am not going to commit my-

self to support a measure of this kind; but I am going to take the responsibility of casting my vote against the proposal irrespective of the fact that some may say I am voting against principles to which I am pledged. I am pledged to land values taxation and to an income tax, but this proposal of the Government's is neither of those to which I am pledged. I regret the Attorney General is not in his seat. The hon. gentleman made certain statements on the Address-in-Reply. As a matter of fact he quoted from a newspaper by the name of *Taxation*, which made certain statements about members of the Opposition. It would be well if the hon. member could hear what one of the leading single-taxers said about him quite recently. Perhaps it is just as well that hon. members should hear it. The Attorney General quoted from *Taxation* to this effect, referring to the Labour Party:—

“They did not attempt to disguise their indifference to genuine land reform, but openly avowed that they were grasping this opportunity solely and simply as a party dodge; in fact they will only oppose the second reading—‘should a count of heads show that by so doing they can create a crisis and drive the Government to the country.’ Naked and unashamed they stand as political schemers reckless of their country's good, desirous only of seizing any pretext to oust the Government and enjoy office.”

The Attorney General was exultant because he could quote such a statement against members on this side of the House. Only a few days after that statement was made there appeared in the *Kalgoorlie Miner*, under the heading “Reform Notes,” written by Mr. R. E. White, one of the foremost single taxers in the State, an article on what was termed the then political crisis. In that he states:—

“When the present Ministry was formed there seemed to be some prospect of a genuine attempt to grapple with pressing social problems, and serious financial difficulties. The inclusion in the Ministry of Mr. Keenan, with the portfolio of Attorney General,

seemed a happy augury. Mr. Keenan secured election as a genuine advocate of land values taxation. His election speeches had the ring of true democracy. He affirmed vigorously and often that nothing but the resort to a considerable amount of direct taxation would restore financial solvency; that the only form of direct taxation that was just and honest was an unadulterated tax on land values. He steadfastly opposed any attempt to vitiate the principle with exemptions of any description. And he claimed that this reform would work far-reaching improvements in economic conditions. Also, he emphatically denounced an income tax, advancing solid and convincing arguments against it. His constituents were pretty generally convinced of his sincerity, and they also credited him with a strength of will and consistency of purpose that would make him a force to be reckoned with in a deliberative body. Hence when he accepted the portfolio he was re-elected unopposed. At that time all his colleagues posed as believers in effective land reform, though with somewhat less success."

That was the opinion held by all genuine land reformers at the time the Attorney General was elected member for Kalgoorlie. And afterwards when he accepted the position of Attorney General in the present Ministry what do we find? The Attorney General turned a complete somersault from the position then taken up, for while he was prepared to quote taxation in the first instance, yet the fact remains that now he has lost the confidence of the land taxers of the State, as he will find when he again approaches his electors in Kalgoorlie. I am not going into the question of what is an equitable form of taxation, but will merely say that it is a form of taxation in which there are no exemptions or rebates. The question of rebates affects very greatly the principle of land values taxation. Some members may say that rebates are only for the purpose of giving encouragement to a person improving the land, but the rebates proposed in the present land tax do anything but that. My strongest objection to the rebates in this Bill is that

it is proposed that where blocks owned by the same person are held within a distance of 10 miles of one another, if the owner has improved one of his blocks then the properties are to be taken as if they were but one, and the rebates come into force on the whole. The unfairness of this will be easily seen if one takes the case of a man holding a number of blocks in a city like Perth. A radius of 10 miles covers the whole of the city, and it might be that an owner of a number of blocks would have considerable improvements on one block, and although his remaining blocks were altogether unimproved yet the rebates come into force. The same argument applies in respect to the farming districts. There are a large number of blocks in the State, and particularly along the Great Southern Railway, which are owned by one person, and it might be that the owner would have one of these blocks considerably improved and then, because the remainder of the blocks were within 10 miles of the improved one the rebates would apply to all, notwithstanding the fact that none of the blocks except one had even been ring-barked. That is not the kind of land values taxation we require. Irrespective of whether it is necessary that we should raise money by taxation or not, the system of land values taxation is always a wise one to impose. It is not, however, a question of revenue, for land values taxation does not stand only for revenue purposes, but it compels persons in possession of practically the chief source of all wealth to utilise their land or hand it over to someone else who will. Owing to the holding of land in large areas in some instances, and in small areas in others by a few or many individuals, many people are compelled to go a long way from railway communication and the main roads in order to obtain a livelihood by working the land. This is an admitted fact, notwithstanding that we have plenty of land bordering on all the present railway systems, and it is time we should impose some form of taxation to compel those persons to utilise the land. At the present time we are expending a considerable amount of money from loan funds, for which we shall have to find interest

and sinking fund, to provide those distant from the railway with communication, and yet there are sufficient railway lines in Western Australia if the land adjoining them was utilised, to provide that every land owner in the State would be near railway communication. A proper form of a land values taxation would immediately stop the construction of additional railways, and would permit those persons looking for land to obtain it near the present railway system. I think I have said sufficient to justify me in voting against the Government on their land and income tax proposals. The form of taxation they propose is not just. I fear the danger we have to face at the present juncture is that the Government are in great need of money; the finances of the State are not in a sound condition, as is shown by the Estimates now before us, and that very fact is compelling many members on the other side of the House to agree to this tax without considering the principle of it at all. That is the danger. As far as the Labour Party are concerned it is the principle to which we are pledged and not the amount of revenue that it will produce. In view of the fact I have mentioned I am afraid that the tax will be placed on the statute book, and that this fact will keep back a legitimate form of land values taxation for a number of years. I am prepared to take the responsibility of casting my vote against the Government proposals.

Mr. A. C. GULL (Swan): As one who consistently opposed land taxation from the beginning, except when it was absolutely necessary to raise funds for carrying out Government works, I desire to say I have no more love now for a land tax than I ever had, nor have I any more love for the income tax proposals attached to it. The only consideration that would influence me in any way to support a land tax is that the Government were in dire need of funds to carry out the policy of the country. When the question came before this House I opposed the clause providing for exemptions. I did so perhaps from a different point of view from members opposite, my desire being to make the incidence of the

tax broader than under the original proposals of the Government. My own view as to land taxation is that a land tax in this State is absolutely unnecessary. We have the local machinery already established for collecting a land tax through the roads boards and municipalities, and I fail to see now, as I did last time the Bill was before the House, any reason whatever for establishing another department to carry out what should be done by those already in existence. When the proposal was before the House last session it was pointed out that the valuations on which the tax would be based would be taken from the roads boards and municipal valuations already existing; such a system would be most inequitable. I strongly object to these valuations being taken as the basis upon which the Treasurer should frame his land tax. Bearing in mind the fact that I have been in favour of broadening the incidence of land taxation as much as possible, I must support the present proposals of the Government, although I dislike them really just as much as ever. Members on the other side of the House opposed the land tax and the Government last session on the question of exemptions. I join with them in that because I wish to broaden the incidence of the tax. Members on the other side of the House based their opposition on high moral grounds. If no exemptions are necessary in the land tax I fail to see why there should be any exemptions in the income tax either. A tax, whether on land or on income, is one of thrift. If the income tax is a tax on thrift, the same thrift put into the land amounts to practically the same thing. It appears to me, on considering the whole matter, that the system of taxation proposed by the Government provides an additional method of getting at those people who do not improve their lands. I fail to see how there can be any other method by which people who do not improve their lands can be compelled to do so. I consider that the rebate clause is one of the strongest points in favour of the Government proposals for a land tax. If members opposite are prepared to vote for a land tax with no exemptions, why do not they propose to vote for an

income tax without exemptions? It amounts to this, that so long as the workers, the miners, who are represented almost entirely by members on the other side of the House, escape taxation they are quite prepared to support an income tax if the exemption is £250. It only shows me that so long as their particular class escapes the tax, the poor man on the land must take his full extent of it. It is an absolutely wild statement to say that the man on the land is in a good position. There are thousands of men in the country on the land battling for their existence. I say emphatically that the man who works on a farm does a considerably harder day's toil than a man who works in a mine, and receives considerably less wages. The Premier alluding to this measure said it was the same as the Land Tax Bill previously introduced. I do not agree with him. It is not the same measure at all, for the present proposal is a great deal better than the original one because the amount of the tax has been cut down.

*The Treasurer :* The Land Tax Assessment portion is the same.

*Mr. GULL :* Perhaps I fell into some disgrace, because I supported an amendment moved by the member for Claremont, that the two Bills should be brought down conjointly. The two Bills embody the principle, and it is the principle I am dealing with. The lower the tax on the land the more agreeable it is to me. I do not think this is the same tax as previously brought down. I am trying to assist the Government to carry out the policy they have enunciated in the country, which I believe is the only one that should be adopted in this country now that we have joined the Federation. I may allude to a remark made by the member for Kimberley (Mr. Male), that he hoped the revenue of the country would be made up by the wave of prosperity which is passing over the State. I do not know whether you can call the late rise in the price of produce a wave of prosperity ; I hope it may be the beginning of a wave at all events. I wish to call the attention of members to the fact that, through the unfortunate circumstances the other States are placed in

by the drought, we have had a good market for the sale of Western Australian produce. What happened ? The Federal Government have struck off the forage duties as against New Zealand, and so far as there being an opportunity for this country to recoup itself for the low prices received last year, the opportunity has practically gone. One of the by-products of wheat, bran, fell £2 in one day recently. I am sorry that the other States have suffered from a drought ; but bearing in mind what Western Australia has had to put up with in recent years, it was a great shame that as soon as Western Australia had a good market for her produce that advantage was obliterated by allowing New Zealand produce to come into Australia free. I have only to say in conclusion, that this tax is not acceptable to me, but I make myself accept it with a view to seeing some development work carried out in the country. And I only give my adherence to it because it widens the incidence of taxation and does away with the soreness throughout the country districts where people thought the tax was being made a class tax. Limited liability companies were escaping all taxation, even the dividend duties, whereas the country lands were singled out for special taxation purposes. The incidence has been widened and I intend to give my support to the measure.

*Mr. E. C. BARNETT (Albany) :* The member for Mt. Margaret (Mr. Taylor) when speaking stated that there were only three members on the Government side of the House who had a mandate from their constituents to support a land and income tax ; in fact, that only three members, when before their constituents, referred to this matter. In saying that, the member omitted to mention myself as one of the three. In addressing my constituents, when seeking re-election—and this will show that the land and income tax was recognised by the Rason Government—I said that notwithstanding the very optimistic speech made by Mr. Rason, when addressing his constituents in delivering his policy speech at Midland Junction, I was of the opinion that direct

taxation would be necessary in the near future. As this State on joining Federation had deprived itself of the power of raising additional revenue through the Customs, fresh taxation must take the form of direct taxation; and the only way in which direct taxation could be imposed was in the shape of a land tax or an income tax. And I said farther that should the necessity arise, and I believed it would, for direct taxation, I was prepared to support either or both of these measures. On this platform I was elected; therefore, I can honestly and conscientiously support the Government without any breach of faith to my constituents. As to the amount of exemption on the income tax, the amount fixed by the Government is lower than I expected. While supporting the measure, I reserve to myself the right, should I think it advisable, to have the amount of the exemption increased. I fully recognise the necessity for new taxation. I believe it is better in the interests of those who will be affected to have constant work if they have to contribute slightly to the revenue, than to have a state of stagnation existing, people being out of work half the time. Speaking personally, I think it is far better to put my hand in my pocket and pay land and income tax, and to have a live business going on, than to have a business that is stagnant and no taxes to pay. I realise the Government have honestly done their best to exercise economy in administration. Many members in addressing themselves to this subject have overlooked the fact that the longer a civil servant remains in the Government service he should receive more pay. It would be most unfair to the civil servants, after giving the best years of their lives to the State, to discharge them and employ others at a lower rate of wage. The reduction in expenditure that the Government expect cannot be effected for the reason that year by year, according to length of service, the salaries of civil servants are increased. I shall support the second reading of the Bill, reserving to myself the right to increase the amount of exemptions.

Hon. F. H. PIESSE (Katanning) : I do not intend to repeat the arguments which I used previously when speaking on the Land Tax Bill, which also refer, I take it, to the inclusion of the income tax. I then raised certain objections to the introduction of these taxation measures, believing as I did then that they were premature, and also knowing that the constituents I represent, being agriculturists, are generally opposed to the tax and would prefer that such tax should not be imposed. Remarks have been made to-night by some members that the advantages it is hoped will accrue in the way of the development of unimproved lands by the result of taxation, will not be attained under the present Bill. It is shown that the reduction made is not conducive to that farther development; and I agree it will not lead to the more rapid development of lands whose development is now retarded. I am certain it would have been preferable to amend the land tax proposals rather than to add to them this proposal for an income tax; because I think we could then have forced the development of unused lands much more effectively than we can under this measure. Though I disagree generally with the remarks of the member for Ivanhoe (Mr. Scaddan) as to the development of our lands up to date, I think there are good grounds for some of his arguments; but as with many other arguments, his language is inflated, and his condemnatory remarks are unjustifiable against men who have done their best to develop their holdings as rapidly as possible. We all congratulate ourselves and the country on the success which has followed the recent efforts of the farmer. I have pointed out many times to the House that the large areas of land taken up during the last four or five years have only recently been occupied, and, therefore, we cannot in many cases expect more rapid development than has taken place. But a farther incentive to development is evident in the progress shown by recent market operations. Great inducements have been held out to our farmers by the changes of the last few months, indicating as they do that we may expect higher prices for the

products of the soil, thus adding to the farmers' wealth and the wealth of the nation. But we must not forget how many new settlers have gone on the land, and that two years must elapse after they take it up before any considerable development can be effected, the initial stages being tedious and slow to men of small means. I quite agree with those who advocate forcing the hands of land holders who have no excuse for slow development, and of those who are holding with a view to the unearned increment, holding for the purpose of selling to the less fortunate men who come after them. But apart from land taxation, we have the necessary powers under our land laws; and as soon as the machinery available is rigidly set to work, it will effectually secure the result which we so strongly desire.

*Mr. Troy:* Why is it not at work?

*Hon. F. H. PIESSE:* I shall not answer that question. I do say that the rush which has taken place, the great settlement of some million acres a year which is going on, makes the work of inspection costly. However, arrears of work are gradually being overtaken, and from my own experience of the inspectors I know that much better results are obtained than in preceding years, when such strong objections were lodged against the dilatoriness of those settled on the land. We must not condemn wholesale those settlers who have tried to do their best; but I, with others, join in condemnation of those who have taken up land for purely speculative purposes. I am just as much opposed to such people as is anyone else in this House. It is they who are blocking settlement in this country; they are earning large sums of money without doing any work, merely because of the energy of those who have taken up adjoining lands and created for the speculators wealth which they do not deserve. With these facts all members must agree, and must give credit to *bona fide* settlers for showing such great developments in so short a time. I shall not speak at length on the general question, but I would commend to the Government the remarks of the member for West Perth (*Mr. Draper*) as to the Committee

stage of the Bill. The Government should prepare a new clause providing that in case of a mortgage the amount of the loan will be deducted from the value of the land, so that the mortgagee may pay his share of the income tax, and that the landowner may be correspondingly exempt. We have similar legislation in other States of the Commonwealth and in New Zealand.

*The Treasurer:* New Zealand imposes a special tax on the mortgagee.

*Hon. F. H. PIESSE:* This question is well worthy the consideration of the Government. I should like also to bring under notice, though it cannot be included in this measure, that New South Wales passed last year a Local Government Act, 56 Vic. 1906. As our Government intend to introduce a Roads Act on the lines of the Local Government Acts of the other States, the experiment should be tried here which has been tried with advantage in New South Wales. Part XXI. of the Local Government Act treats of general rates, and Section 150, dealing with shires, provides that—

“(1.) The council of a shire shall make and levy a general rate of not less than one penny in the pound and not more than two pence in the pound upon the unimproved capital value of all ratable land in its shire: Provided that on representation from any council that a general rate of one penny in the pound on such unimproved capital value is more than sufficient to meet the requirements of its shire, the Governor may, in his discretion, allow the reduction of such rate below one penny in the pound.

“(2.) The Governor shall, forthwith, on the council of a shire imposing a rate on such unimproved capital value, proclaim that the operation of the enactments mentioned in Schedule three are to the extent therein mentioned suspended in such shire.”

Schedule 3 refers to all the Land Tax Acts of New South Wales; and if the system is found to be a success in that State, I hope we shall have a similar provision made in the Roads Bill to be placed before us later on. Such a concession would be much appreciated,

for it would introduce what I have so frequently advocated in this House—local taxation to enable the local authority to carry on the works of municipalities and roads boards, thus relieving the Government of the burden of finding the money, and relieving the district of the general or State taxation, while at the same time the Government subsidies to municipalities and roads boards might be gradually reduced by, say, ten per cent. per annum. This scheme would bring about a better state of things. And though the Local Government Act of New South Wales has been tried for only a year, I have heard encouraging accounts of it ; and I think it may well be adopted when we are dealing with the larger measure of local government which the Ministry intend to bring in. With regard to the present Bill generally, I regret it was ever introduced. But the Government found themselves bound to bring in such a measure. We in the country know there is a necessity for carrying out certain public works ; and although the people of my constituency are adverse to the introduction of such a tax, especially at this early stage of their developmental work, yet I am satisfied that they, as well-meaning patriotic people, are ready to pay their share of any impost for carrying on the public works of this State. And although those people are opposed to the land tax, I am quite certain they will see the necessity for agreeing to some new tax, and will accept that which in the opinion of the Government will be most likely to bring about the desired results. In these circumstances I will, as I stated last session just before the prorogation, support the Government, hoping in Committee to pass certain necessary amendments, thus farther improving the Bill, altering its incidence in certain directions, and making it less objectionable.

Mr. M. F. TROY (Mt. Magnet) : The Bill providing for a tax on incomes in conjunction with a land tax finds no favour in my eyes ; and the reasons are not far to seek. Because, as has been pointed out not only by members on this (Opposition) side of the Chamber, but

by members on the other side, the measure is simply an impost on the wages of the great majority of the people. This is not a land tax at all, nor is it an income tax as that is generally understood. The amount to be paid by way of land tax has been reduced, while the income tax has been so arranged that it will fall upon the workers, who already pay more than their share of taxation. It cannot be contradicted that of the revenue raised by the State and the Commonwealth for carrying on their work, the major portion is paid by the workers. The workers are the people with the largest families, people who contribute most of the taxes of any country, and who at the present time bear indirectly more than their fair share of taxation. This measure, particularly the income tax, will place on their shoulders a still heavier burden, which they are by no means able to support. I intend to analyse the Bill and compare it with the corresponding Acts of the other States and New Zealand, when it will be seen that this Bill is one of the most inequitable ever introduced to any Australasian Parliament. There is not on the statute-book throughout Australasia a measure which will bear so oppressively on the people. When one remembers that people with incomes of less than £300 will be called upon to raise more than half the amount required by the Government, one can easily understand who are the perpetrators of this measure. The members for Kanowna (Mr. Walker) and Mount Margaret (Mr. Taylor) have pointed out that the Bill is introduced at the instance of the gentlemen in another place, the gentlemen responsible for throwing out, only a few weeks ago, the land tax proposals of the Government. Those gentlemen made no secret of the fact that they would give their support to an income tax coupled with a land tax measure such as this. When one goes into the matter and dissects the methods of taxation, one is satisfied that this is merely an attempt to bring in a measure that will receive the commendation of the gentlemen in another place. The Treasurer hopes to receive £80,000 per annum from an income tax and land tax, and of that the

poor people of the State, the workers, those receiving less than £300 a year, are to pay more than half. One can only arrive at the conclusion that it is a deliberate attempt on the part of the Government to make this measure acceptable to those in another Chamber representing the landowners and people with the largest incomes in the State who are being called upon to bear the smallest share of the taxation. The Treasurer only endeavours to secure from those receiving over £500 a year £9,000 per annum. I have gone into the matter carefully, and I find that from people in Western Australia receiving under £300 a year the revenue will be 70 per cent. of that which is proposed to be raised by this measure, while the wealthy people, the mining companies, corporations and wealthy citizens will only bear 30 per cent. of the taxation. If this is a fair and equitable form of taxation it is one few members of this House will understand. Government supporters do not understand it, and they have to-night pointed out the inequality of the measure. I strongly object to any form of taxation which is not fair and equitable. I represent two or three thousand people, the majority of whom receive more than £150 a year, and they will be called upon to bear a large share of the brunt of this taxation. In the case of the great majority of these people the wages received are not sufficient to keep wives and families in a decent way. It takes a single man on the goldfields all his time to live on £150, and when a man has a wife and family to support he has no chance whatever of carrying on at a wage which is only £150 a year. The member for Katanning talks about the struggles of the farmers. Has the hon. member ever visited the goldfields and had brought under his notice the miserable habitations in which people are compelled to live there, little bits of hessian houses on mulga poles? These are the people that are to be called upon by the Government to bear the largest share of the taxation proposed in this measure. It has been said the farmers live in such like habi-

tations; but the farmer is making a permanent home for himself; he will not be turned away, as the miner or the ordinary worker may be any day, and be compelled to break up his home and never have an opportunity of doing anything better for himself. Notwithstanding the fact that these people do not receive sufficient wages to provide decent habitations for their wives and families, in the summer months, in the sweltering months of the year, when the people on the coast are enjoying better climatic conditions, they are compelled to keep their wives and families on the goldfields, because they have not the means with which to send them away, and the result is that considerable sickness occurs which is another heavy burden on the people in those outlying districts who are doing the pioneering work for this State and are being called upon to bear the brunt of this taxation. How have the other States treated people in like circumstances? In New Zealand the form of taxation is more equitable, because the people who receive over £300 per annum are paying above 80 per cent. of the taxation. New Zealand furnishes a fine example of the way in which the taxation is carried out there. There is a special exemption to £300, and on the first £1,000 of taxable income, after allowing the exemption of £300 and for insurance premiums to £50, the rate is sixpence; while on all incomes over £1,000 the rate is a shilling in the pound. All companies pay one shilling in the pound with no exception. The New Zealand income tax is graduated; the higher the income a man receives the higher the rate of taxation. This is how it should be. An income tax is only introduced as a last resource. I will admit that every member on the Opposition side of the House is pledged to land taxation and to an income tax, provided of course an income tax is necessary. We have always advocated the introduction of a scheme of land taxation, because it is the most equitable form of taxation. By it we are not taxing the industry, thrift, or energy of any individual; we are taxing the land in order to give back to the people

the value which they have by their efforts placed on it. The great bulk of this taxation will fall on the people in the towns and not on the people in the country or the farmers. The people in the larger towns will bear the heavier share, because that is where the unearned increment is greater. So we advocate a tax on land in order to give back to the people a portion of the value which the people by their efforts have placed on it. The income tax is entirely different. It is only advocated or introduced as a last resource, when the State is so short in funds that it calls upon the citizens to put their hands in their pockets and assist the Government to carry on any particular work desired. We should not have had an income tax brought in in conjunction with the land tax. We should have brought in a measure providing for land taxation, as the Government did in the first instance, and we should have done our utmost to carry the measure through both Houses. The Government were of course considerably weakened because the Upper House refused to pass the land tax, and as a result we have this measure introduced by which the people whom the members of the Upper House represent will escape their burden of taxation, and the taxation will as usual be placed upon the poor. Members, even the member for Kimberley, have complained of the fact, that Ministers elected to the House opposed to certain forms of taxation have at a later date, without consulting their constituents, taken up these measure of taxation and endeavoured to carry them through the House. There is the case of the Minister for Agriculture, and also that of the Treasurer. I remember the time, not so very long ago, when the Treasurer was the greatest opponent of land taxation in the State. The Minister need only carry his mind back to the time when he contested an election in the Bunbury district, and when he was an absolute opponent of land taxation. The Minister for Agriculture was just such another; then there was the Minister for Works. Only a few weeks ago he spoke in West Perth on August 22nd

when "he favoured a tax on unimproved land values and spoke in opposition to any suggestion of an income tax being levied on the people." That same gentleman to-day was associated with a Government which was endeavouring to introduce one of the most iniquitous forms of income tax ever levied on humanity. Any member of the House would be quite justified in opposing the measure, which was introduced in response to the wishes of members of another place. Those members had dictated the policy and the Government merely accepted it because they wanted to escape going to the country. I ask members representing localities where the people will be called upon to bear the heavier burden of taxation to vote against the proposal. At all events those members should give an expression of opinion on the measure. In South Australia the burden of taxation was more equitable and it was not placed upon the workers and the poor people. [*The Premier: How about Queensland and the Labour Party.*] In South Australia those who were receiving an income of less than £500 a year paid 33 per cent. of the tax, while those having incomes in excess of £500 paid 66 per cent. Thus it was in all the other States. In all places where an income tax was in vogue the people compelled to pay were those who were receiving the larger incomes. This is as it should be, since they are best able to bear the tax. In New Zealand provision has been made whereby mortgagees have to pay a certain proportion of income tax; a tax on the capital value of mortgages has been provided for and I hope if this measure reaches the Committee stage a similar provision will be inserted. In connection with this measure no attempt is made to put a special impost on dividends. In New Zealand provision is made for this, for mining companies are assessed on one-half the dividends paid annually to the shareholders; the other half of the dividends are exempted as they are deemed to return something to the shareholders for the capital they had invested. If a similar tax were to be levied here it

would mean, as the dividends amount to about two million pounds per year, that it would return about £16,000 a year to the State. [*The Treasurer*: They pay a dividend duty now.] The Treasurer expects to get £81,000 from the two taxes, but if there was a fair land tax we should get twice that amount without an income tax at all. If we are going to have the same administration we have had during the past few years on the part of the Government, that sum will go only a very small way. It was pointed out during last week how extravagant were the methods of the Government when they spent as much as £14,000 on an electric lighting plant at the Claremont Asylum. [*The Treasurer*: It was a most economical expenditure, as has been proved.] That will never be proved to the satisfaction of members. If we are going to have that sort of administration there is no warrant for this House passing additional taxation. It was pointed out a few days ago that in regard to the construction of certain brake vans instructions were given in absolute opposition to the wishes of the Commissioner of Railways, that a contract for the construction of some of the vans should be given to a private company. The result of that was that it cost the State £3,000 or £4,000 more than if the brake vans had been constructed at the Midland Workshops. If one were to go through the Estimates and total up similar extravagances, it would easily be seen that the Government could not claim to have undertaken anything in the direction of economical administration. I am opposed to this measure, particularly because of the manner in which the income tax has been introduced. I am strongly opposed to the burden of taxation being forced so heavily upon the workers of this State, upon the bone and sinew, who are building up the State and who are already paying a far greater proportion of taxation. In the remote districts, as I have frequently pointed out, a salary of £3 a week, or £150 a year, is not sufficient to enable a man to keep his wife and family in decent circumstances. On

our goldfields the majority of people are living in rough hovels, houses built of hessian and mulga bush, with earthen floors, and these are the people whom the Treasurer is calling upon to pay one-half the taxation. That is not a fair thing, and if this House does not reject the proposal, the time of reckoning will soon come, when those gentlemen will have to face the people and will be dealt with as they deserve. There can be no denying the fact that as far as these measures are concerned they have been introduced only on the demand of the Upper House. Did not the hon. member, Mr. Moss, say in Fremantle recently that because of the introduction of this measure he would now give his support to the taxation proposals of the Government? Another place opposed the land tax because it was to be imposed on them, but now that the Government have introduced a measure compelling the poor unfortunate working people to bear the taxation and so accommodate the other House, they are satisfied. I will oppose the motion right through, and if I cannot defeat it on the second reading I will do my best in the Committee stage. I will raise the exemption as far as I can, so that the people may have an opportunity of earning a livelihood without paying heavy taxation.

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

|      |    |    |    |    |
|------|----|----|----|----|
| Ayes | .. | .. | .. | 23 |
| Noes | .. | .. | .. | 16 |

Majority for .. .. 7

| AYES.                | NOES.                |
|----------------------|----------------------|
| Mr. Barnett          | Mr. Angwin           |
| Mr. Brebber          | Mr. Bath             |
| Mr. Cowcher          | Mr. Bolton           |
| Mr. English          | Mr. H. Brown         |
| Mr. Davies           | Mr. Draper           |
| Mr. Eddy             | Mr. Heitmann         |
| Mr. Ewing            | Mr. Holman           |
| Mr. Gregory          | Mr. Horan            |
| Mr. Gull             | Mr. Johnson          |
| Mr. Hayward          | Mr. Male             |
| Mr. Keenan           | Mr. Taylor           |
| Mr. Layman           | Mr. Troy             |
| Mr. McLarty          | Mr. Underwood        |
| Mr. Mitchell         | Mr. Walker           |
| Mr. Monger           | Mr. Ware             |
| Mr. N. J. Moore      | Mr. Scaddan (Teller) |
| Mr. Piesse           |                      |
| Mr. Price            |                      |
| Mr. Smith            |                      |
| Mr. Verrard          |                      |
| Mr. A. J. Wilson     |                      |
| Mr. F. Wilson        |                      |
| Mr. Gordon (Teller). |                      |

Question thus passed.  
Bill read a second time.

## BILL—REGISTRATION OF BIRTHS, DEATHS, AND MARRIAGES AMENDMENT.

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

## BILL—LAND AND INCOME TAX.

*To impose a Tax—Second Reading.*

Resumed from the 31st October.

Mr. TAYLOR moved—

*That the debate be adjourned.*

Mr. SPEAKER: The hon. member  
had better move the postponement of the  
order.

Mr. TAYLOR moved—

*That the order of the day be postponed  
till Tuesday next.*

Motion put and negatived.

Mr. TAYLOR: Members were not  
prepared to-night to make second-read-  
ing speeches on this Bill after sitting  
here all last night and till 8 o'clock this  
morning. The Attorney General said  
the Bill had only one clause; but it  
would have the same effect on the country  
as a hundred clauses. This was not the  
measure discussed last session, though we  
had been told repeatedly it was exactly  
similar.

*The Treasurer:* That had never been  
aid.

Mr. TAYLOR: Three or four times  
the Premier had reminded the House this  
session that this was exactly identical  
with the Bill as it left the Chamber last  
session.

*The Premier:* This was the land and  
income Tax Bill, not the Land Tax As-  
sessment Bill.

Mr. TAYLOR: The amount of the tax  
was not the same as in the Bill of last  
session, and the burden had been removed  
from the shoulders of those able to pay  
and placed as an income tax on the  
poorer classes. The bulk of the revenue  
was to be derived from income tax and  
not from land. It was unfair to force

vital legislation through a tired and  
worn-out House.

*The Premier:* The only debatable  
point was in Clause 2.

Mr. TAYLOR: The second reading  
would be easily passed on Tuesday night.

Mr. BATH: Some regard should be  
paid to propriety. Yesterday we had  
passed half a-million of money, and to-  
night had passed the second reading of  
an important taxation measure; so this  
Bill might well be left over till Tuesday,  
when it could be passed in a reasonable  
time and in a decent manner. To-night  
some members had refrained from speak-  
ing on the preceding measure, in order  
to shorten the proceedings. The Premier  
would act reasonably by moving the ad-  
journment.

The PREMIER: No doubt the last  
sitting of the House was rather pro-  
tracted, but the Government were anxious  
to get on with business. Another Cham-  
ber was waiting for certain measures  
from this House. The only debatable  
point in this Bill was Clause 2, which  
must be debated in Committee. How-  
ever, he did not wish to force the Bill  
through, and would consent to an ad-  
journment, though he did not perceive  
that it was necessary. On the last  
occasion the Land Tax Bill passed *pro*  
*forma* without debate.

Mr. GORDON moved—

*That the debate be adjourned.*

Motion passed, the debate adjourned.

## ADJOURNMENT.

The House adjourned at 10.42 o'clock,  
until the next Tuesday.