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The 1930s

UNSETTLING TIMES

CHAPTER THREE: The 1930s

Unsettling times

The Great Depression of the 1930s revitalised the ATO. In this period of economic crisis the Commonwealth government needed more revenue which it raised through a major new tax – sales tax. The ATO was given responsibility for it, leading to the creation of a new national structure.

Australians suffered badly during the depression. The nation's currency was devalued by about 25 per cent, the basic wage was reduced by 10 per cent and old age and invalid pensions were also reduced. Recorded unemployment reached 28 per cent in June 1932 but the real figure was much worse. There was no social security to protect most people and unemployment-relief work was barely enough to sustain families.[93]

Although the depression was a worldwide catastrophe it struck Australia particularly hard and many commentators have since argued that it was the government's economic policies that caused so much distress. Fear of debt was a major cause of the government's policy. By 1929 Australia's seven governments owed a total of £1,104.02 million and the Commonwealth owed £541.98 million of that. Australia had been built on debt, governments routinely funded recurrent expenditure from revenue and development from borrowings, arguing that development was an investment for the future and could be paid for in the future. Major investment funded by borrowing had gone into national development such as telegraph and telephone construction, railway construction, maritime and port development, defence and immigration. Most of the debt was owed to British investors and as the depression deepened the British government insisted that Australia had to balance its budget, liquidate its British debt and reduce its standard of living to pay for it. A conference of Commonwealth and state governments agreed to this and resolved to reduce government spending by 20 per cent, reduce interest rates and increase revenue through increased taxation.[94]

The Commonwealth government increased its customs and excise rates but revenue from those sources fell dramatically as imports fell, from £59 million in 1928–29 to £39.2 million in 1931–32. The government increased its income tax rate and the state governments increased rates on existing taxes, lowered exemption rates so income tax reached the lowest wage earners and introduced new taxes. As a result, in 1935 taxpayers could be paying as many as 14 different income taxes.[95]

In October 1929 the Labor Party won the federal election. James Scullin became the new Prime Minister but the economic crisis left him a broken man and out of office in two years. Under the pressure of the depression the Labor Party split and one faction joined the conservatives in the Commonwealth parliament to form the United Australia Party which was elected to power in December 1931 and Joseph Lyons became Prime Minister.[96]

The gloom of the depression was occasionally relieved by the exploits of national heroes such as Phar Lap, which won the Melbourne Cup in 1930, and Don Bradman, who thrilled huge crowds at cricket matches. Movie shows at the local picture theatre helped lift spirits and women's magazines, such as the *Australian Women's Weekly* which was first published in June 1932, encouraged women and helped them cope. By the end of the decade the air transport system provided frequent flights between the eastern states capital cities, and a flight every second day to Western Australia, all in modern American airliners flying at 150 miles an hour. The streamlined Spirit of Progress train ran at an average of 52 miles an hour between Melbourne and the New South Wales border where passengers transferred to another train to complete their trip to Sydney because the two states had different railway gauges.[97]

Despite these advances life remained precarious. There were no antibiotic drugs to cure many infections, and diseases like polio and tuberculosis were commonplace in the community. Special isolation hospitals were set up to treat tuberculosis patients and a future Commissioner of Taxation, Patrick McGovern, spent the best part of a year in the early 1930s in one of them. In 1938 a polio epidemic isolated country towns, closed some schools for months and forced cancellation of many sporting and social events. Natural disasters also took their toll. Drought ravaged many rural areas, causing distress in farming communities, and Melbourne was put on water restrictions in January 1939. On 13 January that year the Black Friday bushfires destroyed millions of hectares of forest, killed 71 people and made 1,500 homeless.[98]

All forms of taxation were affected by the economic crisis. Entertainments tax collections fell dramatically from £358,697 in 1928–29 to £133,072 in 1931–32. In 1933 the Commonwealth left the entertainments tax field for the states but it took until June 1936 to finalise that tax, the same year that the ATO was finally able to close the books on the long running problem of the wartime profits tax. Revenue from estate duties fell, although they began increasing again in 1933–34. The government reduced land tax rates by a third in 1931–32 and a half in 1932–33 because of the depressed rural economy, so revenue from that source fell from £3.02 million in 1927–28 to £1.28 million in 1934–35. Income tax revenue rose from £9.84 million in 1928–29 to a peak of £13.60 million in 1930–31 through heavy rate increases and the imposition of a super tax on higher income earners and companies. As the depression lifted rates were reduced so the revenue from income tax fell to £8.76 in 1934–35. By the end of the 1930s the Australian economy had almost recovered from the effects of the depression and customs and excise remained the major source of Commonwealth revenue at £53.83 million in 1939–40 while revenue from the established taxes was £32.38 million.[99]

Primary industry suffered severely through the 1930s, from the depression and from drought. This led the government to introduce three new taxes; the flour tax, wool tax and apple and pear tax. The flour tax was introduced in 1934 to help the wheat industry because the cost of production had become more than the sale price. Millers and others in the flour industry paid a levy intended to raise about half of the £3 million needed to support the wheat industry, which was passed on to state governments to be allocated to distressed wheat farmers. This tax was modelled on the sales tax and the ATO administered it using sales tax staff, so the cost of collection was minimal. The tax first operated between December 1933 and May 1934, then from January 1935 to February 1936 and it was revived again in December 1938 as part of a wheat price stabilisation scheme.[100]

Flour tax avoidance

Commissioner Ewing noted the measures taken to ensure compliance with the new flour tax laws.

It was known that many persons had purchased large quantities of flour when the flour tax was first mooted, hoping thereby to avoid the incidence of the tax.

Special action was taken to ensure that these persons accounted for the full amount of tax due by them, both to protect the revenue and to prevent competitive disabilities to other traders.

The services of postmasters, country valuers, and officers of the Taxation Department were utilised in the inspection of stocks of flour held on 4th December, 1933, by persons in the metropolitan areas and larger country centres. The prompt action taken in this regard obviated in a large measure under-statements by taxpayers of stocks held by them.

A number of prosecutions have been carried out for concealment of stocks of flour or furnishing false returns.[101]

The wool tax was introduced at the beginning of July 1936 to improve the production of wool and promote its use in Australia. All receipts were paid into an account administered by the Australian Wool Board. The ATO consulted widely with the wool industry in putting this new tax into operation to eliminate inconvenience and reduce administrative costs and few new staff were needed since the tax was also modelled on the sales tax. The apple and pear tax was created to fund a board that would help that industry. It too was modelled on the sales tax and would have been relatively simple to collect but it was never put into operation because its markets were in Europe where the political situation was rapidly getting worse in the late 1930s.[102]

The most important new tax introduced in this period was the Commonwealth's sales tax. The government announced it in July 1930 and it came into operation on 1 August. It was introduced with a rate of 2.5 per cent, in the expectation that it would yield £6.5 million a year, but the economy had slowed so much that the rate soon had to be increased to six per cent to yield a useful revenue. The government called it a luxury tax because it was not imposed on the necessities of life and exemptions included food, medicine, materials and equipment used in industry and goods sold for export. As time passed and the depression lifted, the number and type of exemptions increased so taxable sales were £183.29 million and exempt sales £280.28 million by the end of the decade. These increasing exemptions and rate reductions, to five and then four per cent, saw sales sax collections begin at £3.47 million, reach a peak of £9.42 million in 1935–36 and fall to around £8 million a year in the late 1930s.[103]

Setting up the sales tax organisation

Patrick McGovern was directly involved in setting up the sales tax organisation in 1930. He wrote about it in a letter in 1936.

It will be remembered that the Sales Tax legislation was hurriedly enacted. It was actually assented to on 18.8.30 whereas it became operational from 1.8.30. At the time that it came into operation there was not in the States any organisation, accommodation, staff nor furniture, neither were there any precedents to which reference could be made for guidance in the requirements. When it is remembered that the legislation required the registration of all manufacturers and wholesale merchants (there are at present over 9,000 effective registrations in Victoria), and the receipt and acknowledgement, recording, checking and investigation of monthly returns from each, the speed with which the organisation had to be brought to efficiency whilst observing the requirements of economy and the difficulties to be overcome in so doing may well be appreciated.

The Victorian section at present deals with returns involving revenue amounting to not less than £3,000,000 per annum and is a smooth working efficient section.

I have had direct control of the Section from its inception in 1930, and almost every problem of staffing and organisation has either been personally dealt with by me or reported upon for consideration of higher authority.[104]

A Board of Review was established for the sales tax but it was little used. The sales tax legislation was amended numerous times before the end of 1939, some were changes to its administrative machinery but most extended the list of exemptions. To help the community understand the new tax the ATO published a sales tax handbook in 1933 which was consolidated in 1936 and completely revised and published again in 1939.[105]

The sales tax revived the ATO because it needed larger branches in each state to administer and collect it. In most cases these branches took over administrative control of the other sections that collected other Commonwealth taxes in the states. However, restriction imposed by the government due to the depression limited the size of the ATO to about 1,000 people during the 1930s and costs were kept down by recruiting staff from other public service departments so the government's overall expense was not increased. During the initial phases of the new tax the cost of collection was about £55,000, mainly in staff costs. The sales tax involved a large volume of work and the Victorian branch alone handled between 900 and 1,400 items of mail a week and up to 9,000 returns a year.[106]

In Sydney the problem of finding additional space for sales tax staff was solved by the availability of the recently-vacated space on the first floor of the building that the ATO leased from the state government. Since the public would need access to the sales tax office, initially to handle all the enquiries that were expected as the tax was being set up, and then for the monthly collection of the tax, the valuation section had to move upstairs to make room for the sales tax section. The arrangements were hastily made but as the sales tax went into operation the new accommodation was barely adequate with four enquiries staff behind a counter 12 feet long and the public on the other side, usually two deep, waiting patiently for their turn to ask their questions, with everyone else listening in.[107]

Upstairs, valuation staff were far from comfortable. The space they moved into had been a workshop and lacked a ceiling, but all the ATO had time for, and could afford, was to whitewash the walls. The room was cold, water came in through the slatted roof when it rained and dust and soot fell down on people as they worked. In July 1931, 25 of the staff sent a petition to the Commissioner complaining about their conditions and it was decided to put a ceiling in the room. Initially the building's owner was not keen to do the work but after a few months the owner decided to put a ceiling into the room and, while it was about it, re-roof the building. This resulted in dust and soot from the roof raining thickly on the tables, papers and the staff. By the end of 1931 the work had been completed and the building repainted inside and out, putting it into a most satisfactory condition. By then, however, planning had begun on moving into a new office building.[108]

The Government Savings Bank of New South Wales built a grand new office in Martin Place, Sydney, between 1925 and 1928, costing £1.5 million and the most expensive building constructed in Australia to that time. In the depth of the depression that bank was taken over by the Commonwealth Bank and vacant space in it became available for the ATO. Planning for the move began in mid 1932 and involved consideration of many details including provision of enquiries and cashier areas easily accessible to the public, the allocation of floor space to the various sections and the installation of storage facilities. The move permitted a partial integration of some sections with land and sales tax sections having a combined correspondence section. There was one telephone switchboard for the whole office and the question about where it should go arose because there was apparently not enough use of telephones to keep the operator fully occupied. It could either go in the enquiries area where she could help when not answering calls or in the correspondence area, although the sound of typewriters might cause problems. After consideration the switchboard was put in the enquiries area. The move was made smoothly from 24 to 28 November 1932 and the only significant complaint in the new building became problems with draughts.[109]

The Savings Bank building in Martin Place, Sydney.

The introduction of the flour tax in 1934 caused a few problems in the new Sydney office in finding a room for the staff needed to set up the new tax. The best arrangement was to make space by moving sales tax investigators somewhere else, but that caused other problems. When the flour tax settled down to routine administration only two full-time officers were required, which reduced accommodation pressure, but the introduction of the wool tax in 1936 created the same kinds of problems again.[110]

Canberra became Australia's seat of government after the official opening of the first parliament house in 1927 and policy-making sections of some public service departments soon transferred from Melbourne to join the government. Commissioner Ewing and some of his staff moved to Canberra in 1930, followed by the Second

Commissioner and the rest of the administration in January 1933. There were then 10 ATO staff located in West Block not far from Parliament House. Transferred staff received a Canberra allowance of £39 for married men and £26 for single people but finding places to live was difficult and married people faced a three-year waiting period for a house, so some preferred to stay in Melbourne.[111]

Canberra allowances ended after a year due to the government's financial restrictions caused by the depression. Salaries were reduced in several stages in 1931 and 1932 with the lowest adult male wage falling from £216 to £174 a year and the lowest adult female wage from £168 to £140 a year. The public service also cut back on temporary

Canberra, the bush capital, in 1927, around the time Parliament House was opened. The white building in the centre is West Block, the other white building behind the trees is Parliament House. (National Library of Australia)

employment but no permanent officers were retrenched. By the end of the decade the standard working week was 44 hours, a full working day from Monday to Friday and Saturday morning, leaving the afternoon free for recreation such as sport.[112]

Dancers of the Sydney branch *Stardust* review, April 1938.

The size of the ATO after the introduction of the sales tax allowed it to form lively staff clubs. Social events like picnics and balls, parties and dances were popular and the Sydney branch had an active social life that included an annual variety show. Sydney (and perhaps other branches) also had a branch of the RSL that had been established in the 1920s that brought together and provided comradeship and help to returned soldiers from the war. Sporting clubs were formed in most branches, playing a range of sports and holding social and fund-raising events that were open to all ATO staff. A rugby league club was formed in the Sydney branch in 1929 to compete in a public service mid-week competition with players selected from matches played between sections in the branch. It won the premiership in 1933 and was narrowly beaten in 1934, and then changed to play rugby union when some organisations in the competition preferred their staff to play union rather than the 'blue collar' game. Interstate sporting links began developing again during the 1930s and, from 1930, the Central office and South Australian branches met annually to compete in cricket.[113]

Adelaide and Melbourne staff and families at a picnic in December 1934 during a visit to Adelaide by the Melbourne branch cricket team.

There was a very lively sporting and social scene in Brisbane by the late 1930s that had begun in 1936 after a tax officer visiting Sydney discussed the possibility of annual visits of sporting teams between the Sydney and Brisbane branches. To make this dream a reality funds had to be raised and sporting teams formed and, before long, cricket, tennis and table tennis teams and a Taxation Golf Club had been formed. To raise funds for the planned trip a variety show, *Taxation Follies of 1938*, was performed in South Brisbane before a packed house in October 1938. As a result of this work a group of 54 participants travelled to Sydney in December 1938 where they competed in cricket, tennis, table tennis, swimming and golf and enjoyed social events including a scenic drive, a smoke concert and theatre party and a farewell dance at the end of the week. The enthusiasm continued and in 1939 people from the Sydney branch made the trip to Brisbane for a return competition.[114]

This sporting and social life, and the shared experience of working in the ATO with its structure, culture, values, processes and secrecy created a strong sense of unity among tax officers that felt almost like family. Staff helped each other in times of trouble by doing things like taking up office collections or helping each other in their homes, and senior staff also often assisted when they could by making arrangements to help tax officers with problems.[115]

Sydney branch women's tennis team, Premiers of the NSW Public Service Tennis Association, 1938.
Left to right: Misses Lang, Bush, Elith, Falvey, Crown and Lake, with Mr Bennett.

The senior officer in each branch was the Deputy Commissioner and there were two in each state except Western Australia. One, called the Deputy Commissioner (Sales Tax) was the senior Commonwealth tax officer in each state and had responsibility for all Commonwealth taxes except income tax. The Deputy Commissioner (Income Tax) was the head of the state tax administration and also had the title of Deputy Commissioner to meet the legal requirements of income tax legislation. Deputy Commissioners had direct responsibility for the efficient operation of their branches but they usually left that to an Assistant Deputy Commissioner and concentrated on tax technical aspects of ATO operations, only informing the Commissioner of issues that might have wider implications. Commissioner Ewing made only rare visits to the branches and when he did he conferred with the Deputy Commissioners rather than giving them directions.[116]

The hierarchy of the ATO was reinforced by the hierarchical structure of the Commonwealth Public Service which was organised into four divisions. The Third and Fourth Divisions contained the rank and file of the public service, entry to the Third Division was through an examination at an educational level roughly equivalent to today's Year 11, which was a high level of education in those days, with the Fourth Division examination at a lower level. Fourth Division officers were classified as clerical assistants and performed most of the menial work of the public service. Women were restricted to the Fourth Division. Third Division officers were classified as clerks and had responsibility for the higher level functions. The Second Division comprised the higher level position in the public service and were promoted from the Third Division – Deputy Commissioners were Second Division officers. Only heads of departments were First Division officers. The Commissioner and Second Commissioner were appointed directly by the government and thus outside this public service structure. This structure created barriers between the Divisions and in all but a few cases Third Division officers were considered superior to those in the Fourth Division.[117]

Processing returns in Sydney in the 1930s.

ATO staff were closely and strictly supervised. Discipline was firmly enforced to ensure deadlines were met, procedures followed and high standards maintained. Supervision was also vital for the security and secrecy of ATO information and to detect any fraud or theft. Inventive and dishonest officers sometimes found ways around systems and those who were caught were severely punished.[118]

Disloyalty of officers

Illegal activities by tax officers were rarely made public, but some cases were used as examples, such as these discussed by Commissioner Ewing in an annual report.

In one case an officer substituted false returns of income for those lodged by the taxpayer concerned. His practices were discovered, and he was sentenced by the Court in Adelaide to imprisonment for a period of two years and six months with hard labour, on a charge of larceny of Departmental documents.

The somewhat similar, but less serious, practices of another officer were brought to light by a New South Wales firm of solicitors, who forwarded to the Commissioner of Taxation a circular issued by a person styling himself "Antoine Loesch", and practising as a taxation expert at an address in Collins-street, Melbourne, but who was really a land tax assessor in the Central Office of the Department, and further inquiry showed him to be working in collusion with an income tax assessor in the same office. Although the Department failed to secure his conviction by a jury on a charge of conspiracy, it succeeded in obtaining penalties amounting to £150 imposed upon him by a Court of summary jurisdiction on several other charges preferred against him immediately upon the termination of the trial by jury.

The officer with whom he was working in collusion was dealt with under the Public Service Act before a Board of Inquiry, which found him guilty, and he was dismissed from the Service.[119]

Supervisors trained staff, allocated them to suitable work, devised work methods and evaluated staff performance. Advancement in the ATO depended on the opinions of supervisors about efficiency, diligence and potential and the reports they prepared about their staff included factors such as late attendance, errors in work, cautions given and suggestions made to improve efficiency. Promotion was normally achieved in the ATO through seniority (based on the date of an officer's appointment) and then on merit, so most promotions were fairly routine and with the most senior officer being appointed to a vacancy.[120]

Commissioner Ewing wanted to ensure that the ATO had high quality staff in its leadership, particularly his assessors, so he built up a cadre of high quality senior staff who later became ATO leaders. Low level tax officers who showed potential were offered opportunities to prove themselves, usually in the form of temporary appointment to higher positions, which could lead to further opportunities if they did well. They might also be given a special project to do which would test their abilities. Tax officers who stood out in this way came to the notice of senior staff and further opportunities often came their way. After Commissioner Ewing moved to Canberra these opportunities usually included the invitation of temporary appointment to a position in Head office, which could result in a permanent position there.[121]

Head office staff at West Block, Canberra, 1933. Several of the men would go on to become Commissioners and Deputy Commissioners.

This progression can be seen in the careers of three future Commissioners. Patrick McGovern had acquitted himself well in the early days of the sales tax in Melbourne and was sent to Sydney in 1938 to investigate and report on staffing there. The Commissioner congratulated him personally on his work, he was transferred to Canberra for an indefinite period in April 1939, and never returned to Melbourne. In January 1936 John Dennis O'Sullivan was one of two officers specially commended by the Board of Review. This came to the attention of the Commissioner and in August the same year O'Sullivan was temporarily transferred to Canberra for special company work and subsequently promoted to a position there. Leo Canavan was one of those officers transferred from the Commonwealth to the state income tax branch in Victoria in 1923 but he returned to the Commonwealth ATO in 1933 as a relatively senior assessor. In February 1936 he was transferred to Canberra to work on sales tax but he could not stay because his father became very sick and he asked to be transferred back to Melbourne. He went to Sydney in 1938 to investigate the tax affairs of a national business and so impressed them that the Chairman of the Board wrote directly to the Commissioner about his exemplary conduct. He went on to become Deputy Commissioner in Victoria before becoming Commissioner.[122]

Another quality important for promotion was good relations with the community. Commissioner Ewing wrote:

> Officers who are dealing with the public should realise that they are holding responsible positions where they have the opportunity to help the public and the department, and that their conduct and ability are being carefully observed by senior officers. Prompt and courteous attention to the public are regarded as most important factors leading to an officer's promotion.[123]

To help the community in understanding and paying tax the ATO sent officers to New South Wales country districts in 1936 where they talked to hundreds of taxpayers and spoke at public meetings to explain the tax laws and answer their questions. These trips were a success so senior tax officers made similar tours to other districts for the rest of the 1930s. Other taxpayer help came from the publication of tax information, ready reckoners to help in tax calculations and publications such as the handbook, *Commonwealth and State Income Taxes for the Financial Year 1937–38,* that was published in May 1938 and updated in early 1939.[124]

At the end of the 1930s two major tax issues remained unresolved. One was the complexity of income tax systems in Australia and the other was the problem of overseas double taxation.

The pressure placed on all taxes during the depression emphasised the difficulties taxpayers experienced in having to comply with two sets of taxes. As a result, a new Royal Commission on Taxation was established in 1932 to inquire into ways to simplify and standardise the taxation laws of the Commonwealth and states and make recommendations on achieving uniform legislation. When the chairman of the Royal Commission asked Commissioner Ewing for his views about what could be done to resolve this problem, Ewing replied that the existing arrangements worked satisfactorily, generally speaking. The major defect was caused largely by the character and capacity of state officials who needed intensive training by capable people 'with the highest sense of justice for taxpayers'. He added that the best possible solution would be for the Commonwealth to take over income tax collection, but that seemed unlikely to happen.[125]

Robert Ewing, second Commissioner of Taxation

Ewing's suggestions were beyond the scope of the Royal Commission and so the Commonwealth and states embarked on a much more laborious solution. The Commission began sitting in October 1932, conducted public hearings in all state capitals between November 1932 and July 1933 and published four reports between December 1933 and October 1934. Its overall recommendations dealt with the technical complexities of tax laws and proposed guidelines for uniform but separate Commonwealth and state income tax laws.[126]

To bring this about members of the Royal Commission and the Commonwealth and state Commissioners of Taxation held a conference in Canberra in May 1934 to work out the details of the new legislation that could be passed by all Australian parliaments to bring as much uniformity as possible to Australia's income tax systems. The 19-day conference was chaired by the Royal Commission chairman and each state and the Commonwealth had one vote each. During the conference they worked through a draft income tax act clause by clause, discussing its technicalities in detail and trying to find a common path through the complexity of income tax legislation.[127]

The draft uniform legislation that was drawn up after this conference was considered at two similar conferences in 1935, lasting a total of 21 days and again going through the legislation clause by clause. The result of this work was the *Income Tax Assessment Act 1936* that became a landmark in Australian income tax legislation. The new act was more consistent and clearly organised than previous income tax legislation and consisted of 84 printed pages. State parliaments also passed legislation to amend their income tax laws to bring all the income tax legislation in Australia closer together, but complete uniformity was not achieved and further conferences were held in 1938 and later years to continue the process of trying to achieve uniformity.[128]

Australia's isolation from the rest of the world meant double taxation remained a minor but annoying problem in the 1930s. The Royal Commission recommended a partial solution that was not adopted and the League of Nations tried to deal with the issue in a multilateral way, but made little progress. Australia's major financial ties were with Britain so the focus lay in trying to reach a suitable agreement with the British government but the British only wanted one agreement with Australia, which was not possible because the states also collected separate income taxes. This was discussed at a conference of the Commonwealth and states in 1934 but they could not reach agreement on the British proposal so the Commonwealth government could not negotiate an agreement with Britain. The problem remained as before with both countries making some provision to relieve double taxation in their individual tax laws.[129]

The problem of international tax evasion began to emerge at this time but Commissioner Ewing believed it was negligible, with the exception of Britain. However, he said that if other countries wanted help in preventing this kind of evasion it would not be difficult to arrange, either through amendments to the Commonwealth income tax laws or through international conventions.[130]

Commissioner Ewing's long term as Commissioner of Taxation came to an end after 22 years on 5 May 1939. The new Commissioner of Taxation was Lawrence Jackson who had been Deputy Commissioner of Taxation in New South Wales before becoming Second Commissioner in 1936. When Jackson was organising a conference of Deputy Commissioners in Canberra in 1939 he timed it to coincide with Ewing's retirement and he was farewelled at a formal dinner including the Deputy Commissioners on one evening and a social event with his Canberra staff on his final day in the position.[131]

Robert Ewing had served almost all his working life in revenue-raising. His professionalism and conduct were of the highest standard of administration and he possessed singleness of purpose and untiring devotion to duty. He was a mild man of frail appearance which concealed an outstanding administrative efficiency and determination to uphold the integrity of his office.[132]

Lawrence Jackson, third Commissioner of Taxation

Ewing published the small book *Taxes and their incidence* in 1926. In it he wrote that tax was vital to a healthy community:

> We have seen that taxation means the drawing upon the revenue of the individuals of the community for the purpose of providing the wherewithal for effectively carrying on the activities of the community as a whole. A community is a living organism. It uses energy which is supplied by its component parts. It does not drain energy away from the individual; it merely diverts it into channels which are different from those into which the individual would have directed it. It is impossible for the individual member of a community to have any communal life, as we understand it, without contributing some part of his "energy" or earnings towards the creation and maintenance of the communal life. The existence of the community places limitations upon the individual members of it. At the same time, it makes the individual freer than he could possibly be if he had no communal life, but merely lived unto himself. Each member of the community, therefore, is bound to contribute some part of his "energy" or earnings for use in promoting the common welfare of himself and his fellows. The necessity to make this contribution is scarcely realised by very many Australian citizens, and many of the remainder use all sorts of means to try to avoid making it.

Speaking idealistically, the effect upon a community of taxation should be beneficial. It enables the community as a whole to maintain itself with some degree of respectability; it helps the community to pay its debts; it assists the community to take its place alongside the other communities of the world, and to speak with more or less influence and conviction. A community which taxes itself properly in order to meet its engagements always has a good reputation.[133]