

Queensland



Parliamentary Debates  
[Hansard]

**Legislative Assembly**

**TUESDAY, 4 JUNE 1918**

---

Electronic reproduction of original hardcopy

GOVERNMENT PRINTING OFFICE WORK FOR  
CENTRAL POLITICAL EXECUTIVE.

Mr. CORSER asked the Treasurer—  
“1. The amount of job printing done for the Central Political Executive by the Government Printer during the past six months?  
“2. The cost of the same?”

The TREASURER (Hon. E. G. Theodore, *Chillagoe*) replied—

“1. Twenty-nine pamphlets and leaflets.  
“2. £772 8s.”

EXPENSES OF PREMIER'S TOUR.

Mr. CORSER asked the Chief Secretary—  
“1. Will he lay on the table of the House a return showing the expenses of himself and retinue during his tour of the State since Christmas?  
“2. The mileage travelled by special trains and the cost of same?  
“3. Cost of Press telegrams during the tour, payment of which was found by the State?”

The PREMIER replied—

“1, 2, and 3. I would ask the hon. member to move for a return with regard to Nos. 1 and 2. With regard to No. 3 the answer is nil.”

STATE BUTCHER'S SHOP AT WYNNUM.

HON. W. H. BARNES (*Bulimba*) asked the Chief Secretary—

“1. When opening the State butcher's shop at Wynnum, were the premises at present occupied taken on lease?  
“2. If so, for what term and at what rental?  
“3. From whom were they taken?  
“4. In view of it having been stated that the business was to be closed, has he since decided if it is to be continued or not?  
“5. If the business is to be continued, are new premises to be erected?  
“6. If new premises are not to be erected, is it proposed to thoroughly renovate the present premises?”

The PREMIER replied—

“1 and 2. No lease, but a two years' agreement at £1 15s. a week.  
“3. John Gregory, Wynnum South.  
“4, 5, and 6. These matters are under consideration.”

SOLDIERS' VOTES.

Mr. FRY (*Kurilpa*) asked the Assistant Minister for Justice—

“1. What is the total number of Queensland soldiers on overseas service who were entitled to vote at the last general election?  
“2. What is the total number of soldiers' votes recorded?  
“3. What are the respective numbers of proxies allotted to Mr. Ryan and Mr. Tolmie, or their respective deputies?  
“4. What proportion, if any, of the soldiers on the various actual fronts exercised their rights to appoint proxies?”

HON. W. N. GILLIES (*Eacham*) replied—  
“1 to 5. The hon. member should move for a return.”

LEGISLATIVE ASSEMBLY.

TUESDAY, 4 JUNE, 1918.

The SPEAKER (Hon. W. McCormack, *Cairns*) took the chair at half-past 3 o'clock.

MEMBER SWORN.

Hon. J. G. APPEL, having taken the oath and subscribed the roll, took his seat as member for the electoral district of Albert.

QUESTIONS.

CONFERENCE OF SUGAR DELEGATES.

Mr. SWAYNE (*Mirani*) asked the Secretary for Agriculture and Stock—

“The cost of the conference of delegates from the sugar districts recently held in Brisbane, and from what fund was the cost defrayed?”

The SECRETARY FOR AGRICULTURE (Hon. W. Lennon, *Herbert*) replied—

“The cost of the conference amounts to £1,387, and it has been charged to the sugar-cane prices fund.”

SOLDIERS' PROXY VOTES.

Mr. CORSER (*Burnett*) asked the Assistant Minister for Justice—

“1. Were any cables containing soldiers' proxies missing at 6 p.m. on 16th March?  
“2. If so, were any of these proxies afterwards polled, and how many?  
“3. What was the total cost of the cable system of securing soldiers' proxies?  
“4. What was the date of the proclamation making provision for proxies by cable?  
“5. How many of the absent soldiers were able to avail themselves of the franchise and received their votes?”

"5. What facilities were given the men in the field and in the trenches to appoint proxies?"

"6. What was the total number of certificates issued by the Electoral Office authorising votes to be cast by proxy?"

"7. How many rubber stamps, bearing the signature of the Chief Electoral Officer, such as used on the certificates, were in existence during, or prior to, the elections?"

HON. W. N. GILLIES replied—

"1 to 7. The hon. member should move for a return."

#### ADVERTISEMENTS IN "SOLDIER" NEWSPAPER.

Mr. SIZER (*Nundah*) asked the Chief Secretary—

"What sums of money have been paid to the Soldier Newspaper Company of Sydney for advertising during the last nine months?"

The PREMIER replied—

"£198."

#### CIRCULAR LETTER TO CARNARVON ELECTORS.

Mr. GUNN (*Carnarvon*) asked the Chief Secretary—

"1. Did he send personal letters to the electors of Carnarvon, at the late election, eulogising Mr. Bedford, and asking support for him in the coming election?"

"2. Was such letter printed, or typed by any other process? If so, who paid, and what was the cost of such printing or typing, paper and postage?"

The PREMIER replied—

"1. Yes.

"2. The letter was printed, and no cost whatever was incurred by the Government in regard to paper, printing, postage, or otherwise."

#### SHORTAGE OF FRUIT CASES.

Mr. ELPHINSTONE (*Oxley*) asked the Treasurer—

"1. Is he aware of the severe shortage of fruit cases, which is interfering with the export of fruit?"

"2. Will he state whether he has brought this matter under the notice of the manager of the State sawmills, and what steps, if any, are to be taken to overcome the shortage?"

The TREASURER replied—

"1. Yes.

"2. Inquiries are being made."

#### SPECIAL TRAIN TO EIGHT HOUR DEMONSTRATION AT TOOWOOMBA.

Mr. BRENNAN (*Toowoomba*) asked the Secretary for Railways, without notice—

"Was it a correct statement made by the hon. member for Aubigny, in speaking on the Address in Reply, that on the holding of the last demonstration of the Eight Hour celebrations at Toowoomba, a special train was run from Balgowan to Toowoomba, in which six or eight passengers travelled, and that no guarantee was collected?"

The SECRETARY FOR RAILWAYS (Hon. J. A. Fihelly, *Paddington*) replied—

"If the statement was made, it was incorrect. The facts are as follow:—A special was arranged to run from Oakey to Balgowan and back. A guarantee of £7 16s. was collected from the secretary of the Eight Hour Union at Toowoomba. The amount guaranteed is being refunded."

#### ELECTIONS STATISTICS.

On the motion of Mr. MACARTNEY (*Toowoong*), it was formally resolved—

"That there be laid upon the table of the House a return giving a list of the electorates showing the total number of names on the rolls used at the general elections, and the number of votes recorded in each electorate for the respective candidates."

#### WAYS AND MEANS.

##### OPENING OF COMMITTEE.

The TREASURER: Mr. Speaker, I beg to move—That you do now leave the chair.

Mr. VOWLES (*Dalby*): Before you leave the chair, Mr. Speaker, I would like to take the opportunity of discussing certain matters which I understand it is the privilege of the House to discuss at this juncture.

The SPEAKER: The hon. gentleman is wrong.

Mr. VOWLES: Whether I am right or wrong, I would like to point out to you that the "proof" of the business-paper given to me started off with "Supply," under which heading I would have had the privilege of discussing grievances. The usual practice is that hon. members have, at this juncture, the right to discuss grievances, and the whole of the business-paper has been twisted round and "Supply" has been superseded by "Ways and Means," no doubt with the object of preventing discussion.

The SPEAKER: Will the hon. member give his reasons for stating he has the right to discuss grievances on the motion to go into Committee of Ways and Means?

Mr. VOWLES: It is a subject-matter of Supply and it has always been the practice of the House to discuss grievances on going into Committee of Supply. The motion that we have to discuss is Supply, and I submit therefore that this is the time when we can discuss grievances. The resolutions as circulated commence with these words—

"That towards making good the Supply necessary to be granted to His Majesty."

The SPEAKER: Order! That is not the resolution.

Mr. VOWLES: The order of business has been twisted round, and we have been deprived of our rights.

The SPEAKER: The hon. member does not suggest that I have anything to do with the arrangement of the business-paper?

Mr. VOWLES: I do not say that you have any knowledge of it, but I have a "proof"

in which the business starts off with "Supply;" and, if "Supply" was the first subject for our consideration this afternoon, we would undoubtedly have had the right to discuss grievances. If not, when are we to discuss grievances?

The PREMIER: Why did you not ask what the business was to be when the House adjourned?

The SPEAKER: The hon. gentleman will have the right to discuss grievances on the motion "That I do now leave the chair" for the purpose of going into Committee of Supply.

Mr. MACARTNEY: It is the usual practice to discuss grievances at this stage.

The SPEAKER: The hon. gentleman knows that it is not the usual practice. Under the Standing Orders hon. members have the right to discuss grievances on the motion "That I do now leave the chair and the House resolve itself into a Committee of the Whole to consider the Supply to be granted to His Majesty," but this is a motion "That I do now leave the chair" to discuss Ways and Means.

Mr. MACARTNEY: I do not wish, for a moment, to suggest that you, Sir, have come to a wrong conclusion, but I suggest that it has been recognised by this House, ever since it was a House, that on the first motion—That the Speaker leave the chair to go into Committee of Ways and Means or Committee of Supply—that grievances could be discussed.

The SPEAKER: I agree with the hon. member with regard to Supply.

Mr. MACARTNEY: This morning I made inquiry seeking for information on the subject, and the only result of that inquiry is that I have been given to understand it has been the regular practice. I quite understand that the Standing Orders are more or less silent on the whole subject. In fact, if you read the Standing Orders you have considerable doubt as to whether you have got the right at any time to speak on the motion "That the Speaker do now leave the chair," except that it is done under that invariable practice.

The SPEAKER: The hon. member may speak on the motion any time it is put.

Mr. MACARTNEY: I do not wish to discuss the matter at the present time, beyond preserving the rights of the Opposition.

The SPEAKER: Will the hon. gentleman quote some authority which gives him the privilege on this motion?

Mr. MACARTNEY: I have made very careful inquiries this morning from books and various authorities, and I have been unable to find out that there has ever been an occasion, on a motion of this kind, for the House to go into Committee, either of Ways and Means or Supply, when the privilege has been refused.

The SPEAKER: The hon. gentleman knows that the privilege is allowed on only one occasion; that is when Committee of Supply is first formed. If the privilege were granted now, the hon. gentleman will have the right to demand the same discussion on the first motion to go into Committee of Supply.

Mr. MACARTNEY: I recognise that if the privilege were granted on this occasion, I would not have the right on a subsequent occasion. However, I am not anxious to discuss the matter on this occasion, beyond wishing to preserve the rights of the Opposition.

Question put and passed.

#### COMMITTEE.

(Mr. Bertram, Mace, in the choir.)

The CHAIRMAN, on taking the chair, said: Before taking my seat I desire to thank hon. members for having re-elected me to the position of Chairman of Committees. I desire also to thank the Premier and the leader of the Opposition for their complimentary references to myself. (Hear, hear!) The Premier gave me the credit of possessing the qualities of patience, forbearance, and impartiality. I must say that I think those qualities are very imperfectly developed in me, but I think those qualities are qualities which make for a good Chairman, and I shall endeavour to cultivate them. I want to say, further, that I hope hon. members will assist me in carrying out my duties as Chairman in accordance with the Standing Orders, and in a manner that will benefit the Legislative Assembly.

HONOURABLE MEMBERS: Hear, hear!

#### TAXATION PROPOSALS.

The TREASURER, in moving—

"A.—Land Tax. That towards making good the Supplies necessary to defray His Majesty's public expenses and making an addition to the public revenue—

It is desirable—

(1.) That there be levied and paid for the financial year beginning on the first day of July, 1917, and each succeeding financial year thereafter during the continuance of the present war, and the financial year next succeeding the financial year in which peace is proclaimed, in addition to the Land Tax payable under the Land Tax Act of 1915, on the unimproved value of all lands, the taxable value of which is £2,500 or over, a super land tax at the rate hereunder set out, that is to say—

If the taxable value—

Is £2,500 or over but less than £3,000—1d. in each and every £.

Is £3,000 or over but less than £4,000—1½d. in each and every £.

Is £4,000 or over—2d. in each and every £.

(2.) That the amount of exemption by way of deduction which shall be allowed under section 11 of the Land Tax Act of 1915 in ascertaining the taxable value of undeveloped land shall bear the same proportion to the sum of three hundred pounds in the said section referred to as the total value of

*Hon. E. G. Theodore.]*

all the undeveloped land bears to the total value of all the land held by the same taxpayer.

"This resolution to be in force as on and from the twenty-ninth day of December, 1915.

"B.—Income Tax.—That towards making good the Supplies necessary to defray His Majesty's public expenses and making an addition to the public revenue—

It is desirable—

(1.) That there be charged, levied, collected, and paid for each year commencing on the first day of January, 1917, on all income derived from personal exertion—

If the total income subject to the tax—

Exceeds £3,000 and does not exceed £4,500—18d. in each and every £.

Exceeds £4,500 and does not exceed £6,000—21d. in each and every £.

Exceeds £6,000—24d. in each and every £.

On all income derived from the produce of property—

If the total income subject to tax—

Exceeds £3,000 and does not exceed £4,500—20d. in each and every £.

Exceeds £4,500 and does not exceed £6,000—24d. in each and every £.

Exceeds £6,000—27d. in each and every £.

On the incomes of all absentees—

If the total income subject to the tax—

Exceeds £3,000 and does not exceed £4,500—24d. in each and every £.

Exceeds £4,500—27d. in each and every £.

"This resolution to be in force as on and from the first day of January, 1917.

(2.) That there be charged, levied, collected, and paid for each year commencing on the first day of January, 1916, income tax in respect of the annual amount of the incomes of foreign companies the incomes whereof are assessable under subsection (i.), subsection (ii.), or subsection (iii.) of section 31 of the Income Tax Act of 1902 as amended by subsequent Acts, at the following rates, that is to say—

(a) On banking companies assessable under subsection (i.) of the said section 31—18d. on each and every £ of the income assessed under the said subsection (i.).

(b) On companies carrying on insurance business or assurance business and assessable under subsection (ii.) or subsection (iii.) of the said section 31—18d. on each and every £ of the taxable income assessed under the said subsection (ii.) or subsection (iii.), as the case may be.

"This resolution to be in force as on and from the first day of January, 1916.

(3.) That there be charged, levied, collected, and paid for each year commencing on the first day of January, 1916, on the incomes of foreign companies the incomes whereof are assessed under subsection (iv.) or subsection (v.) of section 31 or under section 32 or under section 33 of the Income Tax Act of 1902, as amended by subsequent Acts, either—

(a) Income tax in accordance with the scale set forth in subsection (v.) of section 7 of the Income Tax Act of 1902 as enacted by the Income Tax Act Amendment Act of 1915; the income of the company assessed under subsection (iv.) or subsection (v.) of the said section 31 or under the said section 32 or under the said section 33, as the case may require, shall be deemed to be the Queensland profits of the company concerned, and the income tax on such profits shall be ascertained as follows:—

The amount of tax which would be payable on the total profits of the company in Queensland and elsewhere, if such profits had wholly arisen in Queensland, shall be ascertained under the provisions of subsection (v.) of the said section 7; and the amount of tax payable under this Act on the said Queensland profits of the company shall be a sum which bears the same proportion to the amount which would be payable as aforesaid on the total profits of the company as the said Queensland profits bear to the said total profits; or

(b) If such company has no capital, income tax at the rate of 18d. on each and every £ of the income assessed as aforesaid of such company.

"This resolution to be in force as on and from the first day of January, 1916.

(4.) That there be charged, levied, collected, and paid for the year 1917, and for every year thereafter during the continuance of the present war and the year next succeeding the year in which peace is proclaimed, in addition to income tax payable under the Income Tax Act of 1902 as amended by subsequent Acts and by the Act based on the foregoing Resolutions a super tax in respect of the annual amount of the taxable incomes of all persons at the rate of twenty pounds per centum on the amount of the income tax (after a further deduction of £200 from the taxable incomes of all persons other than companies or absentees) payable under the said Act as so amended.

"This resolution to be in force as on and from the first day of January, 1917.

(5.) That in estimating taxable income there shall not be deducted under paragraph (ii.) of section 13 of the

Income Tax Act of 1902 as amended by paragraph (i.) of section 6 of the Income Tax Act Amendment Act of 1915—

- (a) The amount of any land tax actually paid by the taxpayer under any Act of the Parliament of the Commonwealth in respect of land situated outside Queensland; or
- (b) The amount of any income tax actually paid by the taxpayer under any Act of the Parliament of the Commonwealth.
- (6.) That there be charged, levied, collected, and paid for each year income tax in respect of interest payable to a person residing beyond Queensland on money borrowed and used with intent to the production of income or borrowed on property in Queensland at the rate of seven pounds ten shillings per centum of such interest.
- (7.) That in estimating the income subject to income tax under the Income Tax Act of 1902 as amended by subsequent Acts, there shall be deducted from the gross amount of every person's income—

- (a) The amount of twenty-six pounds in respect of each and every child under the age of sixteen years who is actually dependent on the taxpayer; and
- (b) The amount of any donation in cash, not being less than two pounds, to any Queensland patriotic fund approved by the Commissioner,"

said: I have made voluminous notes on the subject-matter of the motion before the Committee, and I hope hon. members will grant me their indulgence while I explain the present financial position.

HONOURABLE MEMBERS: Hear, hear!

The TREASURER: In presenting the Financial Statement to Parliament last year, I estimated the revenue for the current year at £8,252,629, and the expenditure at £8,749,241, and predicted a deficit of £496,612.

To meet the shortage, it was proposed to increase the income tax, impose a super land tax, increase the stamp and succession duties, and increase the rents on the pastoral holdings.

In due course the Finance Bills were introduced and passed through this Chamber, but they all were rejected by the Legislative Council. Thus for eleven months of the year we have been deprived of the benefit of the proposed new revenue, and will conclude the year, as anticipated, with a considerable deficit.

The revenue received for eleven months was £7,397,486. The revenue expected for June is £910,885, making a total for the year of £8,308,371.

The expenditure for the eleven months was £7,201,558, and estimated for June, £1,524,666, making a total expenditure for the year of £8,726,224, and producing a probable deficit of £417,853.

The taxation for the year will probably exceed the estimates by £82,600, wholly accounted for by the increased revenue from income tax. This result is doubtless due to the larger incomes earned in certain industries as a result of the high prices ruling for staple products.

The land revenue will exceed the estimates by £10,300, chiefly as a result of the recent re-appraisements of rents on pastoral holdings.

The estimate of railway revenue will not be reached, a condition of things for which the floods and cyclone in the Central and Northern Divisions are mainly responsible.

The anticipated revenue from miscellaneous sources will be about realised.

The total revenue for the year is expected to exceed the estimate by £55,700, and exceed last year's receipts by £427,500.

Heavy unforeseen expenditure was incurred during the year as a consequence of the floods and cyclones, but notwithstanding these fortuitous charges, the aggregate expenditure has been kept well within the estimate.

It is anticipated that the disbursements for the year will exceed last year's total by approximately £592,000.

A careful analysis of the Treasury returns will show that a prudent hand has been kept on the expenditure in all departments, and wherever possible, economies have been effected.

Practically the whole of the increased expenditure for the current year, as compared with previous years, is made up as follows:—

Increased remuneration and improved conditions to Government employees;

Extra cost of stores, material, and fuel, large quantities of which are used in connection with the Government Railways and other departments;

Increased payments on behalf of the State children, and in connection with the hospitals and charitable institutions;

Expenditure for the benefit of returned soldiers, repatriation, and for other patriotic purposes;

Increased expenditure on public instruction, including State schools, secondary education, technical education, and training colleges; and

Expenditure on flood and cyclone relief.

These items, together with the increased interest Bill and the comparatively small increase in the cost of administration, due to the material growth of certain departments and expansion in Government activities generally, make up the entire sum of additional expenditure for the current year, as compared with the period immediately prior to the regime of the present Government, and furnish a complete answer to those critics of the Government who attribute the increased expenditure to reckless extravagances or mismanagement.

This brief outline shows the justification for the expenditure which has been incurred and at the same time warrants the Government in asking Parliament to pass such finance proposals as will enable the expenditure to be met.

*Hon. E. G. Theodore.]*

It is a wholesome rule that each year should discharge its own obligations, and it is an unwise practice to pass on to future years the discharge of a deficit when the shortage can be met by further reasonable and equitable imposts.

With a view to carrying out this policy, it is proposed to reintroduce the Land Tax and Income Tax Bills, and Stamps and Succession Duties Bills, which were rejected last year by the Legislative Council. The additional annual revenue expected from these Bills is £420,000.

The Government intend to proceed with the amendment of the Land Act to remove the limitation in determining the rents of pastoral holdings. As it is not possible to estimate the number of these leases which will be dealt with by the court, an accurate estimate of the increased revenue for the ensuing year cannot be made at present.

If these Bills are passed, fresh assessments for the additional amount of land and income tax will be issued to taxpayers with respect to the current financial year. This additional revenue will not be received until after June, but the year's debit balance will be carried forward and liquidated out of next year's revenue. This will obviate the necessity of issuing Treasury bills or otherwise funding the deficit.

There is some alteration in the resolutions to be submitted as compared with the resolutions submitted last year. In the land tax resolutions the incidence of the tax has been modified to make it slightly progressive. Under the new proposal, the super tax will commence on estates of a taxable value of £2,500 at 1d. in the £1, rising by two steps to 2d. in the £1, which then becomes a flat rate for estates of all values.

There is also an amplification of the section in the principal Act dealing with the computation of tax on undeveloped land.

A further amendment limits the duration of the super tax.

There are several minor amendments in the income tax resolutions which can be more fully explained at a later stage.

I do not know whether it is expected of me that I should read these resolutions at length.

Mr. MACARTNEY: Point out the differences.

The TREASURER: I can explain the differences, but I take it that the Committee will not ask me to read through the resolutions, which have been circulated amongst members, and which can be perused and discussed by hon. members at a later stage just as easily as if I were to read them now.

Resolution A is the resolution [4 p.m.] on which the Land Tax Act Amendment Bill will be based, and makes provision for the imposition of the super land tax. It differs from the resolution of last year in that the incidence of the tax is made slightly progressive. Last year it was a flat rate of 2d. in the £1 on all estates of a taxable value of £2,500 and upwards, but this year the tax begins at 1d. in the £1 on estates of £2,500 and not exceeding £3,000, and goes to 1½d. on estates which exceed £3,000 and do not exceed £4,000, and finally reaches 2d. on estates exceeding £4,000, and remains at 2d. on all estates exceeding that value. It is also different in that we carry out what

was the intention last year—as was stated by me in Committee—that is, to impose a limit on the duration of the tax. It is proposed to limit it to the duration of the war and the next succeeding financial year, so that it will cease at the end of that time. That was the intention originally, and when the Bill was before us, I stated that it was so; but this year it was thought advisable to put it in the Bill, so that it would be easily understood. It will be noticed that this tax will apply from the same date as it would if the Bill had been passed last year—that is, it applies to the same basic year for taxation as if the Bill had gone through last session.

Mr. MACARTNEY: That is, for 1916 and 1917?

The TREASURER: For 1916-17.

Mr. MACARTNEY: And 1918—the current year?

The TREASURER: Yes. To that extent it may be considered retrospective. Resolution B deals with the income tax, and contains alterations to subclause (3) on page 2. They include the introduction of a principle of calculating the tax payable by certain companies who have capital in other places than in Queensland, and in connection with whom there was some difficulty in assessing the rate of their profits, and consequently the rate and amount of the taxation to be paid. That principle was contained in the Bill of last year, but it is slightly altered in the latter portion of paragraph (a), which appears on page 2 of the printed resolutions. It reads at present—

“The amount of tax which would be payable on the total profits of the company in Queensland and elsewhere, if such profits had wholly arisen in Queensland, shall be ascertained under the provisions of subsection (v.) of the said section 7; and the amount of tax payable under this Act on the said Queensland profits of the company shall be a sum which bears the same proportion to the amount which would be payable as aforesaid on the total profits of the company as the said Queensland profits bear to the said total profits.”

It is really the same principle as was embodied in the Act last year, and the only difference in this rendering of it is that we compare the Queensland profits with the total profits in arriving at the basis of taxation, instead of comparing the Queensland assets with the total assets of the company, wherever situated, as we proposed last year. Perhaps members will understand that there has been some difficulty in this matter, because of the difficulty in assessing the rate of profit earned on the Queensland capital. The Act lays it down that the Commissioner shall compute the tax by taking the profits earned and calculated in relation with the capital used in Queensland; but there was some doubt in the application of this principle which would be evident in the case of companies having capital in other places. Companies might employ only a small portion of their capital in Queensland, and yet might have £1,000,000 of capital outside Queensland. If they earned a good rate of profit on their Queensland capital, that would, if calculated in relation to their outside capital, naturally have the effect of depressing the rate of profits, and consequently bring them under the minimum scale; whereas, in justice, those

[Hon. E. G. Theodore.]

companies might have been due to pay under the maximum scale. It is in order to get over this difficulty that this variation of the principle is introduced, and it is thought to be more effective. It carries out the original intention—that is, calculating the rate of profit earned in Queensland on the amount of capital actually used in Queensland, but proposes to compute it by taking the profits, wherever earned, and the profits earned in Queensland, and consequently arriving at a fair basis in respect of those particular companies. I might say that I understand that most of the companies affected are accepting the Commissioner's assessment on this plan, so that it will be no hardship to most companies. I do not know, as a matter of fact, whether there are at present any companies which are combating that means of assessment, but certainly it is necessary in order to clear up the meaning of the Income Tax Act on that very doubtful point.

There is another alteration in clause 4, which relates to the imposition of the super income tax. It was stated last year that there should be an exemption, a further deduction of £200 from the incomes of persons liable to pay this tax. It did not appear quite clearly in the original resolution, and it is thought necessary, in order to carry out the intention of the super tax, to put it in this form—

“after a further deduction of £200 from the taxable incomes of all persons other than companies or absentees.”

That is, companies or absentees do not get the further exemption. The only exemption they get is that to which they are now entitled, but so far as ordinary persons are concerned—persons here deriving income from personal exertion or from property—they are entitled under this proposal to a further exemption of £200.

There is also a slight alteration in clause 5, which relates to a further deduction. Paragraph (b) imports a new principle so far as we are concerned, by not allowing as a deduction the tax payable to the Commonwealth. That will bring the Queensland Act into line with the uniform proposed Act adopted at the several conferences held upon this very vexed question of uniform legislation. It is a principle which, first of all, was recommended by the taxation commissioners of the various States, and agreed to later by all the State Treasurers, and amounts to this—that it is a fair and equitable thing that taxpayers should not deduct from the income returnable to the State the tax paid to the Commonwealth.

Mr. MACARTNEY: They pay a tax on a profit they do not make.

The TREASURER: It is not calculated on the basis of profit. It is calculated on the basis of taxable income enjoyed or earned in that year. I have no doubt that later on we shall be able to go further into that question, but I would remind hon. members now that this principle has been agreed by all the States to be an equitable principle to be inserted into all Income Tax Acts.

Hon. W. H. BARNES: It is a very doubtful equity.

Mr. MACARTNEY: The Commonwealth allows the deduction.

The TREASURER: The States are not disposed to allow a deduction of income tax paid to the Commonwealth. As a matter of fact, we are the only State which is now allowing that deduction. There is also an alteration in clause 7, as compared with the resolution of last year. Hon. members will understand that I am not merely referring to alterations of the existing law, but to alterations as compared with last year's resolutions. Later on, if it is necessary, we can go more fully into the innovations on the existing law. In clause 7 the amount of deduction in respect of children of the taxpayer is altered so as to bring it into line with the provision of the Commonwealth Act. That is also carrying out a resolution of the Treasurers' Conference in order to bring us a step nearer to uniformity in the matter of returns. We propose to adopt the Commonwealth plan of allowing a deduction of £26 in respect of every child under the age of sixteen years dependent on the taxpayer.

A slight alteration is made with a view to allowing deductions of donations in cash to patriotic funds, in conformity with the resolutions of the conference, but not allowing contributions in cash or kind to the repatriation fund.

I think that covers all the differences. It will be seen that the changes are of a minor character. They do not affect the principle underlying these proposals. They will hardly affect the revenue; and, in regard to the majority of them, it is only desired to bring the law into conformity with the uniform basis laid down by the several interstate conferences on the subject. Perhaps I should mention that we have not finally decided, as between the Federal and State Governments, as to the uniform Bill, but we have settled the main principles and details—some of which are embodied in these resolutions. It may become necessary, after the conference of Treasurers which it is proposed to hold towards the end of July, to introduce another Income Tax Bill for the purpose of amending the machinery for the assessment and collection of income tax. That Bill, if it comes on this session, will not be a taxation measure, but will be proposed for the purpose of amending the machinery in order to bring about a greater degree of uniformity in the principles and methods of collection, and possibly an alteration of the basic year, and that would be for the purpose of meeting the convenience of the taxpayers themselves.

The House resumed. The CHAIRMAN reported progress, and the Committee obtained leave to sit again to-morrow.

#### ADJOURNMENT.

The PREMIER: I beg to move—That this House do now adjourn. The business to-morrow will be consideration of Ways and Means, resolutions referred to, and the rest of the business as it appears on the paper.

Question put and passed.

The House adjourned at fifteen minutes past 4 o'clock p.m.

*Hon. T. J. Ryan.]*