

Queensland



Parliamentary Debates
[Hansard]

Legislative Assembly

TUESDAY, 2 SEPTEMBER 1902

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MINERS' ACCIDENT RELIEF FUND
BILL.

FIRST READING.

The SPEAKER announced the receipt of a message from His Excellency the Governor recommending the necessary appropriation to give effect to this Bill.

At a later stage, on the motion of Mr. DUNSFORD (*Charters Towers*), the Bill was read a first time; and the second reading made an order for 30th October.

TAX ON STALLIONS BILL.

FIRST READING.

The SPEAKER announced the receipt of a message from His Excellency the Governor recommending the necessary appropriation to give effect to this Bill.

On the motion of Mr. BELL (*Dalby*), the Bill was read a first time; and the second reading made an order for 16th October.

ASSENT TO BILLS.

SPECIAL RETRENCHMENT BILL—TOTALISATOR
TAX AMENDMENT BILL.

The SPEAKER announced the receipt of messages from the Governor assenting to these Bills.

PAPER.

The following paper, laid on the table, was ordered to be printed:—Report of the Trustee in Insolvency, Brisbane, for 1901.

QUESTIONS.

PERMITS TO PROCEED TO SOUTH AFRICA.

Mr. KENNA (*Bowen*) asked the Chief Secretary—

1. What number of persons have applied for permit to proceed to South Africa since the permit system was instituted?
2. How much money did such persons prove they possessed?

The PREMIER (Hon. R. Philp, *Townsville*) replied—

1. Two hundred and sixty-nine permits have been issued.
2. Persons are not required to state how much money they possess, as permits are issued if the following conditions are complied with—viz., being in possession of at least £100, or having an offer of employment in South Africa.

ADVERTISING ON RAILWAY STATIONS.

Mr. LESINA (*Clermont*) asked the Secretary for Railways—

1. Has the Railway Department recently appointed a manager to look after the business of letting advertising spaces on the boardings of the railway stations of the State?
2. The name of the appointee, his qualifications, and where previously engaged?

The SECRETARY FOR RAILWAYS (Hon. J. Leahy, *Bullooh*) replied—

1. Yes.
2. John Ure McNaught, previously manager of the advertising branch for Messrs. Gordon and Gotch.

ENGINE-DRIVERS' CERTIFICATES, HERBERTON.

Mr. BURROWS (*Charters Towers*) asked the Secretary for Mines—

1. Has his attention been drawn to the manner in which engine-drivers' certificates have been issued by the mining inspector in the Herberton district?
2. Is he aware that it has been alleged that Mr. T. B. McKinley, the mining inspector of that district, has issued several engine-drivers' certificates to persons who have none of the qualifications necessary either for certificate of service or of competency?

LEGISLATIVE ASSEMBLY.

TUESDAY, 2 SEPTEMBER, 1902.

The SPEAKER (Hon. Arthur Morgan, *Warwick*) took the chair at half-past 3 o'clock.

SHEARERS' ACCOMMODATION BILL.

FIRST READING.

The SPEAKER announced the receipt of a message from His Excellency the Governor recommending the necessary appropriation to give effect to this Bill.

On the motion of Mr. W. HAMILTON (*Gregory*), the Bill was read a first time; and the second reading made an order for 2nd October.

3. Will he as soon as possible take the necessary steps to ascertain the truth or otherwise of those allegations?

4. If the charges contained in the aforementioned allegations are sustained, will he ensure the cancelling of all such certificates found to have been issued irregularly?

5. To this end will he call upon all persons who have received certificates as engine-drivers from Mr. T. B. McKinley to prove their qualifications, or suffer the penalty of having their certificates cancelled in the event of said allegations being proved correct?

The SECRETARY FOR MINES (Hon. R. Philp, *Townsville*) replied—

A letter has been received from the Charters Towers Engine Drivers' Association drawing attention to the manner in which engine-drivers' certificates are alleged to have been issued by the mining inspector of the Herberton district, and the warden at Herberton has been instructed by the Public Service Board to hold an inquiry into the matter.

ADVERTISING IN CHARTERS TOWERS NEWS-PAPERS.

Mr. BURROWS asked the Premier, in the absence of the Home Secretary—

What were the respective amounts paid on account of printing and advertising to the *Northern Miner*, *Evening Telegraph*, *Mining Standard*, *North Queensland Register*, *The New Eagle*, all of Charters Towers, for the year ended 30th June, 1902—(a) By the Advertising Board; (b) by the different departments of the State?

The PREMIER replied—

No amounts have been paid for printing to any of the papers named. With regard to the amounts paid for advertising, the hon. member should move for a return, which is now prepared, and which can be laid on the table to-morrow.

RAILWAY ADVERTISING.

Mr. LESINA asked the Secretary for Railways, without notice—

Has the hon. member had time yet to look into the matter of full-page Government advertisement which appeared in "Pugh's Almanac" of last year?

The SECRETARY FOR RAILWAYS replied—

Yes.

INCOME TAX BILL.

RESUMPTION OF COMMITTEE.

On clause 10—"Tax to be levied, etc., on assessments"—

The TREASURER (Hon. T. B. Cribb, *Ipswich*) moved that the following words be added at the end of the clause:—

Except as hereinafter provided.

Mr. KIDSTON (*Rockhampton*) thought the Treasurer might tell the Committee why the amendment was moved, and what was the meaning of it.

The TREASURER: It was intended to provide by regulation that it should not be necessary to assess those persons who had to pay the minimum amount of income tax, and this matter could be discussed on clause 46, to which the words "except as hereinafter provided" referred.

Amendment agreed to; and clause, as amended, put and passed.

On clause 11—

If the Commissioner is satisfied that any person—

- (i.) Is by reason of age, infirmity, or poverty unable to pay income tax in any year; or
- (ii.) Has become insolvent within the meaning of any law for the time being in force relating to insolvency; or
- (iii.) Has suffered loss so that the exaction of the full amount of income tax would entail hardship of such a nature as to render it just and equitable that relief from such tax should be given—

he may release such person wholly or in part from liability to income tax for that year, and make such

entries or alterations in the assessment-register hereinafter mentioned as may be necessary for that purpose.

The TREASURER was not satisfied with the word "poverty," and he proposed to amend the clause by the omission of sub-paragraph (i.), and then by amending sub-paragraph (iii.)—which would then become sub-paragraph (ii.)—by omitting the words "has suffered loss so," with the view of inserting the words "is by reason of age, infirmity, loss, or other cause so situated." He moved the omission of sub-paragraph (i.).

Mr. TOLMIE (*Drayton and Toowoomba*) thought it was necessary to insert in the 1st line, after the word "Commissioner," the words "any judge of a District Court or police magistrate declared to be a court of review," otherwise a great deal of hardship might accrue through every case having to be brought before the Commissioner for decision. If he was assured that such persons would be protected under the Bill, he would not move the insertion of those words, although he thought that their insertion would give greater security.

The TREASURER: The clause enabled the Commissioner to prevent cases of hardship by giving him power to remit the tax in certain cases. A man might have an income this year, but have none next year, and yet he would have to pay the tax next year on this year's income unless, under this clause, the Commissioner had the power to remit. The clause would save the expense of going to court. Then, again, it was desirable that the Commissioner should have power to act in such a way in regard to incomes which would have to pay the minimum tax as not to be oppressive. He did not think anything would be gained by the amendment suggested, as it would, in most cases, cost more to obtain the decision of a court of review than the amount of the tax.

Mr. KIDSTON had two objections to the clause which were in no way affected by the Treasurer's amendments, which were simply verbal. A man might be 150 years old, or he might have the gout, and according to the clause, even if he had an income of £5,000 a year, he might be exempted by the Commissioner. Then, again, the word "loss" was to be substituted for the word "poverty." Either a man had an income or he had not, and any man with an income ought to pay the income tax. The Committee had distinctly refused to allow any exemption in income, but now it was proposed that the Commissioner—who was only a civil servant under a Minister—should have power to exempt certain individuals. That meant that a Minister might desire to exempt a friend because he had contested an expensive election on behalf of the Government. He would therefore come under the phrase "loss or other cause," and could be exempted. He objected to any officer being given power which the Committee refused to exercise itself. If any officer

was to have such a power, he should [4 p.m.] be in the position of the trustees of the Agricultural Bank, and only removable on an address by both Houses of Parliament. There was absolutely no reason for the clause, and he thought it should be struck out.

The TREASURER: The hon. member said the House decided that there should be no exemptions, and he objected to the Commissioner having power to remit the tax; but during the debate on the proposed exemption the hon. member pleaded again and again the poverty of many members of the community, and it was pointed out, in reply, that such cases were amply provided for in the Bill. The hon. member now said that the tax should be enforced, no matter what hardship there might be; so that his

remarks were in no way consistent with his previous utterances. The hon. member also objected to such power being given to the Commissioner, but it was only in cases of hardship that it could be exercised. The clause was necessary and advisable.

Mr. KIDSTON: What he had said about the clause was in no way inconsistent with his previous contention in favour of an exemption. He thought that small incomes should be exempted, but they should be exempted in a uniform manner that would affect everybody alike. [Mr. MACARTNEY: Everybody is not in the same position so far as hardship is concerned.] That was quite true, but the way to measure hardship was by asking a man's income. The Bill recognised the hardship of the man under £100 a year, and charged him only 10s. If a man was so hard up that he had only £150 a year the Bill recognised his increasing prosperity and charged him £1, and so on according to income; but what the House settled was that no one who had an income should be exempt. He objected to the Commissioner having power to exempt from payment of the tax a man with £70 a year, and at the same time making the man with only £50 a year pay it. That was inequitable. If the Bill took a certain amount from everyone who had an income, that should be enough for the Commissioner; and it was no hardship that men with equal incomes should pay the same amount of tax.

Mr. MACARTNEY (*Toowong*) thought the clause was intended to meet cases which were bound to arise. The assessment would be made on the previous year's income; and when the time came for a man to pay the tax he might not have anything like the same income. For instance, insolvency might have intervened; and he took it that the clause was intended to meet cases of that sort. Apart from that, it was a humane proposal, which would cover any particularly distressing case; and he was surprised that the hon. member, who had recently been preaching so much about humanity, should object to the inclusion of such a clause.

Mr. HAWTHORN (*Enoggera*) said that many cases would arise in which persons would be unable to pay income tax, and it would be a hardship to make them pay. They should give somebody power to say whether a person should pay or not, and he thought they could not do better than give that power to the Commissioner. This was really a kind of exemption, and as such it would have his support.

Mr. DUNSFORD: As the Commissioner might exempt if there was infirmity, old age, or poverty, he might exempt anyone, no matter how large the income, if the person had suffered loss which entailed hardship. If an individual had friends at court, though he might not be hard up at all, he might be exempted. He believed the hon. member for *Toowong* voted with other members of the Committee that there should be no exemption; and now they should let it be seen whether they were game to carry that out. This clause was simply a backing down from the poll tax on which they had insisted previously. If they passed the clause, there would be seventy-two logrollers in that Chamber, and armies of men who had suffered loss would be coming along for the purpose of getting exemption. If they fixed a standard of living below which there should be no tax imposed, that would have been a wise thing, but he did not believe in allowing privileges to be given to some and not to others.

The PREMIER reminded the hon. member that this clause was always part of the Bill, the only alteration being that it was proposed to strike out "poverty" and insert other words.

If hon. members would refer to clause 5 they would see that the Commissioner and every other person employed under the Act must take an oath of secrecy, and would not be allowed to discuss a man's income with a member of Parliament or anyone else, under a penalty of £100. Last week all the hard-hearted and unfeeling people were on the Government side of the House, and it was said that they had no bowels of compassion; but now the acting leader of the Opposition and the hon. member for *Charters Towers* were insisting upon carrying out the provisions of the Bill to the very letter, and making everybody pay the tax whether they could or not. The Government had always said that those who could not pay should not pay, and this clause gave the Commissioner power to exempt a man who by reason of old age or infirmity was not in a position to pay the tax.

Mr. BLAIR (*Ipswich*) asked whether the decision of the Commissioner under clause 11 would be final, or whether a person assessed who was dissatisfied with the decision of the Commissioner would still have the right of objecting under clause 51?

The TREASURER: The decision of the Commissioner would be final. A taxpayer had the right to appeal against an assessment, but he would hardly be likely to appeal against an exemption.

Mr. KIDSTON would quite agree with the clause if it read that if the Commissioner was satisfied that a person had an income of less than a certain amount per annum, such person should be exempt from the tax. He was very desirous that there should be an exemption, but he could not consent to an exemption being worked in such a manner that flesh would be made of one and fowl of another. If the Government wanted to be charitable and soft-hearted, why could they not measure their soft-heartedness in this specific clause instead of leaving the matter to the discretion of a Commissioner, who might not be soft-hearted at all? With regard to the argument of the hon. member for *Enoggera* that the assessment would take place on the previous year's income, and that the taxpayer might become insolvent before the tax was payable, that difficulty could be met by stipulating that if the taxpayer could show the Commissioner that he had no income, or that he had only so much income, he would be exempt from the tax. But he objected to give to any civil servant the power to do a thing which the Committee themselves had refused to do. He should like to know what amount of income the Commissioner would be expected to exempt.

The TREASURER: The clause had a wider meaning than that which was attached to it by the hon. member. The income tax would be payable on the income of the year before, and a man who was in receipt of £300 this year might next year have only £150, £100, or even £52, and unusual expenses might render him unable to pay the tax. If the principle advocated by the

hon. member was carried into effect, [4.30 p.m.] a man who had a large income this year would be compelled to pay income tax on that amount next year, no matter what his position then was. The hon. member must see that the provision contained in the Bill was far more humane than his.

Mr. KIDSTON: If the clause provided what the hon. gentleman has just said, there would be no objection to it, and he would support it. The Commissioner would only be human, and he failed to see why he should be given such powers. He would be able to exempt any income, and he would be able, on the other hand, to make anyone pay that he chose.

Mr. MACARTNEY could not understand the position taken up by the hon. member. He

seemed to have some vague suspicion with regard to the power which it was proposed to give the Commissioner; but they were not giving him any greater powers than were possessed by other officers under other Acts. The Collector of Customs, for instance, had greater powers, and others could be mentioned, regarding the exercise of whose powers there had been no complaints. The clause was not likely to cause the trouble anticipated by the hon. member. The principle of the Bill—which the hon. member seemed hardly to have grasped—was that a man would be assessed next year on the income he received this year. The assessment would probably be made before the end of May next year, but by that time a man might be insolvent, and have obtained a release from all debts due on 31st December of this year, including the income tax. But, apart from that, he might have lost everything, or have lost so much that what he had left was absolutely necessary to save him from Dunwich. He took it that the clause was intended to apply to such cases as that.

Mr. RYLAND (*Gympie*): This was a most objectionable principle, and the explanation of the Premier made it more objectionable still, because no one would know what was done except the Commissioner and the man whose income was exempted, and other taxpayers would be unable to obtain such information as they could in regard to those who did not pay their local taxes. The reference of the hon. member for Toowong to the Collector of Customs was most unfortunate, because they knew that in the days of the State control of the Customs-house there was a large amount of backstairs work. People got their goods through the Customs without paying the right amount of duty, and, now that the federal authorities were treating everyone alike, there was a howl from some portions of the community. He would like to see the clause so altered that if a taxpayer proved to the satisfaction of the Commissioner that his income did not exceed a certain amount he should be exempt; but to say that because a man was seventy years old or because he had £100 less this year than last he should be exempt, was utterly absurd. He was sure the clause would lead to a lot of logrolling, and members would be approached to use their influence with the Commissioner until things came to such a pass that the man who could obtain the greatest number of exemptions for his constituents would be the man who would be elected.

The PREMIER: In reference to the statement that backstairs influence was used with the Customs authorities before federation, he defied the hon. member to prove any such statement. [Mr. KENNA: It has been said so in the Press.] It might have been said, but the hon. member could not produce one concrete case in which influence had been used to evade the payment of Customs duties in Queensland. The clause before them was surely definite enough. It said that the Commissioner must satisfy himself that a man was unable to pay income tax. Would the hon. member have the matter referred to the Minister? The Commissioner would be perfectly independent, and no Minister or member would dare to approach him. Some members would like to see the incomes of everybody published throughout Queensland. No doubt it would be splendid food for gossip. In all the other colonies a similar provision existed, and beyond the Commissioner no one knew what a man's income was. Surely hon. members knew of people who last year had incomes and this year had none? There were plenty of such cases. He knew of men who had thousands of head of cattle last

year, and this year had not a hoof left. There were mining men, and business men, and sugar-growers, and farmers whose incomes fluctuated and sometimes disappeared altogether. The clause only enabled the Commissioner to absolve the man who was unable to pay, and everybody would be treated alike.

Mr. RYLAND: With regard to evading Customs duties, he could only refer to what had been publicly said in the House and in the Press. More than once the matter of the evasion of Customs duties had been referred to and discussed by the Chamber of Commerce.

The PREMIER again asserted that it was not possible for anyone to bring forward a single case in which backstairs influence had been used with the present or any past Government to secure the remission of Customs duties. All the world over there were dishonest people who would pay the Customs less money than they ought to, but to say that the Queensland Government had connived at such a thing was to make a statement which was utterly without foundation.

Mr. HAWTHORN: A fair criterion of what was likely to be done under the Bill was to be found in what was done under the Succession Duties Act. There the Commissioner was bound over to secrecy; he had large powers of compromise, which were largely exercised; and those powers were exercised, as far as he knew, without dissatisfaction.

Mr. JACKSON (*Kennedy*) was inclined to think there was a possibility of members of Parliament being called upon by persons interested to interview the Minister—which was a very different thing from disclosing information obtained in administering the Act. Probably the acting leader of the Opposition might withdraw his objection if the discretion of the Commissioner were limited to incomes which did not exceed £100; and if the Treasurer would withdraw his amendment he would move an amendment to that effect. It would be more satisfactory if the Commissioner were required to furnish the Treasurer a list of the exemptions he granted. [The PREMIER: And then a motion would be made for a return of the exemptions to be laid on the table.] Of course, the Government need not publish the return.

* Mr. BLAIR understood that reference was made to the discretion vested in the Collector of Customs under the old Act of 1873; but he found that it was no absolute discretion, because there was power to refer to the Treasurer, and if the applicant was still dissatisfied there was further power to refer to the Governor in Council. No analogous case had been pointed out in which so much power was vested in one person.

HON. A. S. COWLEY (*Herbert*): The Commissioner of Customs had discretionary power in granting certain exemptions, and the individual was not likely to appeal against them; and it would be exactly the same in this case when exemptions were granted, so that the cases were practically on all-fours.

Mr. KERR (*Barcoo*): According to the interpretation clause the Commissioner would include the Deputy Commissioner. A person in receipt of £500 a year might have his income reduced to £200, and might be able to convince the Commissioner or the Deputy Commissioner that he was unable to pay the tax, and it might be quite right that he should be exempted from payment; but a man in receipt of £250 a year might be reduced to £100 a year, and might not be able to get any exemption. It should be made clear how the Commissioner or his deputy would decide different cases.

Mr. KIDSTON thought the purpose of the Treasurer could be attained without giving the Commissioner any discretionary power. It might be put somewhat in this form: "When an assessment of any taxpayer's income has been made on the income of such taxpayer for the previous year, and the Commissioner is satisfied that the taxpayer will have a greater or lesser income during the year in which the tax is payable, the Commissioner shall charge such taxpayer income tax on such income as he is actually receiving." If a man became insolvent, and had no income, the Bill did not stipulate

that he should pay the income tax; and, while he was prepared to agree to a provision exempting a man

from paying income tax on an income which he had previously enjoyed, but did not enjoy at the time the tax was payable, he wanted to make such an exemption of uniform application, and could not see why it should be necessary to give the Commissioner power to make one man pay the tax and let another escape.

The TREASURER: The hon. member appeared to be willing to make an exemption in the case of a man who this year received a smaller income than he had previously, but was not willing to grant exemption in cases where, through infirmity or accident, a man was unable to pay the tax. All the Commissioner had to decide under this clause was whether the circumstances of an individual at the time the tax was due were of such a character that it would be a hardship to enforce the payment of the tax.

Mr. KIDSTON: He entirely agreed with the principle of an exemption, but the only exemption he could endorse was one which would apply equally all round. He could not admit the principle of exempting one man who had £150 a year, and making another man who had only £50 a year pay the tax.

Mr. BURROWS: Members on the Opposition side had suggested that the Committee should specify the minimum income on which a man should pay no tax, but the Government had refused to accept a minimum of even £50. Yet they now wanted to give a power to grant exemptions to the Commissioner and Deputy Commissioner, who might say that a person who had been receiving an income of £500 a year, but had had it reduced to £400, was unable to pay the tax. That was not a fair thing to do, and it was only reasonable to expect the Government to state a minimum, even if it were only for the protection of the Commissioner, because as the clause now stood, unless the Commissioner locked himself up in an iron cage, surrounded by gatling guns, which would be let off by springs, he would be approached perhaps dozens of times each day with applications for exemption. Probably in 99 per cent. of cases people would be apprehensive that the income which they would receive during the year the tax was payable would be less than it was the previous year, and it was very unfair to put the Commissioner in such a position that he could be badgered night and day. Had the Committee not sufficient moral fibre to say what should be recognised as the minimum upon which the tax should be paid? It was absolutely imperative that a minimum should be fixed.

Mr. STORY (*Balonne*): The clause seemed to be drafted for the purpose of allowing the Commissioner to be merciful to the men of small means, and he would probably exempt those with incomes of £50 or under. The Treasurer's amendment seemed to point strictly to that, and it was certainly better drafted than the original clause. The fear of the Labour party that the man with a small income would be obliged to pay would therefore be done away with.

Mr. McDONNELL (*Fortitude Valley*) objected to the publication of the names of those who were exempt, but at the same time he objected to the discretionary power which it was proposed to vest in the Commissioner. If the clause was passed without any exemption, every member of Parliament would have scores of people asking them to use political influence to get the Commissioner to exempt them. There was no doubt that political influence had been used in the past in connection with the Customs Department. [The PREMIER: You cannot name a case.] It was well known in commercial circles that, owing to the discretionary power that was vested in the Collector of Customs and the Treasurer, certain people always used political influence to obtain exemption from the penalties imposed by the Customs Act, and it was also well known that exemptions were very easily made in certain cases. The Premier denied the fact, but Mr. Stewart, of Messrs. Stewart and Hemmant—one of the largest importers in Queensland—publicly stated—and the matter was commented on in the Press—that the Customs were being robbed of thousands of pounds every year. [Hon. E. B. FORREST: Not with the consent of the Government.] Well, through the maladministration of the Customs Act. In Brisbane and other ports in Queensland the duties were practically openly evaded. He was not making the statement himself—it was the statement of Mr. Stewart. [Mr. J. HAMILTON: He did not say it was done with the connivance of the Government.] He was not saying it, either. [Mr. MACARTNEY: That is the distinction.] The 1st and 2nd paragraphs of the clause were fair, but there should be some more definite provision with regard to the incomes which were to be exempt.

The ATTORNEY-GENERAL (Hon. Sir A. Rutledge, *Maranoa*): Hon. members had spoken as if it was unheard of in Queensland to have the fixing of any amount that was payable under the provisions of an Act of Parliament vested in a Commissioner, but under the Succession Duties Act the Commissioner was given power to compound the amount of succession duty that was payable where it was difficult to arrive at a conclusion. That had been done with very great advantage to the revenue, on the one hand, and to those who had to pay, on the other, for several years past. Exactly the same principle ran through our laws. Certain persons who administered the law were supposed to have sufficient honesty and sufficient intelligence to be able to judge, when the occasion arose, when the rigid letter of the law ought not to be imposed. The argument of the hon. member for Fortitude Valley did not apply to the question at all. He said there had been losses through faulty administration of the Customs Act; but those losses, if they occurred, arose through the manner in which certain persons who were determined to defraud the revenue carried out their operations. Hon. members thought they would get over the difficulty by fixing a minimum, but the clause said nothing about a minimum. If a man who had an income of £100 a year was shown to be in such a position as to be unable to pay income tax, he would come under the provisions of the clause; but if a minimum was fixed then anyone whose ordinary income was over the minimum would, under all circumstances, have to pay, and that in itself might lead to much hardship. The beauty of such a law was its elasticity. All the bogies raised as to what might happen vanished into thin air when the clause was examined. He did not see why they should cry out in anticipation of something which was not likely to happen.

Mr. RYLAND contended that the clause would reverse the usual rule of lawmaking, and make it easy to do wrong and hard to do right. The Attorney-General said if they fixed a minimum then no relief could be given to those possessing more than the minimum, but he thought that would be very just. Under the clause as it stood, a man with £1,000 or £2,000 a year could claim the benefit of exemption with a man who possessed only £10 a year. [The ATTORNEY-GENERAL: Suppose a man broke his leg and lay in bed for nine months? Well, if a man with an income of £10,000 broke his leg, he ought to have been sufficiently thrifty to lay by enough to cover the amount of the income tax during the year his leg was broken.]

Mr. MARTIN (*Burrum*): It had been clearly demonstrated by members of the Government that the collection of income tax from those possessing £100, £150, or £200 a year would be so costly that there would be nothing left. They could probably not get a Commissioner for less than £2 2s. a day, and as in some parts of the country he would not be able to hear more than four or five appeals a day, even if appellants did not succeed in getting exemption, the amount collected would be absorbed by the salary of the Commissioner.

The TREASURER pointed out that the power sought to be conferred upon the Commissioner was similar to that given to the Commissioner in Victoria. [Mr. KIDSTON: Where they have an exemption; a very different case.] They must have some such power as that sought to be conferred upon the Commissioner. A man might be receiving an income of [5.30 p.m.] £2,000 a year, on which the income tax would be £50. The next year his income might be nothing, but hon. members would still have him pay income tax to the extent of £50 because his income for the previous year was £2,000. He did not see how it was possible for any minimum to be fixed, because they could not tell the variations that might take place in a man's income from year to year.

Mr. FOGARTY (*Drayton and Toowoomba*) thought the idea of the Treasurer in giving the Commissioner power to grant exemption in certain cases was a very good one; but a Commissioner made to order would be required to justly carry out the provision. There was no doubt that pressure would be brought to bear on him by the head of the department, or family or social influence would be brought to bear on him in connection with these exemptions. And as a rule, it was the drones of society that would approach the Commissioner with that object; the *bonâ fide* workman would comply with the law and meet his engagements.

Amendment (*the Treasurer's*) agreed to.

The TREASURER moved the omission of the words "Has suffered loss so," in paragraph (iii.), with the view of inserting "Is by reason of age, infirmity, loss, or other cause so situated."

Amendment agreed to; and clause, as amended, put and passed.

On clause 12—

The following incomes, revenues, and funds shall be exempt from income tax:—

- (i.) The income of the Governor of Queensland so far as respects the emoluments of his office as Governor;
- (ii.) The revenues of local authorities and local bodies receiving revenue of any kind for the purposes of local self-government;
- (iii.) The incomes of mutual life assurance companies;
- (iv.) The incomes of societies and institutions not carrying on business for purposes of profit or gain;

(v.) The funds and incomes of societies registered under any Act relating to friendly societies (other than building societies), or under any Act relating to trade unions;

(vi.) The incomes and revenues of religious, charitable, and educational institutions of a public character;

(vii.) Income derived as dividends from any company which has paid in Queensland a duty on such dividends;

(viii.) Income arising or accruing to any absentee from debentures, stock, or Treasury bills issued by the Government of Queensland.

These exemptions shall not extend to the salaries, wages, allowances, or pensions of persons employed by any such corporation, company, society, or institution, although the same are paid wholly or in part out of the income, revenues, or funds thereof.

Mr. KENNA said it was his intention to move an amendment, with the object of bringing not only the holders of Treasury bills but the holders of all public stock within the operation of the income tax. The interest bill on the public debt of the colony next year would amount to £1,499,456. If that were taxed under the investment portion of the Bill it would yield a revenue of £74,972; if taxed under the personal exertion clause it would yield £37,486. That might be regarded as a novel proposal, but he would show that it had precedents, and that one of the best precedents for it came from England, where the House of Commons had imposed the tax on foreign holders of stock. The Treasurer, in moving the second reading of this Bill, said it was not advisable to do anything which would prejudice our stock in the London market. Now, what were the facts? The interest on a £100 debenture was £3 10s.; if taxed at 5 per cent. that would mean 3s. 6d.; at 2½ per cent. it would mean 1s. 9d.; so that the selling price of a £100 debenture would be reduced by only 3s. 6d., or 1s. 9d., if reduced at all, but he held that the imposition of a tax on incomes derived from that source would have no appreciable effect on the value of debentures. It might be argued that to tax the foreign holders of stock would be tantamount to a breach of contract. If that were so, it could with equal reason be said that it was a breach of contract to impose the tax on incomes derived from Treasury bills by persons resident in Queensland, because exactly the same kind of contract was made with them as was made with the foreign holders of stock. There was no provision in any of our Acts exempting the foreign holders of stock from taxation. In the British Loan Acts there was a provision to the effect that interest on stock should be paid "free of all taxes and charges whatsoever," and yet in spite of that definite provision the British Government had levied income taxes upon foreign holders of their bonds. With regard to the suggestion that to impose a tax on incomes derived by foreign holders of Queensland stock would depreciate the value of that stock, he might point out that a similar argument was used in the House of Commons in 1842, and that Sir Robert Peel, in replying to it, said that the imposition of a tax on incomes derived from funded property in common with incomes derived from every other class of property was not in any respect a breach of faith. [The hon. member here quoted from the speech of Sir Robert Peel in 1842, in which that gentleman combated the statement that such a tax would drive capital out of the country.] The position in England at that time was almost the same as that of Queensland to-day, as they had a series of deficits, and great taxation was levied on the people, and it was felt that it was unfair to ask the English people to bear the grinding burden of taxation and to exempt the foreign holders of English stock. As far as he knew, foreign holders of stock were not exempt by the New Zealand and South

Australian Acts, while in the other Australian States they were exempted. He was, however, open to correction. [The hon. member then quoted from a speech delivered in New Zealand by Mr. Rees, member for Auckland, in support of the taxing of absentee bondholders.] The position in America was that the States could not tax a federal loan, any more than Queensland could tax a Commonwealth loan, but the Federal Government had power to tax not only local bondholders but absentee bondholders. [Hon. A. S. COWLEY: It is not a question of the power to do it.] If it was admitted that it was not illegal, then it must be a matter of sentiment. He would not specially victimise those people, but only asked that they should bear the same burden as those who resided in the State in connection with the income tax. [Hon. E. B. FORREST: Don't you think they would make us repay them?] All that they would be asked to pay would be 3s. 6d. upon a future £100 debenture. [The hon. member then quoted from the speech delivered by Sir Geo. Gray, in New Zealand, when the income tax was proposed, in favour of the imposition of the tax on absentee holders of stock.] [Hon. A. S. COWLEY: The majority were against him.] He could not find in the list of

exemptions in New Zealand any clause exempting absentee holders of stock. Under the clause as it stood it was proposed to tax local Treasury bill holders and exempt absentee holders of stock. [The PREMIER: The Treasurer proposes to exempt them all.] To be logical, they must either exempt them all or tax them all, and he maintained that there was nothing whatever in reason or law to prevent them from levying fair and just taxation in a dispassionate manner upon all persons alike. If it was the intention of the Treasurer to exempt Treasury bill holders in Queensland, very few of them would remain in Queensland, but would transfer their bills to New South Wales or other places and come under the exemption clause. That was a difficulty, and the only way he could see out of it was by taxing people all alike. In America the States could not tax the bonds of the Federal Legislature, with the result that persons desiring to escape taxation were apt to turn their possessions into the exempted forms of property just before the taxation returns were sent in. It was a somewhat delicate proceeding to tax the absentee. [The PREMIER: How can you do it?] It could be stopped out of the payment of interest. How was it done by the English Government? If it were said that this tax would depreciate the value of our stock, and that if stockholders were charged 3s. 6d. on the interest of £100, it was reasonable to suppose that in future loans that 3s. 6d. would be added, and if it was added on we would get it back in the income tax. When the stockholders at home knew that we were endeavouring to avoid further borrowing, the appreciation of our securities would more than compensate us for the depreciation it was alleged would ensue if this tax were imposed. He did not think it would be a wise thing to specially victimise the absentee holders, but if they were put in exactly the same position as our own holders of stock, the justice of the thing must be apparent. [The hon. member here quoted extracts with respect to the legality and advisability of this taxation.] When we borrowed money and put it into railways, until it was paid for it still remained the property of the lenders, and it was for the protection and good management of the bondholders' property that we were taxing ourselves to the utmost extent, and he hoped they would be asked to bear a share of the necessary taxation. Every penny of the interest paid on the money borrowed had to be earned in this colony by the people of this colony, and it was only fair that those who

were getting that interest should contribute some small modicum towards the amount raised under the income tax. He moved the omission of the words "Income arising or accruing," on line 33, with the object of allowing the hon. member for Herbert to get in his amendment afterwards.

The PREMIER: The Government could not accept the amendment, and he could hardly think the hon. member was serious in proposing it. There were many reasons why it could not be agreed to. He did not know how it could be collected, for one thing. We had issued debentures bearing various dates, and on those debentures we had given coupons payable to bearer and not to any particular person. If that coupon was not paid we were defaulters. We could not possibly remit a sum of money less 5 per cent., as the hon. member proposed, to London, and say, "We have paid our interest," because the amount would be £75,000 short, and we should be defaulters. The Government proposed now to exempt all holders of Treasury bills, whether they were resident in the State or outside the State. He did not know a single State in Australia which taxed debentures. The New South Wales and Victorian Acts certainly exempted foreign holders, though they taxed their own people; and if the hon. member had not been able to find any exemption in the New Zealand Act, he (the Premier) was satisfied that it was because Parliament knew they could not collect the money if they imposed the tax. It would be competent for the Committee to say that in future the holders of stock should be subject to this income tax, but if that were done he ventured to say that for every 1s. charged as income tax we should get 3s. or 4s. less for our debentures. They might leave out altogether this provision with regard to the exemption of foreign holders of stock from the income tax, and even then he was satisfied that they could not claim or collect an income tax on debentures held outside Queensland. We had made a certain contract with a number of people in London, who had lent certain sums of money on a specific agreement that they should be paid so much interest half-yearly for a given time, and that contract must be observed. There were good reasons why debentures and Treasury bills should be exempt from the operation of this Bill. The Government got money more cheaply in London and in Queensland than any private person could get it, and if that stock was free from income tax they would get better results in the future. He should like to see the whole of the debentures and stock taken up in Australia, and on that account he thought it would not be a good thing to charge any income tax on the stock, especially on that which had already been issued. While he complimented the hon. member for Bowen for the trouble he had taken in looking up this matter, he could not accept the amendment.

Mr. KIDSTON entirely disagreed with the amendment. As to the quotations from statesmen in the old country, the conditions there were entirely different from those which prevailed in Queensland. In the old country as a general rule they borrowed at home, and it was only a very small or accidental proportion of their stock that was held abroad. But in Queensland the men of the present generation purposely went to a foreign country to raise the public debt, and if the very same men who borrowed that money should now impose a tax of 5 per cent. on the holders of the stock, it would simply be repudiating our public debt to that extent. As a matter of fact, if the Committee accepted the amendment we could go to London and borrow £1,750,000 without any extra cost, because the interest

that we should save by 5 per cent. of our present indebtedness would make up for the interest on £1,750,000. He did not think it would be an honest thing to impose such a tax, and he very much doubted whether it would pay in the end. There was a little suspicion at home that Australian stock was not so safe or certain an investment as British stock, which was regarded as absolutely safe; and if a proposal of this kind was carried in an Australian Parliament, it would utterly confirm that opinion, which, though not very pronounced, still existed, and had an appreciable effect on the price we got for our loans. It would be an unwise as well as a dishonest thing to do. He admitted that it was a matter for legitimate discussion whether [7.30 p.m.] bondholders resident in Queensland should also be exempt; personally he would not exempt them. It might be argued that they were represented in the Parliament of Queensland, and if, after hearing the views of those representatives, the majority of the Committee decided to impose a tax on them, in common with all other citizens of Queensland, it was fair enough; but the bondholders who were not resident in Queensland were not represented, and were therefore in a very different position. That might seem a strange doctrine from a man who had a few days before tried to impose an extra tax on absentees, but the cases were not at all parallel. The cost of government was incurred for the protection of men who came here of their own accord and invested their money here, or their own citizens who invested their money in the colony or carried on business here, just as much as it was for the benefit of those who resided in Queensland; but the bondholders in the old country had advanced money to the people of Queensland, and it was we who traded with them. Now, when it was alleged that borrowing was unprofitable, it was asked that we should repudiate a small portion of what we had borrowed. It ought to be the business of Queensland, however difficult the position might be, to keep faith with the public creditor, and it would pay the State in the end to do that.

Mr. MACARTNEY was sure that hon. members generally would be pleased at the remarks of the acting leader of the Opposition. But there was another reason why absentee holders of Government stock should not be forced to pay income tax, and that was that in the places where they lived they were subject to income tax. Express provision to that effect was made in the English Act, and he took it that was the reason why in New South Wales and Victoria they specially exempted absentees holding Government stock. He was prepared to go further and exempt all persons in receipt of interest on Government stock, because he believed that the imposition of an income tax would affect the market value of their stock, and even a fraction on the capital would be very much more than they could expect to derive from the income tax.

Mr. DUNSFORD: The justification for taxing those people was that the value of their stock rose or fell in sympathy with the prosperity of the country; and if, by their laws, they were putting money into the pockets of the absentee holders of Government stock, they were justified in taking a small portion of that enhanced value. The 8th subsection of the clause, as it stood in the Bill, was clear proof that it was intended by the Government to practise what they called dishonesty and repudiation. If it was dishonest in one case to take a portion of the interest, it would certainly be as much repudiation in the other case. He contended that, if they exempted one class of bondholder, they must exempt all; but he thought they were

just as much justified in taking a portion of the incomes appertaining to bonds as taking a portion of the incomes derived from lands. One man invested in Government bonds, and another in bank and mining shares, but they all did so purely in their own interests. They were not in any sense philanthropists. He did not see how they could make fish of one and flesh of another, and he hoped the tax would be collected from everybody.

* Mr. PAGET (*Mackay*): The hon. member for Bowen contended that the imposition of a 5 per cent. income tax on a £100 bond would only reduce the value of the bond by 3s. 6d., and the hon. member for Toowoong said that if they taxed the absentee bondholder they would reduce the value by about $\frac{1}{2}$ per cent. But these views were not in accordance with fact; and if a tax were imposed upon bondholders, whether resident in Queensland or absentees, it would have an extremely serious effect on the price of bonds already issued, and on future loans. On Friday last, Queensland 4 per cent. bonds maturing in 1915 were quoted at £105, which was equal to a return of £3 16s. 2d. per cent., and the $3\frac{1}{2}$ per cent. debentures maturing in 1924 were quoted at £102, equal to £3 8s. 7 $\frac{1}{2}$ d. per cent. The income tax of 5 per cent. on incomes derived from 4 per cent. debentures was equal to 3s. 10d., and on the $3\frac{1}{2}$ per cent. debentures 3s. 5d. As a matter of fact, therefore, a 5 per cent. tax would reduce the value of the income from £100 bond in one instance by 3s. 10d., and in the other by 3s. 5d., and in order to obtain a return of 3s. 10d. at 4 per cent. per annum the investor would require to invest a further sum of £4 15s. 3d., and to obtain a return of 3s. 5d., $3\frac{1}{2}$ per cent., he would require to further invest a sum of £4 17s. 2d. That meant that if they imposed an income tax of 1s. in the £ on incomes derived from debentures, the price of Queensland bonds would at once fall to the extent of about 5 per cent., or a total loss of £2,000,000 to the present bondholders. If the Committee decided to bring the holders of bonds in Queensland, or absentee bondholders, under the provisions of the Bill, the Government might fairly anticipate at least 4 per cent. less than they had been receiving in the past when they floated the next loan.

Mr. J. HAMILTON (*Cook*): It seemed that the Opposition were not agreed with their chief, but he was happy to be in complete accord with him. It was perfectly opposed to common sense to think they could arrogate to themselves the power of reducing the interest received from bonds. It would mean nothing else but repudiation, and if they had power to impose a 5 per cent. tax on bondholders, they had power to impose 10 per cent., 20 per cent., and up to 95 per cent., and actually liquidate their debt in that way, with the result that they would not be able to borrow a penny.

Mr. BLAIR: By subsection 8 of the clause it appeared that foreign investors were protected from the operation of the Act, and he was glad the Premier intended to afford the same protection to Queensland investors. Under the interpretation clause, income derived from personal exertion included income earned in Queensland, and he wished to ask whether the employees of the Federal Government resident in Queensland would come under the operation of the Bill.

The TREASURER: The liability of the federal officers to pay income tax was a very important matter. There was a great difference of opinion on the point. The Federal Premier declared that they were not liable, and if the Federal Premier took that stand it was not to be wondered at that the federal officers would

follow their leader. The Commonwealth Government took the view that they gave their officers certain salaries to perform certain duties, and that the State Governments must not do anything that would diminish the incomes of federal officers. He believed that opinion had been affirmed both in Canada and the United States, but he was not at all satisfied with the decision arrived at in those countries. With all due deference to the legal fraternity, he considered it would be monstrous that a federal officer residing in Queensland, enjoying all the privileges of citizenship, with the protection of our laws, and with the right of free education for his children, and also a vote in the affairs of the State, should not contribute towards the taxation of the State. (Hear, hear!) He would like to see the matter tried, and when it was tried, he believed it would be found that the federal officer could not expect to enjoy the privileges of citizenship in the State without being prepared to contribute his share of taxation.

Mr. HAWTHORN was of opinion that it would be very injudicious to tax the absentee bondholders. It would have the effect of keeping capital out of Queensland. The bondholder at home naturally looked to where they were going to get the best interest, and if we did not make it worth their while to come here in preference to other places, we could not look forward to getting any money outside of Queensland. With respect to the liability of federal officers to be taxed under the Bill, he would be very much disappointed if they were not going to be taxed. It would be a serious injustice to those who were to be taxed, and it would seriously affect the amount to be received.

Mr. COWAP (*Fitzroy*): If the income tax was to be imposed on the poorer people of the State, he did not see why the bondholder should be allowed to go free, whether resident in Queensland or in London. With regard to federal officers, he hoped they would have to pay their share of taxation as well as other residents of the State. It was a very little matter to ask the absentee bondholder to pay 5 per cent. on his profits made in this State; but it would give the Treasurer a sum of £75,000, and that would be sufficient to pay interest on the loan of £2,000,000 which the Government intended to float.

Mr. FORSYTH (*Carpentaria*) contended that the imposition of the tax on absentee bondholders would be repudiation. With reference to the £2,000,000 loan, of which the hon. member spoke, there was not the slightest doubt that if this amendment were adopted the absentee and other bondholders who had to pay the income tax would raise their rates, so that the Government would

[8 p.m.] lose by the transaction. He was exceedingly glad to hear that the Government proposed to relieve bond or debenture holders in Queensland of the proposed tax. Strictly speaking, a person who invested money in Government securities should be liable to the same tax as the person who invested his money in mortgages and other securities; but as a matter of public policy it was wise to allow those men to be exempt, as proposed by the Government. It was infinitely better to do that, and to encourage Australian investors to put their money into Government bonds, than to discourage such investments by an income tax, and he was entirely in accord with the proposal to grant exemptions in such cases, and was against the amendment. He hoped that the clause, as amended by the Treasurer, would be passed.

Mr. BURROWS contended that as these absentee bondholders were receiving a benefit from the operations of the State, they should be called upon to pay a proportion of the cost of

government. A member of a joint stock company had to pay his share of the cost of management, and if it was a dividend-paying concern the cost of running it was deducted before the dividends were paid. But an absentee bondholder simply planked his money down in our joint stock concern, sat back, and drew his dividends without paying one iota of the cost of running the State. With regard to the question of repudiation, as had been pointed out by his colleague, the Government had intended to adopt that very policy of repudiation with regard to the holders of Treasury bills resident in Queensland, because as the Bill at present stood they would be subject to the income tax. He had always been under the impression that the Treasurer was very reluctant to introduce the pernicious and iniquitous system of a poll tax on the poor wretch who perhaps would not earn more than a few pounds a year, but it appeared that one of the main objects of the Government was to relieve the man with the largest amount of money and to extract the last copper from the man who had next to nothing. They only expected to get £100,000 from the Bill, and, if they got another £75,000 from the amendment of the hon. member for Bowen, they would be able to dispense with the iniquitous poll tax.

Amendment (*Mr. Kenna's*) put and negatived.

HON. A. S. COWLEY moved the omission of the words "to any absentee," on line 33. He did not know that he need say much in favour of the amendment, as it had been practically debated at considerable length, and, with few exceptions, he thought the Committee was pretty unanimous in desiring that all classes of bondholders and holders of Treasury bills should be put on the same footing.

Mr. KENNA: The amendment raised the difficulty that he had pointed out a while ago—that in America the States could not tax federal bonds, and the consequence was that those bonds were used as a means, prior to assessment, of evading the State property tax, which was the equivalent of this income tax. If the amendment was carried, there was nothing to prevent any person who had £1,000 in a bank withdrawing that money just prior to the assessment and purchasing Treasury bills, showing them to the assessor when he went round, and afterwards putting the £1,000 back into the bank. All those arguments applied with equal force in America, and yet greenbacks and Treasury bills were made the vehicle for evading State taxation there. The class of persons who held debentures were prosperous, and they proposed to exempt them at the same time that they refused to exempt the men who had £52 per annum or less. He was strongly opposed to any such proposition.

The TREASURER: There were very grave reasons why Government stock, held locally, should be exempted. It would rise very much in the estimation of banks and financial institutions which were accumulating funds, and would lead to our debentures becoming a settled form of security. Last session they provided that life assurance companies must either deposit £10,000 with the Treasurer for the purpose of buying Queensland stock, or else they were to purchase stock themselves to the same amount and deposit the scrip with the Treasurer. It seemed a very hard thing, after they compelled those institutions to invest in Queensland stock, thereby giving it an increased value, that they should now tax them on their investment. It was possible that they might have to float a local loan to meet the deficit incurred last year, and it would improve the value of their stock if they exempted the holders of that stock from taxation.

Amendment (*Hon. A. S. Cowley's*) agreed to.

Mr. PAGET moved the insertion of the following new subclause—

(x.) Income arising or accruing from deposits in the Queensland Government Savings Bank.

Now that all holders of Government stock were exempted from the provisions of the Bill, he considered that the depositors in the Government Savings Bank should be placed in the same position. On the 30th June last year there were 81,027 depositors, and the average amount to the credit of each was £48 1s. 8d. That money was the result of thrift on the part of the less wealthy members of the community. Last year on the same date the Government had invested out of a total of £3,896,170 a sum of £3,086,513. The interest paid or credited to those depositors amounted to £101,737, and the balance, after allowing for interest and all the expenses of carrying on the institution, amounted to £10,366. Those 81,000 people practically lent to the Government £3,000,000, which the State made use of. He thought it would be wise to remit any income tax that might be payable from that source. The amount on which interest was payable was only £200, and he was sure that the deposits of 80,000 out of the 81,000 did not exceed that amount. He trusted the Committee would accept his amendment.

The TREASURER: He had no objection to accept the amendment.

Mr. KIDSTON: This was characteristic an amendment as any that had yet been moved in the Bill. The very members who voted against exempting incomes of £52 a year were now going to exempt incomes from property which might be part of the incomes of men having several hundred pounds a year. The moment the amendment was moved, the Treasurer got up and accepted it as if the whole thing had been cut and dried beforehand. He supposed the Government were now trying to "save their skin." They were posing as a Government who would grant exemptions. They were granting exemptions to everybody except the persons who needed them. He should be ashamed, if he were the hon. member for Mackay, after voting against exempting incomes of £52 a year, to move an amendment like that or the one just carried.

The TREASURER: The average amount of interest per annum paid to Savings Bank depositors was under £2, and the exemption would make very little difference in the amount collected.

Mr. DUNSFORD: The Government, by accepting the amendment, were taking an undue advantage of private enterprise. Immediately depositors found that they could get interest from the Government Savings Bank without having to pay the income tax, they would withdraw their money from private banking institutions and place it in the Government Savings Bank. That was all very well for the Government, but shareholders in those private banking institutions would view the matter in a different light. They would ask why such a difference should be made between the two sets of investments. It was a remarkable thing

[8:30 p.m.] that men who had not the price of two drinks should be called upon to

pay income tax, while men with thumping big banking accounts would evade a proportion of the tax, although it was distinctly stated last week that there were to be no exemptions.

The PREMIER: The matter was a very small one whatever way it was looked at. The total amount on which interest was payable in the Savings Bank was £200, and the annual interest would be £6. The average deposit, however, was only £48, which would produce £1 10s. a year, and the tax upon that would be 1s. 6d. The bulk of that money was held by persons who, in any case, would pay either 10s.

or £1 a year, as they belonged to the working class. He did not think the amendment would have the effect of either adding to or taking from the amount receivable from the income tax, and he therefore did not care how it went.

Mr. AIREY (*Flinders*): Although the Premier told them that the amount involved was small, the principle was a very big one. It amounted to this: That the man with the £40 income was taxed to the extent of 10s., but the working man with £50 in the bank was not to be taxed on that £50. The attitude of the Government was perfectly farcical. They had exempted debenture-holders, and now they were exempting incomes received from interest in the Savings Bank. He could not see upon what principle they were proceeding.

Mr. DENHAM (*Oxley*): If the amendment was adopted it would have the effect of removing money from current accounts in the ordinary banks and placing it in the Savings Bank; and if for no other reason than that it would serve to divert money from the open accounts in the banks, he would vote against it. His opinion was that if a division was called for the amendment would be defeated.

Mr. P. J. LEAHY (*Warrego*): Surely the hon. member for Oxley knew that when money was held by the banks at current account it did not carry interest! Hon. members were making much ado about nothing. He understood the average amount held by depositors in the Government Savings Bank was about £48; that, at 3 per cent., would come to £1 10s. per annum, and even at the rate of 5 per cent. the amount of taxation which would be remitted would only be 1s. 6d. Incomes up to £150 had to pay a tax of £1, and under £50 10s. a year; so that if the income was under either of those amounts the Government would lose nothing at all. If, on the other hand, the income was over £150, the probability was that the Government would lose 1s. 6d. He had always understood that the great majority of the depositors in the Government Savings Bank were servant girls, married women, and working people with small incomes; in fact, 90 per cent. had under £150 income. If that was so, the amount of loss involved would be so small that the matter was scarcely worth talking about. With regard to the question dealt with by the hon. member for Bowen, to his mind it simply amounted to this: It was a case of taking money out of one pocket and putting it into another, because, undoubtedly, the effect of such a proposal would be to affect the price we would get for our loans. He intended to support the amendment of the hon. member for Mackay.

The TREASURER: At first it was intended that incomes derived from deposits in the Government Savings Bank should be subject to the tax, but on looking into the matter the Government had come to the conclusion that the deposits were small, and that the amount derived would not make any appreciable difference in the total amount received by way of income tax. He thought the amendment was a reasonable one.

Mr. PAGET pointed out that the deposits in the Government Savings Bank did not actually receive 3 per cent. per annum, owing to the fact that no interest was paid for broken months. The average interest for the year ending on the 30th June, 1901, was only £2 12s. 3d. Even supposing there might be some money withdrawn from current account in the banks and placed under deposit in the Government Savings Bank, he thought the fear of the hon. member for Oxley was rather unfounded, for the reason that the Government were making use of £3,000,000 of the money now in the Savings Bank, for which

they were only paying £2 12s. 3d. interest, and the interest on the net realisation of our loans was £3 19s. per cent. Taking the law of averages, the Treasurer would not use £3,000,000 out of £4,000,000 in the Savings Bank if he thought the £4,000,000 would be called up tomorrow.

Mr. DUNSFORD: The Treasurer was willing to accept this amendment because the loss to the Treasury would be small, not as a matter of principle. Members on his side had endeavoured to get exemptions of certain amounts as a matter of principle; but the amendments moved in that direction were rejected by the Government. At first the Government said there was to be one general principle and no exemptions, but now the exemptions were coming along. If the deposits in the Government Savings Bank were to be exempted, why not exempt the comparatively small deposits of investors in other banks? There were also trust funds in the different banks, and why should they not be exempted also? He did not see why fish should be made of one and flesh of another.

Mr. DENHAM: There was another aspect of the question which had been overlooked. The banks were paying 3 per cent. on fixed deposits, so that a man who had £1,000 at fixed deposit would get £30 a year, and on that he would be called upon to pay £1 10s. income tax. Should this amendment be carried, such a person would probably withdraw that money as soon as the time for which it was deposited had expired, and deposit it in the Savings Bank in the names of his wife, three children, and himself, in order to evade the income tax. It was not only the present loss, but the prospective loss, which they had to consider.

Mr. BARNES (*Bulimba*) hoped the hon. member for Mackay would withdraw the amendment, because the arguments against it were unanswerable. It was not an unfair thing to ask a man or woman who had money in the Savings Bank to contribute to the revenue by way of income tax, and a great deal of it belonged to other than the working classes.

Mr. HAWTHORN intended to vote against the amendment, because, although there was an average of £48 per head in the Savings Bank, he was certain that many people had £200 and over to their credit in that bank; and as it was a very popular institution for investments, because the interest was easily collected and the investment was safe, if such investments were made free of income tax, money would be withdrawn from other investments where it was desirable that it should be employed.

Mr. KATES (*Cunningham*): When the Bill was introduced they fought for a whole night for the principle that everybody should pay something by way of income tax, but now the hon. member for Mackay proposed that people having money in the Savings Bank should be exempt. If that amendment were carried, it would probably mean a loss of £5,000 to the Treasury, for people having money at fixed deposit in other banks would withdraw it, and place it in the Savings Bank in order to evade the income tax. He hoped that the amendment would be withdrawn.

Mr. KIDSTON: He hoped the hon. member for Mackay would withdraw his amendment. Until the Treasurer got up and accepted it, he (Mr. Kidston) thought it was a joke. It had been shown very conclusively that it would be unfair to the taxpayers and to the other people who were carrying on banking business to adopt the amendment, and if the matter went to a division he should vote against it.

Mr. P. J. LEAHY: He had always understood that members on the other side, particu-

larly the hon. member for Rockhampton, were in favour of a State bank. Now they had an excellent opportunity of doing something that would popularise the Savings Bank and increase its deposits, and they went back on their principles with regard to this matter.

Mr. BURROWS: The members on that side had not gone back on their principles with regard to a State bank. If they had a State bank he hoped it would be able to compete on just and equitable lines, without trying to take any unfair advantage of private banks. The Premier had stated that a large amount of money in the Savings Bank was owned by the people who would pay the 10s. a year income tax. Did the hon. gentleman mean to tell them that a man earning £50 a year and paying 10s. income tax would be able to put money into the Savings Bank? The thing was absurd. One of the arguments adduced in favour of the acceptance of the amendment was that the amount which would be lost to the revenue was very small, yet when members on that side wanted to exempt men earning £50 or £100 because they were only getting a living wage from personal exertion, the Government refused to accept an amendment in that direction. Now it was proposed to exempt a person who had more than a living wage, and had sufficient to put money into the Savings Bank. He believed that a great proportion of the money deposited in the Savings Bank belonged to people who had a great deal of money to spare. When the hon. member for Oxley suggested that if a man had £1,000 he could deposit it in five different names, he understood the Premier to interject that that was not so; but

[9. p.m.] he (Mr. Burrows) happened to be in a similar position. He was trustee for nearly £500, and when he was told at the Government Savings Bank that they did not allow interest on more than £200, he deposited £200 in the names of certain children, and £200 in the names of other children, and got interest on the total amount. He thought the Treasurer was wrong in intimating, in the first instance, that he was not averse to accepting the amendment.

Mr. PAGET was still of opinion that it would be wise for the Committee to assent to the amendment, for the reason that it would make very little difference to the Treasury. The hon. member for Cunningham stated that it would mean a loss of £5,000; but he did not think it would mean a loss of more than £1,000. He was extremely disappointed at the attitude of the acting leader of the Opposition in not supporting the amendment, and, as he had no desire to waste time, he asked leave to withdraw it.

Amendment, by leave, withdrawn.

Clause 12, as amended, put and passed.

On clause 13—

1. In estimating the income subject to the tax, there shall be deducted from the gross amount of every person's income—

- (i.) All losses and outgoings actually incurred in Queensland by him in production of income;
- (ii.) All rates and taxes payable by him under any Act of the Parliament of Queensland except this Act;
- (iii.) All interest actually paid by him in the year immediately preceding the year in which the assessment is made upon money borrowed in Queensland and actually used or invested in Queensland;
- (iv.) All sums paid by him by way of commission for collecting income.

2. In estimating the amount of income tax payable in respect of the income of any company, there shall be deducted the total amount paid by way of dividend duty upon such income, and only the balance, if any, remaining after such deduction shall be payable as income tax.

The TREASURER moved the omission of the words "money borrowed in Queensland and," in line 48, with a view of inserting "borrowed money." The amendment would allow interest on any loan, whether borrowed in Queensland or outside the State, to be deducted from income.

Amendment agreed to.

HON. A. S. COWLEY moved the insertion, after line 51, of the following:—

(v.) All sum expended by him in maintenance or support of any indigent relatives who are thus prevented from becoming a burden on the State:

Provided that, if the taxpayer is unable to state the sum actually expended as aforesaid, such sum may be deducted as the Commissioner thinks just.

If any person was contributing to the support of an aged parent or an invalid member of his family, it was only fair to deduct the amount so contributed. He sincerely trusted hon. members would vote in favour of the amendment.

The TREASURER could not accept the amendment. He did not see why children should get out of their natural responsibilities to their parents any more than parents were allowed to evade their natural responsibilities in bringing up and maintaining their children.

Mr. KIDSTON was not very sure about the soundness of the principle underlying the amendment, but he felt strongly inclined to support it. It was certainly a worthy thing that those who were able to support their parents, or those who were liable to become a burden upon the State, should do so. The only thing he would like to stipulate was the addition of these words, "Provided that no such exemption shall exceed, say, twenty-six pounds for each relative so supported." There should be some limit fixed, otherwise the danger would be that the Commissioner might allow too large a sum.

The TREASURER was afraid the insertion of such a provision would open the door to a large amount of fraud. The question would arise, Who were the indigent relations, and who was to say they were not indigent? It was only right that children should do their duty in keeping their indigent parents, without any consideration from the State for doing so.

HON. A. S. COWLEY: His object was not to encourage fraud in any shape or form, but to exempt from taxation a portion of the incomes of those who could ill afford to contribute to the maintenance of their indigent parents or other relatives.

The PREMIER: Would it not be better to pass an Act compelling people to pay for their own poor? A man disposed to keep his parents would do so whether he was exempt from income tax or not; but there were others who would not, unless compelled by an Act of Parliament, contribute anything to the support of their indigent relatives now at Dunwich.

HON. A. S. COWLEY: If the Premier would promise to introduce a Bill to that effect this session, it would do away with the necessity for moving his amendment. It was a disgrace to any individual who could afford to pay for the maintenance of his poor relatives that he should allow them to go to Dunwich and be supported by the State.

Mr. KIDSTON: The fact that a man would not have to pay income tax on the keeping of those relatives would not induce him to incur that cost if he was not otherwise wanting to do it; but the insertion of such a provision would very little affect the Treasury, and it would be a public recognition of the fact that the House wished to make a difference in favour of the men who did such a thing. As he had said, he was prepared to support the amendment provided

there was a limit to the amount exempted, and he would therefore move, as an amendment on the amendment, that the proviso be omitted, with the view of inserting the words—

Provided that no such exemption shall exceed twenty-six pounds for each relative so supported.

Mr. STORY thought the amendment and the amendment upon it were much more fitted for a menagerie than for an Assembly supposed to have some christian feeling. The idea of a man representing to the Commissioner that he was supporting his aged mother, and wanting to have some consideration from the Government for doing what was one of the holiest duties he could perform! If he had to support a child, he supposed it would be contended that he should also be exempted for that. He thought such an amendment would disgrace the Bill. The man who was able to support his indigent relatives was probably willing to do so, and to make any arrangement whatever in the direction indicated by the amendment was not worthy of the House.

Mr. BURROWS pointed out that if a man had sickness in his house, by the Bill he was relieved from taxation. The amendment would neither prevent nor induce people from contributing towards the support of their relatives; but if by so doing their income was reduced, it was only fair that they should be relieved to that extent of taxation.

Mr. AIREY thought the sooner they had a little more menagerie legislation, as the hon. member for Balonne had termed it, the better. The proposal would not induce any man to keep his indigent relative, but would give a little encouragement and assistance to those who had a tendency to do so. The amendment contained a touch of humanity. It was a sort of oasis in the desert, and for that reason he supported it. It looked very bad to see the Treasurer accept an amendment which would exempt from taxation interest on Savings Bank deposits, and immediately after jump with both feet upon an amendment such as that which had been introduced.

The HOME SECRETARY (Hon. J. F. G. Foxton, *Carnarvon*) did not agree with the amendment at all. He would like to know what was an "indigent relative"? An infant in its mother's arms might be regarded as an indigent relative, and were they going to allow a man to deduct what he spent upon the support of his children? The law already provided that a man should be liable for the support of his own children, and of his mother and father if they happened to be in a benevolent institution. That was already amply provided for in the Charitable Institutions Act, and nothing more was required to constitute a liability on the part of a child to maintain his aged parents. If they included any one class of relatives whom a man was compelled to maintain, they must necessarily include all those he was compelled to maintain, and they would then have to deduct probably the cost of keeping a whole family of perhaps twelve children. No good reason had been shown for the amendment.

Mr. JACKSON: The amendment practically proposed to offer a small bonus to those who were willing to maintain their indigent relatives. The Home Secretary was quite right as to the provisions of the Charitable Institutions Act; but, unless the pauper was in Dunwich, apparently there was no remedy. The Government could

not compel children to maintain [9.30 p.m.] their parents or relatives unless they were in an asylum. The feeling of the Committee seemed to be that it was quite right that relatives who could afford it should be compelled to maintain their aged parents. He thought the amendment could not do much harm.

Question—That the words proposed to be omitted (*Mr. Kidston*) stand part of the amendment—put and negatived.

Question—That the words proposed to be inserted (*Mr. Kidston*) be so inserted—put; and the Committee divided:—

AYES, 28.

| | |
|---------------|--------------|
| Mr. Airev | Mr. Hawthorn |
| „ Barber | „ Hodge |
| „ Burrows | „ Jackson |
| „ Cooper | „ Kenna |
| „ Cowap | „ Kerr |
| „ Cowley | „ Kidston |
| „ Denham | „ Lesina |
| „ Dibley | „ Martin |
| „ Dunsford | „ Mulcahy |
| „ Fogarty | „ Norman |
| „ Forrest | „ Paget |
| „ Grant | „ Ryland |
| „ W. Hamilton | „ Turner |
| „ Hardacre | „ Woods |

Tellers Mr. Barber and Mr. Burrows.

NOES, 23.

| | |
|---------------|---------------|
| Mr. Barnes | Mr. Kates |
| „ Bridges | „ Lamont |
| „ Campbell | „ J. Leahy |
| „ J. C. Cribb | „ P. J. Leahy |
| „ T. B. Cribb | „ Mackintosh |
| „ Dalrymple | „ Moore |
| „ Forsyth | „ Philp |
| „ Fox | „ Stephens |
| „ Foxton | „ Stodart |
| „ Garde | „ Story |
| „ J. Hamilton | „ Tolmie |
| „ Hanran | |

Tellers: Mr. Bridges and Mr. J. C. Cribb.

PAIRS.

Ayes—Mr. Summerville, Mr. Plunkett, and Mr. Blair.
Noes—Mr. Armstrong, Mr. O'Connell, and Sir Arthur Rutledge.

Resolved in the affirmative.

The PREMIER thought the Committee should understand what the amendment meant before they went to a division on the clause as amended. Children under the age of fifteen were all indigent, and a man with six children would be exempt to the extent of £156 on their account. Was that what the acting leader of the Opposition meant? [*Mr. KIDSTON*: That is not what I mean.] That would be the effect, if the clause were passed as it stood now. They did not want to make a farce of the Bill; but with this clause, as amended, it would be a farce. He knew that some hon. members, including the hon. member for Herbert, did not want an income tax at all; but it was very unfair to attempt to defeat the object of the Bill by getting clauses like this put into it. [*Hon. A. S. COWLEY*: I would like to defeat the Bill, but not by any underhand means.] He thought the effect of the amendment should be explained.

Mr. KIDSTON: In a little matter of this kind the Premier might have taken his defeat more gracefully, instead of saying that the amendment would turn the Bill into a farce. The term "indigent relative" was perfectly well understood, and there was no probability that any court would decide that a man's wife and children were his indigent relatives within the meaning of this clause. But if the Premier wished to define "indigent relatives" in such a way as would prevent any danger arising on that score, he could easily do so. The Treasury was not in any serious danger from the inclusion of such a provision, because there were not many men in the State, maintaining their old aunts, mothers, or fathers, who were likely to make a claim for exemption from the tax on that account.

Mr. P. J. LEAHY was surprised that the hon. member for Herbert and hon. members

opposite had such a poor opinion of human nature, because if the amendment meant anything it meant that a man would not do his duty to his aged relatives unless he was bribed to the extent of 13s. a year, which was 2½ per cent. on £26. The objection he had to the amendment was that it would offer so many openings to fraud. If the principle of it was sound, why should they not exempt subscriptions to hospitals and charitable institutions? In its present lame and inept form he could not support the amendment.

Mr. COWAP considered that if a man or woman thought fit to support his aged relatives, he should be exempt from paying income tax on the money which he paid for their support. It had been said that the Commissioner would be a sensible man, and that being so he thought that officer would know what an "indigent relative" was, and grant or refuse exemption in each case on its merits.

The HOME SECRETARY: It would be all very well for the Commissioner to do that if the hon. member for Rockhampton had not by his amendment on the amendment of the hon. member for Herbert struck out the words—

Provided that if the taxpayer is unable to state the sum actually expended as aforesaid such sum may be deducted as the Commissioner thinks just.

The omission of those words left no discretion to the Commissioner. If the amendment was agreed to, the Commissioner would have to go to the legal definitions of the words "relative" and "indigent." *Annandale* defined a relative as "a person connected by blood or affinity, especially one allied by blood; a kinsman, or a kinswoman." He had yet to learn that a man's child was not his kinsman or kinswoman. Then the meaning of "indigent" was given as "destitute of the means of comfortable subsistence." If a man's child was going to school, was it not destitute of the means of subsistence without the assistance of its parents? If the hon. member's argument meant anything, it meant that, as soon as one began to assist an indigent relative, he ceased to be indigent, and therefore they could not deduct from his income what he paid. Unquestionably the amendment might be used as a means of fraud. If the hon. member defined what relatives were to be included, there would be some sense in it; but otherwise it would be a reflection on the common sense of the Committee to pass it.

HON. A. S. COWLEY thought it was ungenerous of the Premier to accuse him of attempting to defeat the Bill by a sidewind of this description. He stated on the second reading that he was prepared to do anything in an orderly manner to defeat the Bill, and the hon. gentleman should know him sufficiently well by this time to know that he would never attempt to defeat any measure in an indirect manner. He knew it was difficult to define "indigent," but he had every faith in the Government appointing an intelligent man to administer the Act. If the Commissioner was of opinion that any deduction that was claimed was claimed on behalf of a relative who was not indigent, then he would not allow it. An individual who sought to claim an exemption would apply to the court, and the

[10 p.m.] court would decide it, and it also would decide what sort of relatives. He would give a case in point: He knew of three brothers, each doing very well, but two better than the other. Their relatives were indigent, and one brother supported the whole of them, the other two declining to do it. The amendment would not compel the other two to contribute to their support, but it would

relieve the one of the income tax on the amount he gave to his indigent relatives. [The HOME SECRETARY: And you want to make this Bill ridiculous for that case.] He did not want to make the Bill ridiculous, and his amendment would not have that effect. He knew the subject was beset with difficulties, and if hon. members with legal knowledge would give a definition he would be obliged to them.

The HOME SECRETARY: He did not know what the Committee wanted, as they had not expressed an opinion on the amendment, but as far as he could gather the hon. member for Herbert wanted one thing and the hon. member for Rockhampton another. Certainly, if the amendment were carried in its present form, it would enable a man to deduct from his income all that he expended, up to £26 a head, on the maintenance of relatives who were unable to maintain themselves, no matter what their age or degree of consanguinity. Nor did the amendment say where the relatives might be. A man might have half-a-dozen relatives in the old country, and contribute towards their maintenance. Was he to be at liberty to take that from his income? [Hon. A. S. COWLEY: That is prevented by the words "who are thus prevented from becoming a burden on the State."] What State? It might be the State wherein they resided. And who was to prove that if the money was not paid they would become a burden on the State? The whole thing was bristling with absurdities.

Mr. JACKSON: No doubt it would be an advantage to get a definition of what the term "indigent relatives" meant. Perhaps if, after "indigent," the words "and infirm" were inserted they would be getting a little nearer it. He thought the Commissioner would be easily able to grasp the meaning of the word "infirm," and they might add the words "not being children under the age of eighteen." The Home Secretary argued that children might be included, but section 160 of the Bill specially stated that no sum should be deducted on account of any disbursement on the maintenance of the taxpayer's family. The hon. gentleman's argument therefore did not stand good.

The TREASURER suggested that the difficulty might be got over by inserting a definition to the effect "that for the purposes of this Act the term 'relative' should be taken to include so-and-so."

Mr. HAWTHORN said it would be advisable to add to the clause that the Commissioner should be the sole judge as to whether a relative was or was not indigent.

The SECRETARY FOR AGRICULTURE (Hon. D. H. Dalrymple, Mackay): Personally, he entirely objected to the amendment, mainly on the ground that it was introducing a new principle. The Bill specially provided that the amount spent in the support of children—which he took to be most legitimate expenditure—should not be deducted when estimating what a man's income was. Why should the State come in last when it was a question of something being contributed for the public good? It seemed to him that hon. members wanted to push the State entirely on one side, and if a man was benevolent in maintaining hospitals and endowing charities, he should escape the payment of income tax.

The TREASURER wished to give hon. members an opportunity of further considering the amendment. The Committee had got itself into a knot and should have time to untie itself. He

therefore moved that the Chairman leave the chair, report progress, and ask leave to sit again.

Mr. KIDSTON: It was only sixteen minutes past 10 o'clock, and because the Government had not their supporters present the House had to adjourn. Why didn't they get cabs and send round for their supporters so that public business might be proceeded with?

The TREASURER: If there was any delay in proceeding with business, it was not the fault of the Government. If hon. members chose to try and insert conundrums in the Bill, they were responsible for the delay.

Question put and passed.

The House resumed. The CHAIRMAN reported progress; and obtained leave to sit again tomorrow.

The House adjourned at twenty minutes past 10 o'clock.