

## Legislative Council,

Wednesday, 20th September, 1899.

Petition: Draft Commonwealth Bill—Paper presented —Draft Commonwealth Bill, report of Select Committee—Companies Duty Bill, in Committee; Divisions (4), Reported with suggested amendments, Report adopted and Bill returned to Legislative Assembly Municipal Loans Validation Bill, first reading—Patents, Designs, and Trade Marks Bill, first reading—Roads and Streets Closure Bill, second reading—Adjournment.

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

PRAYERS.

### PETITION—DRAFT COMMONWEALTH BILL.

HON. A. P. MATHESON presented a petition from the Western Australian Federal League, containing 23,807 signatures, praying that the Commonwealth Bill be referred to the people of the colony without amendment.

Petition received and read.

Ordered, that the petition be printed, and be taken into consideration on the 27th September.

### PAPER PRESENTED.

By the COLONIAL SECRETARY: Report showing value of imports dutiable into and exports from the colony of Western Australia to and from the various Australasian colonies, for six months ended 30th June, 1899.

Ordered to lie on the table.

### DRAFT COMMONWEALTH BILL.

#### REPORT OF SELECT COMMITTEE.

HON. W. T. LOTON brought up the report of the Joint Select Committee appointed to inquire into the draft Commonwealth Bill, with minutes of proceedings and evidence of witnesses, also statistical returns.

Report received and read.

HON. W. T. LOTON (Chairman of Joint Committee): I move that the report and the accompanying documents be printed.

HON. A. P. MATHESON (North-East): I rise to oppose the motion, and my reason for doing so is that I may be afforded an opportunity of enlightening the House and the public as to the view I take and have endeavoured to

express in regard to this report in general. Jointly with members of another place—perhaps the better way to express it is to say that with two other members of the committee—I desired to express my total dissent from the wording of this report. When a motion was moved in committee that a clause to this effect be added to the report, the chairman, acting within his power, ruled that there was no provision for such a rider in the Standing Orders of the House dealing with select committees. On referring to the Standing Orders dealing with select committees, it becomes immediately apparent that there is no provision whatever in the Standing Orders of either this House or another place dealing with joint select committees; therefore I wish to submit, with all due deference, that while the chairman was fully within his power in ruling at that particular meeting that a motion should not be put, yet the House as a whole, if members wish to see fair play dealt out to dissentient members of the committee in this matter, are fully competent to reverse the *bona fide* decision of the chairman in their capacity as Parliament. It will, I have no doubt, be contended that the Standing Orders referring to a select committee of this House should be applicable to the working and operations of a joint select committee, and I propose to deal with that aspect of the case, and I hope successfully. To begin with, if it was intended or believed that this joint select committee was working under the Standing Orders of this House, it is distinctly set out in Clause 313 of the Standing Orders that a quorum of a select committee shall be two. The chairman—and I think the hon. gentleman will confirm what I say—in the exercise of his undoubted powers, ruled that a quorum of the select committee, of which I had the honour to be a member, must consist of one-third of the members of the committee.

HON. W. T. LOTON: About.

HON. A. P. MATHESON: About a third. I am content to take the hon. gentleman's correction.

HON. W. T. LOTON: I distinctly laid down no direct rule on the subject, but I considered that, seeing the committee consisted of 14, we should have three or four, or about a third, for a quorum.

HON. A. P. MATHESON: I asked him for a ruling, and I understood him to say what he has now said, namely, "about." When he gave that ruling, I obviously had no power to question it. The chairman was there to conduct the business in the ordinary manner, and I accepted his ruling.

HON. J. W. HACKETT: Was it a "ruling?" Because, if so, it must be on the minutes.

HON. A. P. MATHESON: I understood it was a ruling.

HON. W. T. LOTON: I was never appealed to, to rule on the question.

HON. A. P. MATHESON: If I ask the chairman of any committee a question, and he gives me a reply during the business of that committee, I think I am justified in considering it a ruling. I admit I have not taken the precaution to verify my view by referring to the minutes, because I assumed the minutes would have contained the chairman's ruling; but, in any case, the fact remains that this was the opinion of the hon. gentleman who was in the chair; and, in giving that opinion, I submit he did not recognise the fact that he was not working under the Standing Orders of the House relating to the select committees. It may be contended that it is unnecessary to have special Standing Orders of the House relating to joint select committees, because members of the other place would be governed by the Standing Orders set out in the book (Standing Orders) dealing with members of that body, and the members of this House would be controlled by the Standing Orders of the House dealing with select committees. I submit that is a preposterous view to take of the case, for the reason that, if it is accepted that such is the case, you would have either a certain number of members of this House or of another body deliberating without a chairman of their own body. Take the case of the report which has now been laid on the table: you would find, as you do, that members of another place who are altogether strangers to this House, theoretically speaking, voting and having their votes recorded in the minutes of a select committee of this House. Further, if you refer to the Standing Orders of this House, you will find it is distinctly set out in paragraph 324, that

other members of the Council may be present when the select committee are examining witnesses, but they shall withdraw when the committee are deliberating; and the same applies to members of another House. Yet we find that other members were present at the deliberations of the select committee of this House, and, further, that their votes were actually recorded. That brings one to this point, that the proceedings of the Joint Select Committee, in the absence of any Standing Orders providing for their deliberations, are of no account. I say, advisedly, that the deliberations and all the actions of the Joint Select Committee are *ultra vires*, and I will point out to members of this House the extent to which this was recognised, though it was not put in words. It occurred when certain members of the public were ordered, in the ordinary course of business, to attend the meetings of the select committee and give evidence. What happened? Several of these gentlemen declined peremptorily to give evidence, and their letters caused a certain amount of indignation in the minds of some members of the committee. Certain members of the committee instantly proposed that those persons should be summoned before the committee and dealt with summarily, but no doubt other hon. gentlemen were aware it would have been an impossibility to bring those witnesses up in the absence of any Standing Order relating to joint select committees. Therefore, I take it the matter was overlooked, and those gentlemen were allowed to remain at home, and not to come up. Why I want to elaborate this point is that I and two other members of the committee feel it an extreme hardship that this report should go out to the public as the unanimous report of the committee. We are entirely at variance with this report on nearly every point, and upon some points our dissent is extremely important to ourselves. I will take a case in point, in order that the House may fully understand our feelings.

HON. F. T. CROWDER: You need not bother; we know your feelings.

HON. A. P. MATHESON: I refer to paragraph 6 of the report, and I maintain that though this paragraph may be true in words, it is distinctly a *suggestio falsi*.

HON. A. B. KIDSON: *Expressio veri.*

HON. A. P. MATHESON: Not an *expressio veri*. The paragraph distinctly suggests what we do not admit to be a fact. It suggests that the Inter-State Commission would prejudicially affect the working of the Collie coalfields.

HON. C. A. PIESSE: So it would.

HON. A. P. MATHESON: Any member of this House who has read the reports carefully from day to day will remember that the only expert in railway matters who was called to give an opinion upon this subject was Mr. Speight, and that gentleman emphatically expressed his opinion that the working of the Inter-State Commission would not be so exercised as to affect the Collie coalfield. He gave reasons, and sound reasons, which I do not pretend to enter into at this moment, because I could not do it with the same effect as Mr. Speight, who in his examination said that such would not be the case. I personally object extremely to be associated with a report in which that clause thus stands.

HON. A. B. KIDSON: You are opposed to the lot, are you not?

HON. A. P. MATHESON: I am; but I am more particularly hurt at my name being associated with that particular clause, because I do not think that clause expressed fairly. Now I proceed to the next point which I particularly object to have my name associated with. I particularly object to Amendment No. 3. In that amendment hon. members will find when they consult it, the committee proposed the other States of this Commonwealth should be asked to give Western Australia alone of all the States the right to fix its own tariff on inter-colonial goods and foreign goods for five years.

HON. C. A. PIESSE: It ought to be 15.

HON. A. P. MATHESON: A member of the committee called attention, apparently with glee, to the fact that our representatives in the Federal House would, during those five years, have the right to give their opinion, and not only their opinion but their vote, upon what the tariff of the other States should be.

HON. J. W. HACKETT: Who is the member?

HON. A. P. MATHESON: As I understand, the hon. member, Mr. Hackett.

HON. J. W. HACKETT: I pointed it out with glee?

HON. A. P. MATHESON: Pointed it out with glee.

HON. J. W. HACKETT: You were asleep.

HON. A. P. MATHESON: I understand what I have stated to be the view of the hon. member.

HON. J. W. HACKETT: I said it was a serious and grave question.

HON. A. P. MATHESON: I do not pretend to quote his words, and I know the hon. gentleman always contradicts me unless I go back on *Hansard*, but certainly that was the impression he gave me. The hon. gentleman was pleased to think that if this were adopted, the members representing Western Australia would for five years exercise a portion of the control over the fiscal arrangements of the other colonies, while the other States would be debarred from expressing any view on ours during that time.

HON. J. W. HACKETT: Why do you make such a misrepresentation? What is your object? It is exactly the reverse of what I said and did.

HON. A. P. MATHESON: I understood him to be satisfied with the arrangement and to call attention to it.

HON. J. W. HACKETT: I called attention to it because there was a grave difficulty in the way.

HON. F. M. STONE (North): I rise to a point of order. Under Standing Order 331, relating to the presentation of a report, it says that no discussion can take place. It appears to me we are now entering into a discussion on the report itself, and I rise to know whether the hon. gentleman is in order in discussing the report.

THE PRESIDENT: The motion before the House is that the report be printed; but I think the discussion should be narrowed as much as possible, because the hon. member will have an opportunity of discussing the question fully when it is decided that the report shall be taken into consideration. He is in order in raising a debate now on this point, but it must not be an extended debate, because the matter will come before the House in a proper way on such date as the House may think fit.

HON. J. W. HACKETT (South-West): On the point of order, I did not like to

interrupt the hon. member, because he was indulging in attacks which it was thought well to have before the House in order that they may be answered; but he is going too far now, and he must quote from the minutes if he makes reference to matters in the select committee, especially seeing that he has challenged the accuracy and veracity of an hon. member. I may say, with great respect to him, it is a very scandalous exhibition that has been indulged in.

HON. A. P. MATHESON: The hon. member always contradicts me. I am accustomed to hear these remarks from the hon. member.

HON. J. W. HACKETT: Unfortunately, you so often deserve them. I submit that, under Standing Order 331, the point taken by the hon. and learned member (Mr. Stone) is a sound one.

HON. A. P. MATHESON: Is the hon. member in order in questioning the President's ruling?

HON. J. W. HACKETT: I am calling attention to it. Our practice has been to present the report formally and order it to be printed; then to fix a day for the consideration of the report. The only question that can be raised now is whether the report be printed or not. I doubt even if that can be questioned under the Standing Orders.

THE PRESIDENT: I said before that I considered the hon. member (Mr. Matheson) was going beyond the latitude allowed, by discussing the whole report of the select committee, more especially as it is unfair to deal with the evidence given by individual members of the community until the report of the select committee and all the papers are in possession of hon. members. I think it will be far better for the hon. member to postpone his remarks until the report comes up for consideration. Of course the matter rests with the House, and if the House orders the debate not to be continued, there is an end of it.

THE COLONIAL SECRETARY (Hon. G. Randell): I thought the hon. member was coming to the point which he wished to bring out?

HON. A. P. MATHESON: I am prepared to reach my point now.

THE COLONIAL SECRETARY: I thought the hon. member wished to dissent from the report of the committee,

and for that reason no objection was taken to his remarks; but the hon. member was certainly travelling beyond the license usually allowed, and in direct contravention to the ruling which the President has given according to the Standing Orders. What the hon. member intended to do, as I understand, is to point out that he did not agree with the report, and to let the public know that three members of the Joint Committee were not in accord with the remaining members of the committee.

HON. J. W. HACKETT: The hon. member must state his dissent in the discussion on the report. The question now before the House is whether the report shall be printed or not.

THE PRESIDENT: The hon. member (Mr. Matheson) must not digress from the rules of the House. The proper time to go into details is on the discussion of the report. It is unfair to other hon. members who have not the report and documents before them now.

HON. A. P. MATHESON: I am sorry, Mr. President, you should think that I have strayed beyond the bounds, and I trust I shall not do so again; but I should like, with your permission, to finish my remarks, and to give my reasons why I am opposing the printing of this document.

THE PRESIDENT: The hon. member can state his reasons for dissenting from the printing of the report.

HON. A. P. MATHESON: I have stated my objection already to the printing of the report. I consider the report as at present drafted a misrepresentation of the views of a certain number of members of the select committee who are opposed to the opinions expressed in the report; and I was going on to point out, as I have endeavoured to point out to some extent, that this so-called select committee should not be looked upon or its operations judged by the Standing Orders of this House. It should not be looked on as a Parliamentary committee and subject to the rules dealing with ordinary committees of this House.

HON. C. A. PRESSE: Federal pills.

HON. A. P. MATHESON: There are no Standing Orders whatever providing for a joint select committee, and therefore the operations of that committee were *ultra vires*, as far as Parlia-

mentary authority is concerned. What I submit is that if the chairman, acting in the just exercise of his powers, was able to give this and that ruling outside the Standing Orders of this House, it is surely possible for this House to rectify a very grave injustice that has been done to myself, to Mr. Illingworth, and to Mr. Leake in this matter. The argument will be, and I am prepared to deal with that argument in advance, that the same general laws which affect the report of an ordinary committee of this House, in which a minority votes against a resolution and is ignored, should also affect this report; but I submit that is not the case. The committee being a hybrid committee, this House has a perfect power to add to the report in any way members think fit to do so, and which would place us in the proper position we want to occupy. I propose, before I sit down, to move an amendment to the motion. The motion already before the House is that the report be printed, and I move that the following rider be added: "The Hon. A. P. Matheson, M.L.C., Mr. George Leake, M.L.A., and Mr. F. Illingworth, M.L.A., dissent from the report of the Select Committee, and desire to say their views are embodied in the resolution proposed by Mr. Leake, M.L.A., at the meeting of the Select Committee held on Friday, 16th instant."

HON. A. B. KIDSON: What is the good of that?

HON. A. P. MATHESON: This report will be read by every person—

THE PRESIDENT: I cannot put an amendment of that kind. It has nothing to do with the printing of the report. The motion before the House is that the report of the committee, as handed in by Mr. Loton, be printed.

HON. A. P. MATHESON: Am I not in order then in moving an amendment?

THE PRESIDENT: Not of that kind.

HON. A. P. MATHESON: I regret that the rules of the House will not allow us to be justified before the country.

THE PRESIDENT: I have already stated that the hon. member will have an opportunity of dealing with this matter when the report is under consideration.

HON. A. P. MATHESON: This report goes out as a Parliamentary document, possibly to every elector in the country, and no elector will take the trouble to

read any document but this report, and this report goes out emphatically as the unanimous opinion of the committee. I regret that I am ruled out of order in moving my amendment.

HON. F. T. CROWDER: You are trying to get a cheap advertisement.

HON. A. B. KIDSON: You would never carry it.

HON. A. P. MATHESON: I should trust to the honesty that prevails in this House to allow the amendment to be carried. No hon. member wishes to do a wrong thing.

HON. J. W. HACKETT: Except one.

HON. A. P. MATHESON: We look on this document as a disgrace.

HON. J. W. HACKETT: How long is this to go on, Mr. President? That is an attack on the House.

HON. A. P. MATHESON: This is not the first time the hon. gentleman has endeavoured to put the muzzle on me; and he effectually did it, I regret to say, during the sittings of the select committee.

THE PRESIDENT: We are not discussing the report of the committee. The motion is that the report of the committee be printed.

HON. J. W. HACKETT: I beg to move that the question be put.

HON. W. T. LOTON: I think that is unfair. I should like to say a few words in reply.

HON. J. W. HACKETT: It is not necessary.

Motion put and negatived.

THE PRESIDENT: The question now before the House is whether the report of the committee be printed or not?

HON. J. W. HACKETT: I say the main question must now be put.

THE PRESIDENT: But the motion that the question be now put was not carried. I declared that the noes had it. I take it that the wish of the House was that the hon. member (Mr. Loton) should be heard in reply.

HON. A. P. MATHESON: I only get up to apologise for digressing from the subject, and my digression arises entirely from the interruption and interjections of Mr. Hackett. If these interruptions had not been made, I should not have digressed.

HON. W. T. LOTON (Chairman of Joint Committee): My remarks will be

few indeed, but I feel it is only just and fair as the chairman of the Joint Select Committee whose report is now before the House, that I should be allowed to say a few words in reply to the aspersions cast upon me. With regard to the procedure, Mr. Matheson was quite right in saying there are no distinct Standing Orders referring to joint select committees; but I take it, and on that I acted, that a joint select committee of both Houses is conducted under the ordinary Standing Orders of Parliament, and that was the procedure adopted during the whole of the time. That procedure was not questioned in any way, that I am aware of, until the end of the report. When the report was prepared and brought up by the chairman, and read in the ordinary way under the Standing Orders, a brief discussion occurred as to whether the report should be discussed then, or whether the discussion should be adjourned for further consideration. The committee decided on Monday, with the draft printed report before them, to adjourn until Tuesday at 12 noon, so that every member should have an opportunity of considering the report and be prepared to deal with the matter on Tuesday at 12 o'clock. Hon. members are aware that an extension of time was given by both Houses of Parliament, and that extension of time expired yesterday evening in the House of Assembly, and would have expired here also had we met. It was pointed out by one of the hon. member's (Mr. Matheson's) colleagues on the select committee, and a threat was made that if any further extension of time was asked for, it would be most strenuously resisted in another place, and that no further extension of time would be given if hon. members opposed to the measure could carry their view. That was the threat held out to the select committee. I do not think it can be said for a moment that the committee were at all dilatory in their proceedings.

HON. A. P. MATHESON : That has not been said by me.

HON. W. T. LOTON : Every expedition was made that could be made, and when the Joint Select Committee met yesterday, at 12 noon, the ordinary procedure was gone on with: the report was read paragraph by paragraph, various amendments were made in certain of the paragraphs,

and each paragraph was put in the ordinary way, and if an amendment was made in a paragraph that paragraph was read a second time. That was the procedure the whole way through the report, and the hon. member (Mr. Matheson) and his colleagues who acted with him, the three members he has named, never challenged, beyond dissenting by voice, a single paragraph of that report.

HON. A. P. MATHESON : What was the good ?

HON. W. T. LOTON : The hon. member and his colleagues assented to every paragraph in the report.

HON. A. P. MATHESON : I voted "no" to every one of the paragraphs.

HON. W. T. LOTON : There was not a single division called for on any paragraph, and when we arrived at the end of the report, and the question for the adoption of the report by the committee was put, one hon. member (Mr. Leake) intimated that he wanted to add certain words to the report. The words were these, and they have already been read in this House:—"Mr. Leake, Hon. A. P. Matheson, and Mr. Illingworth dissent from the report of the Select Committee, and desire to say that our views are embodied in the resolution proposed by Mr. Leake on Friday, 15th instant." That is what the hon. members, a portion of the committee, wished to add at the end of the report. I ruled that the motion the hon. members desired to make in those words was not in order. I gave this ruling, having considered the position I should take, as I had had an intimation: in fact I had been asked the question whether a minority report would be allowed. Therefore I had considered the question, and when this motion was made, I was of opinion there was no provision at all in the Standing Orders that a minority report could be added. Where there is no provision in the Standing Orders, I think we take the procedure generally of the House of Commons, and if hon. members will refer to page 394 of *May*, which has reference to select committees, they will see it is stated that "No resolution or amendment may be proposed which is not within the order of reference," and it goes on to say that the chairman will decline or refuse to put such. What was the reference to the committee? The reference to the Joint

Select Committee was the reference of the draft Bill to form a constitution for the Commonwealth of Australia. This draft Bill was referred for their consideration and report. I have already pointed out that the committee considered the draft Bill and called evidence, and a report was drawn up, every paragraph being agreed to without division.

HON. A. P. MATHESON: Not without dissent.

HON. W. T. LOTON: Without division; and the hon. member proceeded to submit the motion in the words I have read, which I submit was not within the order of reference in any way whatever. The reference to the committee was to consider and report on the draft Bill. The reference was not to report the individual view or views of any member of that committee on the report itself. I do not propose to detain the House longer. I submit that the ruling I gave was sound and correct. If it was not, at all events I am here to take the full responsibility for the ruling; and when the right hon. the Premier, in another place last evening, said he had no connection with the chairman in his ruling, and had never approached him on the subject, he spoke the perfect truth. I never heard an interjection by the Premier or any other member of that select committee as to the way the chairman should rule; so I say the statement made, that the chairman of that committee was influenced in his ruling—

HON. A. P. MATHESON: I never made that statement.

HON. W. T. LOTON: It was made in another place.

HON. A. P. MATHESON: Do not put it on me.

HON. C. A. PIESSE: Your crowd.

HON. W. T. LOTON: The statement of that hon. member in another place is incorrect, and the basis of it is incorrect. I do not think it is necessary for me to say anything further. I may say I took pains, as far as was possible, to see that every member of that committee had the utmost fair play during the whole of the meetings.

SEVERAL MEMBERS: Hear, hear.

HON. W. T. LOTON: I carried that out even to the end. The minutes of the proceedings, so far as they were taken, also the evidence, and the other informa-

tion placed before us, are all brought forward for the information of hon. members and the public generally, if they will study them.

Question—that the report be printed—put and passed.

## COMPANIES DUTY BILL.

### IN COMMITTEE.

#### Clause 1—Short title:

HON. F. M. STONE moved that it be a suggestion to the Legislative Assembly that the word "mining" be inserted after "the," in line 1, so that the clause would read: "This Act may be cited as The Mining Companies Duty Act, 1899." The amendment went to the principle of the Bill; for, if carried, the Bill would be confined to mining companies. He was certain the Government wished to tax only gold-mining companies; but they were afraid to face that position, and, therefore, brought in a Bill dealing generally with incorporated companies, either foreign or local. Members were in favour of gold-mining companies being taxed, seeing the large amount of revenue and of loan funds of the colony that had been expended for their benefit. It might be said the gold-mining companies had spent a considerable amount for that advantage; but the only money they had spent was in wages. As to the rent paid for the leases, the amount was absurd, being £1 per acre a year. The companies were taking the gold out of the earth, and the colony was losing it; the case not being like that in which a company was formed and the money spent in Western Australia. He did not say that gold-mining companies were not for the benefit of the colony, but the gold went out of the colony and paid dividends to people who lived outside the colony; and, with the exception of the wages spent in the colony, we derived no benefit from the gold taken from the ground. We knew that large dividends were sent out of this country, and these dividends were derived from the gold which we could never get back again; but with local companies, they were spending their money in the country, and we were getting a greater benefit from them than we derived from mining companies. It was only fair and just that the mining companies should con-

tribute something towards the revenue of the country; and, to his mind, the only way to get at these companies was by a dividend tax. But, in getting at the gold mining companies, we should not put a tax on every company. Take, for instance, many of the companies in this country which were investment companies, into which persons put their money to obtain an income. There were many widows and other persons of small means who put their money into investment companies to derive incomes, but gold-mining companies were pure speculation. The dividends were not expended in the colony as was the case in connection with many of the local companies. Was it fair to tax the local companies? Take the Western Australian Bank. A large number of the shareholders were persons who had invested money as trustees on behalf of others, and the money derived from the investment was spent in the colony. This Bill would not tax the bank, but the individuals; and if we were going to tax individuals, why should we not tax individuals all round by bringing in an income tax. This Bill did not provide for equal taxation; it was taxation of certain individuals who happened to have invested their money in local companies for the purpose of deriving incomes from it. The amendment he had proposed was that we should confine the Bill entirely to the gold-mining companies, as we could not tax them in any other way than by having a dividend tax. Let mining companies pay something from their dividends, and not take all the gold out of the country and give nothing in return.

**THE COLONIAL SECRETARY:** As the amendment would entirely alter the scope and intention of the Bill, it was his duty to oppose it. It was intended by the measure not only to tax mining companies, but incorporated companies doing business in this country; and if members would only think over the matter, they would see there was no reason why these companies should not contribute to the revenue as well as mining companies. The Bill would not effect other companies as much as mining companies, because their dividends were not so great.

**HON. R. G. BURGESS:** All the more reason why they should be taxed.

**THE COLONIAL SECRETARY:** A majority of members were in favour of mining companies being taxed; but it would not be fair on the part of the Legislature to select one particular industry for the purpose of taxation. That had never been done in any part of the world, and certainly it was not the case in Queensland, where this Bill was taken from. In Queensland incorporated companies doing business in the country contributed, from their dividends, something towards the revenue of the country. There was a familiar likeness between the arguments used by Mr. Stone and those used by the opponents of the measure when the Bill was before the Queensland Legislature. One would almost imagine that Mr. Stone had read the debates, because in some instances the arguments were word for word the same as the utterances of those in opposition to the measure in the Queensland Assembly.

**HON. A. B. KIDSON:** Great minds ran in the same groove.

**THE COLONIAL SECRETARY:** It was said by the opponents of the measure in Queensland that this tax would influence the money market in England, that no more money would be invested in the country, and it was almost impossible to tell what was going to happen to that country if it adopted the dividend tax. Nothing had happened to the colony of Queensland in the direction indicated, but the latest information was that the Act had worked well in Queensland. It was said during the debate in the Queensland Legislature that it would be better to introduce an income tax; but Sir Samuel Griffith stated that it was generally considered the collection of an income tax was attended with so much expense that no real benefit would accrue to the colony. In this colony the time had not arrived to impose an income tax, and the Government in looking round for a means of meeting the increasing expenditure of the country resolved to introduce a Dividend Bill. It was considered to be fair, not only to make the mining companies pay, but that other incorporated companies should pay on their dividends. A large amount of borrowed money had been expended upon railways for the benefit of the mining industry, and it was only right that the mining industry



should pay towards the upkeep of the country and the interest upon loans. In the city of Perth there were five banks which were not local institutions, and these banks were on all fours with the mining companies carrying on business here. The shareholders lived in other parts of the world, but the dividends which we proposed to tax were made here, and we had some right to receive some benefit from the money obtained in this country. The Government protected these corporations, and the country supplied them with a fine field for the employment of their capital.

HON. F. T. CROWDER: The customers of the banks would have to pay the tax.

THE COLONIAL SECRETARY: The hon. member went too far when he said the customers would have to pay. When a tax was very small, the customers did not pay, and when only a small duty was placed on the profits of banks, it was not the customer who would pay, the amount would be taken off the profits made by the institution. There were five banks in this country, branches of large institutions elsewhere, doing a profitable business in this country, and these banks ought, on the principle of fairness, to be asked to contribute in the same manner as the mining companies. In regard to the local bank, the shares were practically held in the colony—some were held out of the colony, he was not prepared to say how many, but the larger number of shares were held in the colony. It would have a bad effect on people outside if we selected one class of company to tax, and allowed others to go free. Mr. Stone's amendment altered the whole feature of the Bill, therefore he asked hon. members to vote against it.

HON. A. B. KIDSON: Could the Colonial Secretary say why local institutions were to be taxed on their dividends, and foreign ones on their profits?

THE COLONIAL SECRETARY: A company might be carrying on business here and in half-a-dozen other places, or in one other place, and that company might be making a loss in another place, at the same time making a profit in this country. That was the reason why it had been decided to tax the profits of a foreign company. The only question that arose was the difficulty in getting at the profits. There was a certain inspec-

tion which had to be made, but that only arose when there were reasons to suspect that there was dishonourable conduct on the part of the company doing business. He hoped members would stick to the principle that we should impose a tax upon profits made here, and not the whole of the business of the company, which as he had before said, might be carrying on business in other parts of the world, and making losses, while gaining profits here. He hoped members would not be misled by the principle of "taxing the other fellow and not me." Incorporated companies were selected, and the bone of contention was that if two or three individuals invested their whole capital and did not register and become incorporated they should be taxed as well as incorporated companies. But if we began to do that, where should we stop? The taxation would at once become an income tax, and at the present time it was not desirable to have in this colony an income tax, which would be too costly to yield very much revenue to the State. His own opinion was that an income tax was a righteous sort of tax. Certain persons said the working classes contributed through the customs considerably more to the revenue of the country, in proportion to their income, than did the other classes of the community. It would be manifestly unfair to levy a tax upon the mining companies and to release limited liability companies which were established here and were pursuing other business than that of mining.

HON. J. E. RICHARDSON: Did the Government propose to take taxation off other things?

THE COLONIAL SECRETARY: No, but that would be done in the case of the imposition of an income tax.

HON. H. LUKIN: Most people must recognise, unless they were prejudiced, that the Government and Parliament had done a great deal for our goldfields. No sooner were the goldfields started than there were railways, telegraphs and postal communication. Money was spent in every direction liberally, not to say lavishly, and now was the time to begin to get back some of that money. Gold-mining was not reproductive in the same sense as many other industries, for every ounce taken out of the soil left one ounce less to get. Gold had been slipping

through our fingers and going out of the colony every day, and now was the time to tax the gold-mining companies. As to the other companies, we must in fairness admit that the very large and liberal expenditure of public money going on for some years had also benefited those companies as well as the gold-mining companies, but if we once drew in the limited liability companies, other than gold-mining companies, we must go the whole length and make the tax an income tax. Rather than do that, he would exclude these limited liability companies and make the tax simply one on mining dividends.

HON. A. B. KIDSON: The Colonial Secretary, on the motion for the second reading of the Bill, said very likely the customs duties would be reduced, and on this occasion he (Mr. Kidson) was given to understand that, so far from that, the customs duties were being increased.

THE COLONIAL SECRETARY: The hon. member had misunderstood him. What he said was to the effect it was probable that as the agricultural industries of the colony progressed they would meet the needs of the country, and therefore we must expect a decline in the revenue from the food duties.

HON. A. B. KIDSON: That was a very extraordinary argument why the Bill should become law. Another extraordinary view put forward by the Colonial Secretary was that the hon. gentleman considered this tax a righteous tax. If there was one tax more unrighteous than another it was the tax now proposed. The hon. gentleman said this was a tax upon wealth.

THE COLONIAL SECRETARY: What he said was that if we were to have a tax upon dividends, the tax should apply to incorporated companies as well as mining companies.

HON. A. B. KIDSON: The hon. gentleman said that if there was a righteous tax this was one.

THE COLONIAL SECRETARY: No; he was referring to the income tax, and said the principle of the income tax was a righteous one.

HON. A. B. KIDSON: Then he understood the principle of the tax in this Bill was, in the hon. gentleman's opinion, an unrighteous one. Was that so?

THE COLONIAL SECRETARY: If it was fair to tax mining companies, it was fair to tax these incorporated companies. The Bill was righteous in that respect.

HON. A. B. KIDSON: The hon. gentleman referred to the Western Australian Bank, but did not seem to consider widows who had a few shares in that bank and lived upon the income, and also the trustees who held a few shares on behalf of children whose only support these shares were. The Colonial Secretary said companies other than mining companies were upon the same plane as mining companies; but they were on a totally different ground. We were endeavouring to get at the gold in the best manner possible, and that was by taxing the dividends of gold-mining companies. The reason for imposing taxation upon gold-mining companies was that these mining companies were extracting from the earth a large portion of the wealth that really belonged in some degree to this colony. There was a wide difference between banks and mining companies. Banks had to bear a large share of taxation at the present time that mining companies did not have to bear. Last year the banks paid the sum of £6,612 in note tax to the revenue of the country. The Colonial Secretary endeavoured to draw a red herring across the trail, to induce hon. members to vote against the amendment, by saying that this Bill would relieve the working man. That was absolutely inaccurate.

THE COLONIAL SECRETARY said he did not use such an expression.

HON. A. B. KIDSON: The hon. member did not use it in so many words, but he threw it out as a bait.

THE COLONIAL SECRETARY denied it.

HON. A. B. KIDSON: That was the way it occurred to him, but if the hon. member said he did not say it, he (Mr. Kidson) apologised.

THE COLONIAL SECRETARY said he did not use the words or anything that could be construed into meaning such a thing.

HON. A. B. KIDSON: It was idle to say the working men would be affected by the Bill. Most of the institutions other than mining companies were the means of investment from which people derived an income.

HON. A. P. MATHESON: So were mining companies.

HON. A. B. KIDSON: Mining companies were more a speculation than an investment, but he was speaking of companies other than mining companies, and before a person received any return, that person would have to pay a tax on the dividend received. If a person invested money on mortgage, or in any investment, that person would not have to pay the tax. This Bill would deter people from investing their money in corporate companies which would have to pay a tax. As far as he was personally concerned, he would rather see an income tax imposed in this colony than to see this abortion of a Bill passed by Parliament. If an income tax were imposed, other taxes could be taken off. In this case no such suggestion was held out by the Government, but the Government wanted to get all into their maw. They were not satisfied with the enormous revenue which we now had for this country, but they wanted more, and the only reason the Colonial Secretary had given for the Bill was that the Government wanted the money.

The HON. A. P. MATHESON intended to support the Government. He could not understand why, whenever it was possible to attack the gold-mining industry, the proposal met with so much sympathy in the House. Members shut their eyes to the enormous benefits the colony had derived from the gold-mining industry, and as soon as a question arose as to the benefits the colony not only had derived in the past, but would derive in the future from the gold-mining industry, hon. members endeavoured to belittle those benefits. What was the colony like before the mining industry came to the front?

THE COLONIAL SECRETARY: A very happy place.

HON. A. P. MATHESON: There were no markets whatever for the produce of the colony. What was the colony like now? There were ample markets for all the produce.

HON. R. G. BURGESS: The colony was not a bit better off now than before the goldfields were discovered.

HON. A. P. MATHESON: There were now markets of so large an extent that the colony had to import nearly every article that was consumed. The colony had largely to supplement its

supplies by importations, owing almost entirely to the effect of the gold-mining industry.

HON. C. A. PIESSE: The hon. member did not know what the colony was like before the gold mines were discovered.

HON. A. P. MATHESON said he had been told. A great deal had been said about the railways, but the railway leading to the goldfields was almost entirely built at the cost of the community on the goldfields. The contracts were let at prices which were perfectly preposterous, and the contractors recouped themselves by putting on absurd and extravagant rates, which the goldfields population had to pay.

HON. R. G. BURGESS: There was an enormous saving in cartage.

HON. A. P. MATHESON: No doubt the people were able to send as much produce as they were able to, which was very little, to the goldfields. The hon. member got an extravagant price for his chaff.

HON. C. A. PIESSE: It was the middleman who got most of the money.

HON. A. P. MATHESON: The hon. member surely had sufficient acumen to get the profits, and not let the middleman get them.

HON. C. A. PIESSE: The produce was sold just the same before the railway was built, and there were better profits.

HON. A. P. MATHESON: We were told that this was an unfair tax, but Mr. Stone wished to make it still more unfair. Hon. members apparently felt that in the gold-mining industry they had a goose, and they were going to bleed it in every possible way, while we let other industries go free.

HON. C. A. PIESSE: They had a cuckoo, not a goose.

HON. A. P. MATHESON: These repeated attacks on the gold-mining community was having the worst possible effect on the gold-mining people on the fields, and we saw comments in the goldfields Press attacking the people on the coast.

HON. C. A. PIESSE: That had always been done.

HON. A. P. MATHESON: The goldfields Press were now doing it with greater justice than before, and it was producing ill-feeling. If members persisted in levying a tax only on the gold

mining industry, they would have themselves to blame if they received abuse. He was not going to support the abuse, or to say that the people on the goldfields should abuse the people on the coast; but if we were going to injure the gold-mining industry, we should justify the feeling expressed.

HON. E. McLARTY: The incorporated bodies of the colony had to pay, while other bodies doing similar business, and making larger profits, were not taxed. That was the portion of the Bill he objected to. The Bill would press heavily on incorporated companies which had been struggling to build up this country, and after spending thousands of pounds in developing the country, and were now reimbursing themselves, they were asked to pay a tax. He did not feel the Committee were justified in levying a tax on one industry in the country, and not on another; it looked like class legislation. We could scarcely say we should tax one industry and allow others to go free. There was no reason why incorporated banks and other institutions doing a large business should not pay something towards the revenue, and for that reason he could hardly give his support to tax one industry alone. He felt with Mr. Stone that the time had arrived when the colony should receive more benefit from the dividend-paying gold mines than the colony had received in the past. He could not agree with Mr. Matheson as to the condition of the colony before the gold-mining industry.

HON. C. A. PIESSE: There were 1,100 miles of railway before the gold-mining industry broke out.

HON. E. McLARTY: The markets of the colony were as bad now as he had ever known them. Take the dairying industry, which we heard so much about. The best butter that could be made was hardly salable. Farmers could hardly get rid of it, and he did not know what produce there was a ready market for. Mr. Matheson had referred to the profits accruing to the middleman, but he had heard of the hon. member (Mr. Matheson) sending a certain product to the goldfields, and being disappointed with the result because the middleman got the benefit. Although his (Mr. McLarty's) sympathies were entirely with Mr. Stone's amendment, he felt that many people in

the colony would have to pay, who had no right to be called on to pay, largely to the revenue of the colony at the present time, and the Committee could hardly affirm the amendment and let it go abroad that we wanted to tax one industry and let others go free.

HON. D. K. CONGDON: It was unfair to tax the financial institutions that had been established in the colony. He also recognised the fact that a large amount of money had been spent in giving facilities to the goldfields, but he admitted the goldfields had done much towards the development of the country. Yet, metaphorically speaking, this colony put its hands into its pockets and found means for the gold-mining companies which, without those means, could have done nothing.

HON. F. T. CROWDER: We were now spending £4,000,000 on water works.

HON. D. K. CONGDON: The amendment of Mr. Stone would meet with his support.

HON. W. T. LOTON: It was the bounden duty of members to take a wider and broader view of the question than we should take if we voted for the amendment, which practically meant that the gold-mining industry alone would be directly taxed. This was the start of what we might call direct taxation. In connection with the companies it was proposed to tax, he could only describe the Bill as an unjust, unfair, and discriminating income tax upon them.

HON. A. B. KIDSON: And yet the hon. member was going to vote for the Bill.

HON. W. T. LOTON: That was true, but he did not say how far he was going to vote for it. He was not going to vote in favour of taxing the gold-mining industry only, which would be unfair. The other industries of the colony were so mixed up and interwoven with the gold-mining industry that the industries should work together, and not in opposition to each other. The tax was a bad one, and we were commencing on what he might call rather disagreeable lines. We had been looking to customs duties alone, and that was all very well during the time we were borrowing large sums of money, spending them, and receiving the benefit of the expenditure in the employment of labour and so on; but that time had gone by for the present.

HON. R. G. BURGESS: Let the hon. member look at last month's revenue.

HON. W. T. LOTON: There was still a lot of depression and hardship. The prospects, however, were good, but required nice and careful handling.

HON. A. P. MATHESON: The report of the Commonwealth Committee spoke of the flourishing condition of Western Australia.

HON. W. T. LOTON: Western Australia was flourishing, but at the same time there was depression and hardship. One of the great causes of the advance in the prospects of the colony was the immense increase in the price of wool, the difference between the value of that article now and this time last year being practically 50 per cent., which had a wonderful effect upon the people of the colony. Let us see how far we could go in direct taxation, and not confine such taxation at the present time to what was almost the most important industry in the colony, which had an influence in connection with all the industries we possessed and were likely to possess in the colony for years to come.

HON. F. M. STONE moved that the question be put.

Put and passed.

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

|      |     |     |     |    |
|------|-----|-----|-----|----|
| Ayes | ... | ... | ... | 6  |
| Noes | ... | ... | ... | 14 |

Majority against ... 8

| AYES.              | NOES.                     |
|--------------------|---------------------------|
| Hon. R. G. Burgess | Hon. H. Briggs            |
| Hon. D. K. Congdon | Hon. C. E. Dempster       |
| Hon. A. B. Kidson  | Hon. J. W. Hackett        |
| Hon. H. Lukin      | Hon. R. S. Haynes         |
| Hon. F. M. Stone   | Hon. A. G. Jenkins        |
| Hon. F. T. Crowder | Hon. W. T. Loton          |
| (Teller).          | Hon. A. P. Matheson       |
|                    | Hon. D. McKay             |
|                    | Hon. E. McLarty           |
|                    | Hon. C. A. Piesse         |
|                    | Hon. G. Randell           |
|                    | Hon. J. E. Richardson     |
|                    | Hon. F. Whitcombe         |
|                    | Hon. W. Spencer (Teller). |

Amendment thus negatived.

At 6-30, the CHAIRMAN left the Chair.

At 7-30, Chair resumed.

Clause put and passed.

Clause 2—Interpretation:

HON. A. P. MATHESON: It seemed an extraordinary thing that the Govern-

ment should propose to tax a return of capital. If a local company which had subscribed a certain amount of capital intended to return some of the capital, that company would have to pay an income tax on the capital returned, although it would only be a return of money subscribed. It was a frequent practice when companies had more capital than they required, in order to reduce the liability, to obtain permission from the Court to reduce the capital. A company might make such profit that it wished to reduce the capital, and the Court would grant that permission, so that shares which had previously been worth £1 became worth the reduced liability. In that case, according to the Bill, the company would have to pay an income tax for the distribution of the capital. He did not intend to move any amendment on that point, but he moved that in line 5 of the interpretation of "dividend," the word "interest" be struck out. If the word "interest" were left in, the operation of the clause would be that debenture-holders, and those who had lent moneys to a company would be charged 5 per cent. income tax on the interest which they received. Interest was undoubtedly that money which was paid year by year to debenture-holders, or persons who had lent money to a company, and it was clearly set out in the other clauses of the Bill that a company was able to recover the amount of the income tax from the persons entitled to receive the dividends, therefore the operation of the clause would be that the debenture-holder in the company, or the person who had lent money to a company—and this would affect local companies—would find the interest reduced year by year.

HON. D. MCKAY: Five per cent. on the dividend, and interest also, would not be charged.

HON. A. P. MATHESON: There would be 5 per cent. charged on the debenture-holder, but he need not be a debenture-holder, anyone who had lent money to a company.

HON. R. S. HAYNES: The mortgagee.

HON. A. P. MATHESON: The mortgagee, who might be an infant, an orphan, or a widow, and had lent money to a company as a fixed investment. These persons would find themselves

mulcted to the extent of 5 per cent. income tax while it was not a profit in any sense.

HON. R. S. HAYNES: Mr. Matheson said that if a person lent money to a company the interest paid to the mortgagee would be taxed at the rate of 5 per cent., but that was not so. The person taxed had to be a member of the company before he was taxed. The object of inserting the words "and whether it is called by the word of dividend, bonus, profit, interest, or any other name in the Bill" was to prevent a company evading the Bill by saying they would not declare a dividend, but would call it interest. The Court would construe the word "interest" as being governed by the previous words, and unless the money was paid to a member of the company by way of dividend, no tax could be levied. This word was inserted to prevent any evasion of the Bill.

HON. C. E. DEMPSTER: What would be the difference between dividend and interest on capital invested?

HON. R. S. HAYNES: No difference at all, as far as he could see.

HON. A. P. MATHESON: The hon. member (Mr. R. S. Haynes) had supplied for the purpose of his explanation four words which were not in the clause, and these words were supplied to make the meaning clear. If the committee added "by way of dividend," this would entirely meet his point, but these words were absent, and as long as they were absent the clause was capable of a different construction.

HON. R. S. HAYNES: The words were not necessary.

HON. A. P. MATHESON: The hon. member used the words "by way of dividend."

HON. R. S. HAYNES: What he said was, that the Court in construing the clause would say the interest would have to be used by way of dividend.

HON. A. P. MATHESON: An appeal must be made by him to the Colonial Secretary to allow the words to be inserted, for they were absolutely needed to make the clause correct.

THE COLONIAL SECRETARY: This clause was taken from the Queensland Act, and the explanation given by Mr. Haynes exactly met the point raised by Mr. Matheson.

Amendment put and negatived.

Clauses 2 and 3—agreed to.

Clause 4—Returns to be made of dividends declared and of duty payable thereon:

HON. A. P. MATHESON moved that it be suggested that the words "a mining company or," in line 3, be struck out. He failed to see why a mining company carrying on business only in Western Australia should be taxed in a different way from any other company carrying on business in Western Australia only. If we wanted to make a difference, it should be between companies carrying on business in Western Australia only and companies carrying on business in Western Australia and elsewhere. Mining companies contributed to the revenue just as much as any other companies.

THE COLONIAL SECRETARY: Mining companies in connection with other companies were dealt with in the next clause. He did not know in what respect this clause would be a hardship upon mining companies. It merely excluded them from the operation of the clause, and provided for dealing with mining companies in Clause 5.

HON. A. P. MATHESON: In Clause 4 there was a tax on dividends only.

THE COLONIAL SECRETARY: Yes.

HON. A. P. MATHESON: In Clause 5 there was a tax upon supposed profits, and not dividends at all. Why should a mining company, simply because it was a mining company, carrying on business solely in this colony, be taxed upon supposed profits and not upon dividends? The argument that a company carrying on business both in this colony and elsewhere might be making profits in this colony and losses elsewhere, did not apply at all to mining companies carrying on business solely in this colony. In common justice, mining companies carrying on business solely in this colony should only have to pay an income tax on the dividend they declared earned in the colony.

HON. F. WHITCOMBE: Instead of making the local mining companies pay in one way and foreign companies in another, let all mining companies be put upon the same basis. It would be far better to differentiate only as far as the trading companies were concerned.

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

|      |     |     |     |    |
|------|-----|-----|-----|----|
| Ayes | ... | ... | ... | 5  |
| Noes | ... | ... | ... | 11 |

Majority against ... 6

| AYES.               |  | NOES.                 |  |
|---------------------|--|-----------------------|--|
| Hon. C. E. Dempster |  | Hon. H. Briggs        |  |
| Hon. A. G. Jenkins  |  | Hon. D. K. Congdon    |  |
| Hon. H. Lukin       |  | Hon. F. T. Crowder    |  |
| Hon. A. P. Matheson |  | Hon. R. S. Haynes     |  |
| Hon. R. G. Burges   |  | Hon. D. McKay         |  |
| (Teller).           |  | Hon. C. A. Piesse     |  |
|                     |  | Hon. G. Randell       |  |
|                     |  | Hon. W. Spencer       |  |
|                     |  | Hon. F. M. Stoue      |  |
|                     |  | Hon. F. Whitcombe     |  |
|                     |  | Hon. J. E. Richardson |  |
|                     |  | (Teller).             |  |

Amendment thus negatived, and the clause passed.

Clause 5—Mining companies and companies carrying on business beyond Western Australia :

HON. A. P. MATHESON: This clause provided that every mining company and every company which carried on business in Western Australia and partly outside Western Australia should pay income tax, not on their dividends, but on the amount of profit they were supposed to have made as shown by their book-keeping. This was a most unfair way of treating these companies. Take the facts as far as banks were concerned. Five banks out of the six in this colony would be taxed upon an entirely different basis from the sixth—the local bank. The one local bank under Clause 4 would be taxed upon the dividends it declared. Any sum of money it set aside for a sinking fund or any other purpose which seemed good to the directors would not be taxed, but every one of the other banks would be taxed upon book-keeping entries which showed their receipts and expenditure—that was to say, their profits—and no allowance under this clause could possibly be made for the same necessary provisions as would be made by the directors of the Western Australian Bank. It seemed a most inequitable provision. As to mining companies, he went into the question very fully on the second reading, and, so far as he could judge, the feeling of the Committee was quite against him. But the facts were that every mining company properly managed set on one side a considerable sum of money for the purpose of equalising their expenditure and saving the necessity of reconstruction. In mining sometimes companies had to deal

with stone carrying great shoots of gold, and afterwards they might go for a year or more upon stone that did not pay expenses, and unless the directors put on one side a sum of money to provide for that contingency, the necessity arose for the company going into liquidation and being reconstructed.

HON. F. T. CROWDER: What was to stop them under this Bill?

HON. A. P. MATHESON: Nothing, but if they did so they had to pay income tax in exactly the same way as though they divided the money. The company's profits which were never divided had to be written off, so that the shareholder, from whom the tax was eventually recovered, was mulcted in an amount of money as income tax from a sum which he never received. He recognised the feeling of the Committee was against him, therefore he need not elaborate his argument. The three paragraphs of which he had given notice provided for the income tax being assessed on foreign companies on exactly the same principle—on the amount of the capital used in the colony—as was contained in the provisions in the Bill.

THE COLONIAL SECRETARY: The amendment would place foreign institutions at a great advantage. The local institutions had to prepare a balance-sheet every year, and to declare a dividend. If we allowed the principle to obtain which the hon. member wished to introduce, it would be impossible to obtain any duty at all from foreign companies. Companies might be carrying on business here with scarcely any capital. A company might be making a profit here while losing in another place, and why should not this colony obtain some advantage from the profits made in this colony whether by banks or mining companies? This principle had been inserted so as to obtain duty on profits, or the colony might not get any benefit from these companies. He could see nothing wrong in asking a company carrying on business here, as well as elsewhere, to declare the profits made in this country. The profits which were made almost entirely left the country, and went to enrich other countries, and the company contributed nothing towards the advancement of this colony. He had a copy of a telegram in his possession which stated that the Chamber of

Mines in London had intimated that the dividends paid last year amounted to £1,000,000 sterling, probably this amount would be increased during this year. The Chamber of Mines, in London, raised no objection to the dividend duty, but thought the duty rather high, because the people in England were paying 7d. in the £ income tax; therefore the people would have to pay at both ends. The mining companies were making wealth in this country, and taking out of the soil that which could never be replaced.

HON. F. M. STONE: The Colonial Secretary had spoken of the unfairness of taxing only mining companies, but he (Mr. Stone) was astonished to find that under the clause certain companies were deliberately picked out to be taxed on their profits. As to mining companies, first of all they had to pay on their profits, but when a company declared a dividend, the company made a return to the Treasurer, and any amount paid on the profits which exceeded the amount of the dividend was refunded to the company.

HON. A. P. MATHESON: Supposing the company never declared a dividend?

HON. F. M. STONE: Then the company would pay on the profits. A timber company would be placed in a very unfair position, because it would have to pay on the profits, and not on the dividend, and this country might be getting more out of the timber companies than out of mining companies, because a timber company paid large amounts to the railways, and large amounts in wages in this country. Supposing a timber company made a profit of £20,000, and the directors decided not to declare a dividend, but to extend their railway and erect further mills with that amount; this company which did not declare a dividend, would be taxed for its industry. A mining company that made profits and spent a certain amount in extending operations, thereby raising the price of the shares, and declared a dividend with the balance of the profit, would only be taxed on the balance. There might be other companies besides timber companies starting in this country.

HON. F. WHITCOMBE: All future companies would be aware of the fact before they started.

HON. F. M. STONE: The Government should not place timber companies on a different footing from mining companies. If one company was taxed, all should be taxed on the same basis.

THE COLONIAL SECRETARY: The answer to the hon. member's remark, that if a company made £20,000 profit and decided to invest this amount in the improvement of the company's property, was that although they would have to pay a duty on the £20,000 profit, the company would get the benefit the next year.

HON. F. T. CROWDER said he was not in favour of the Bill at all as it was most unjust, but he had to bow to the decision of the House. At the same time, the amendment as it stood might lead to fraud. We were all aware that all the gold had not been discovered in this country, and in the future gold mining companies would take advantage of the Bill, and float a company with 500,000 shares paid up to 1s. 6d., and instead of declaring a dividend they would use the profits in bringing the shares up to £1 paid up, thereby doing the colony out of the duty.

HON. J. W. HACKETT: That had been done.

HON. F. T. CROWDER: New companies would take advantage of the provision and enhance the value of their shares.

HON. A. P. MATHESON: The Colonial Secretary had stated that he had seen a telegram from London which stated that the people there were perfectly satisfied with the dividend duty, but they thought it too high. That was exactly the point he raised. Companies outside this colony, as far as experience went, were perfectly willing to pay an income tax, but that tax should be based on an equitable method of calculation. When companies realised that they were asked to pay a tax on profits, there would be such a howl that the Colonial Secretary would be astonished. As to the objections raised by one member, that money carried forward would be subject to a duty, and that income tax would be paid by shareholders out of money not received, he did not think there was much difference in any case, because in the form of a dividend a person would not have received the money, and the actual dividend would be the total amount less



dividend duty, because a company was bound to pay the duty before the dividend was distributed. The object of the Bill was to put all companies on as equitable a basis as possible, and particularly to compel those companies who drew dividends from profits made within the colony, instead of taking them all outside, to leave some portion behind as a payment for protection received and facilities afforded for carrying on their business. The tax could not be placed upon dividends, because the profits made here would go to satisfy losses elsewhere. He did not see how precautionary measures could be adopted other than those provided by Clause 5.

THE COLONIAL SECRETARY: The amendment would open the door to fraud and trickery.

HON. F. M. STONE: How was it that it did not do so in Queensland?

HON. F. WHITCOMBE: Members here did not know it did not do so.

HON. F. M. STONE: Had it done so, the law would have been repealed.

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

|      |     |     |    |
|------|-----|-----|----|
| Ayes | ... | ... | 4  |
| Noes | ... | ... | 12 |

Majority against ... 8

| AYES.                 | NOES.               |
|-----------------------|---------------------|
| Hon. A. G. Jenkins    | Hon. H. Briggs      |
| Hon. A. P. Matheson   | Hon. R. G. Burges   |
| Hon. F. M. Stone      | Hon. D. K. Congdon  |
| Hon. J. E. Richardson | Hon. C. E. Dempster |
| (Teller).             | Hon. J. W. Hackett  |
|                       | Hon. H. Lukin       |
|                       | Hon. D. McKay       |
|                       | Hon. C. A. Piesse   |
|                       | Hon. G. Raudell     |
|                       | Hon. W. Spencer     |
|                       | Hon. F. Whitcombe   |
|                       | Hon. F. T. Crowder  |
|                       | (Teller).           |

Amendment thus negatived, and the clause passed.

Clause 6—agreed to.

Clause 7—Case of companies carrying on business by trustees or agents:

HON. A. P. MATHESON: The amendment of which Mr. Stone had given notice would be moved by him, because he certainly would have given notice of it himself if that hon. member had not done so. It was an admitted principle in law that, if a judgment were registered against an attorney in the Law Courts here, the attorney was not personally responsible. He moved that after "obligations," line 9, there be inserted the words, "but such

trustee or agent shall not be personally liable to pay and discharge the same." That meant that a company should be liable to the extent to which it had assets in the colony, and the agent should not be personally liable.

HON. F. WHITCOMBE: The object of the clause was to reverse the ideas of law which Mr. Matheson entertained, and to impose on an attorney the liability for a tax payable by the company he represented. From our experience of mining companies in particular, in regard to the difficulty of realising the amounts of judgments obtained against them in some instances, and getting the payment due from them in others, it was right the Government should have this power in reserve for making the agent or attorney responsible for the duty.

Amendment put and negatived, and the clause passed.

Clause 8—In case of winding up:

THE COLONIAL SECRETARY: This was a new clause which did not exist in the Queensland Act.

Put and passed.

Clauses 9 to 24 inclusive—agreed to.

New Clause:

HON. J. W. HACKETT moved, as a suggestion, that the following new clause be added to the Bill: "This Act shall only remain in force until December 31st, 1902." The Bill might operate fairly in certain cases, and in others prejudicially; though on the whole the advantages appeared to outweigh the objections. There were points in the Bill to which just exception might be and had been taken. It was inadvisable to have a tax of this kind, which was more or less in the nature of an income tax, made a permanent addition to the statute book, when the legislation was of an experimental character. It would be advisable for the Government to watch the operation of the Bill, and see where its faults lay; and if it had merits, then the Government could appeal to Parliament to re-enact the measure. He had suggested three years as the term during which the Bill should remain in force, and he was informed that the Government were not indisposed to accept this amendment. According to it the law would remain in force a little over three years, or fully three years from now until the end of the three ordinary sessions.

HON. F. T. CROWDER: If this clause were passed, Parliament could not repeal the Bill in six months time if it became necessary to do so. He preferred to leave the question open, and did not see the necessity for passing a bill for three or five years. If at the end of three years the Bill was found unworkable, the Government would not be justified in re-enacting it. He was not disposed to vote for the clause, so that the Bill should remain in force for any length of time.

THE COLONIAL SECRETARY: The new clause would not bind the Parliament to the Bill for any length of time; if Parliament desired to repeal the law in the next session, that could be done. There was a certain amount of experiment in this Bill as far as this colony was concerned, and it would be wise perhaps to enact the Bill for, say, five years. The Government were prepared to accept five years as the term. He was prepared to accept the principle embodied in the clause, but he would ask the hon. member to make the time five years.

HON. J. W. HACKETT: It was for the Committee to decide.

HON. F. WHITCOMBE: There was no advantage in introducing a new principle into our statutes.

HON. R. G. BURGESS: The principle had been introduced in the Stamp Act.

HON. F. WHITCOMBE: The principle had been found wanting in its application, and had been dropped for years. He did not see the necessity for re-introducing the principle. If the Dividend Tax Bill did not work well, in the opinion of hon. members of this House, or of another place, no time should be lost in repealing it, therefore there was no necessity to limit the operation of the law. He disapproved of the clause and would vote against it.

HON. A. P. MATHESON: The proposal made by Mr. Hackett was insidious. He was satisfied the Income Tax Bill would give great dissatisfaction in the colony; that within six months the life of the Ministry would be a burden to them owing to the universal and general outcry against the Bill. If that was the case no member of the House should desire the Bill to be perpetuated. The argument of the Government would be that as the Bill had been passed for three years, the

Bill should have a fair trial. He had no hesitation in saying that would be the argument of Mr. Hackett if any attempt were made in the House to get the Bill removed from the statute book. On that account he would strenuously oppose the addition of this new clause to the Bill. Parliament had better be left with its hands free in the matter, so that if the Government found life untenable in consequence of the outcry, they could come to the House and say they had made a mistake and bring in a general income tax or repeal this Bill.

HON. C. E. DEMPSTER: It would be advisable to limit the term of the operation of the Bill than to let it run for an unlimited term.

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

|              |     |     |     |   |
|--------------|-----|-----|-----|---|
| Ayes...      | ... | ... | ... | 9 |
| Noes         | ... | ... | ... | 5 |
| Majority for |     |     |     | 4 |

| AYES.                 |  | NOES.               |           |
|-----------------------|--|---------------------|-----------|
| Hon. H. Briggs        |  | Hon. D. K. Congdon  |           |
| Hon. R. G. Burgess    |  | Hon. H. Lukin       |           |
| Hon. C. E. Dempster   |  | Hon. A. P. Matheson |           |
| Hon. J. W. Hackett    |  | Hon. F. Whitcombe   |           |
| Hon. D. McKay         |  | Hon. F. T. Crowder  |           |
| Hon. C. A. Piesse     |  |                     | (Teller). |
| Hon. G. Randell       |  |                     |           |
| Hon. J. E. Richardson |  |                     |           |
| Hon. W. Spencer       |  |                     |           |
| (Teller).             |  |                     |           |

Amendment thus passed, as a suggestion.

Bill reported with the suggested amendment.

Ordered, that the Bill be returned to the Legislative Assembly, with amendment suggested for their concurrence.

#### MUNICIPAL LOANS VALIDATION BILL.

Received from the Legislative Assembly, and, on motion by the COLONIAL SECRETARY, read a first time.

#### PATENTS, DESIGNS, AND TRADE MARKS BILL.

Received from the Legislative Assembly, and, on motion by the COLONIAL SECRETARY, read a first time.

#### ROADS AND STREETS CLOSURE BILL. SECOND READING.

THE COLONIAL SECRETARY (Hon. G. Randell), in moving the second reading, said: I have the assurance of the Minister in charge of the Bill in another

place that all the bodies concerned have been communicated with, and have agreed to the schedules of the Bill. The measure affects different parts of the country, Perth, Fremantle, Coolgardie, and other places; and in every case communications have been held with the representative bodies in those places and their concurrence obtained. Some little difficulty did occur with reference to Wellington street, Fremantle, which is a road beside the railway; between the railway and the sea, I think. That, however, has been satisfactorily arranged, and a letter has been received from the Municipal Council of Fremantle. The hon. member for South Fremantle (Mr. Solomon) from his place in the other House stated the Fremantle Council agreed to the closure of the road. Ample provision has been made for the construction in the future of a road in Wellington street. The only other road I need mention is that round Preston Point. An arrangement has been arrived at with the owners of some land, that, in consideration of being allowed to close this street, they give a strip of land from Fremantle bridge to Preston Point. An old jetty exists there which was utilised in the early years of this colony, when a ferry was established which ran between Fremantle and Perth. There is only one part of the Bill affecting Perth, and that has reference to the strip of land in front of the house occupied by His Honour the Chief Justice, which strip of land has now been devoted to public purposes and removed from the category of a street. That land has been laid out very prettily by the Municipal Council, and will be a pleasant resort. The purpose to which it has been devoted will certainly commend itself to hon. members. I think I need say no more, but again repeat the assurance that the Bill has met with the concurrence of all the bodies affected. I move the second reading of the Bill.

HON. A. P. MATHESON (North-East) : I should like to call the attention of the House to the fact that no plans of any of these streets have been laid on the table, and it has been absolutely impossible for any member to compare the streets proposed to be closed with any map. For instance, the hon. member mentioned the road to Preston Point. It is a matter of extreme interest to me to see where the road is to be closed.

THE COLONIAL SECRETARY : All round the edge of the river.

HON. A. P. MATHESON : It seems to me a farce to ask hon. members to discuss this Bill unless they are placed in possession of the fullest information and means of reference concerning the roads proposed to be closed. No hon. gentleman can carry in his mind the roads all through the colony, and I would really appeal to the hon. gentleman to leave the matter open for the present.

THE COLONIAL SECRETARY : Refer the Bill to the Committee to amend it.

HON. A. P. MATHESON : You do not propose to take the Committee stage until plans are provided ?

THE COLONIAL SECRETARY : Do you want them in all cases ?

HON. A. P. MATHESON : In every case in my experience in which it has been proposed to close roads, plans have been laid before the House. I will put it in this way to members of the House : it often happens that the members of a municipality do not sufficiently regard individual interests of landowners, but consider solely the point of view from which the municipal body is affected ; and it is desirable hon. members should be able to check these proposals from their personal inspection, quite apart from the opinions of the municipal bodies. It must be remembered the residents never know about these alterations until the matter is completed in the Legislature. The matter is generally dealt with by the municipal council.

HON. C. A. PRESSE : And the municipal council represent the people.

HON. A. P. MATHESON : They represent the people, but the people never hear about these alterations.

HON. R. G. BURGESS : Notice ought to be given.

HON. A. P. MATHESON : It rests upon us to act as a check on the municipality. I am prepared to accept the statement that the matter can be discussed at the Committee stage.

Question put and passed.

Bill read a second time.

#### ADJOURNMENT.

The House adjourned at 8:52 p.m., until the next Tuesday.