

Legislative Assembly,

Wednesday, 26th November, 1902.

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THE DEPUTY SPEAKER took the Chair at 2-30 o'clock, p.m.

PRAYERS.

PAPER PRESENTED.

By the COLONIAL SECRETARY : Report of the Central Board of Health, 1902.

Ordered : To lie on the table.

STANDING ORDERS SUSPENSION.

TO EXPEDITE BUSINESS.

THE PREMIER (Hon. Walter James) moved :

That in order to expedite business, the Standing Orders relating to the passing of public Bills, and the consideration of Messages from the Legislative Council, be suspended during the remainder of the session.

This was a motion usually made towards the close of the session, and was now made later than usual. As soon as a Bill dealing with the Coolgardie Water Scheme reticulation was introduced, members would have before them all the Bills with which they would be asked to deal this session, except one or two formal measures usually brought in towards the close. The session being so far advanced, it was desirable that when once a Bill had been brought to its Committee stage, the Standing Orders should no longer block its progress.

MR. A. E. THOMAS opposed the motion. Towards the end of last session the then Premier (Mr. Leake) introduced a similar motion, which was carried against the wishes of a large section of the House, with the result that Bill after Bill was passed through all its stages without discussion, while many

measures so passed were rejected in another place, and many introduced here were, for want of time to consider them slaughtered. The Government should during each session bring before members those Bills only which they seriously wished to have placed on the statute book, whereas up to date 53 Bills had been brought in; and, as previously stated by the leader of the Opposition any two of the more important of these would have occupied the attention of the 670 members of the House of Commons for a whole session.

THE PREMIER: That was utterly incorrect.

MR. THOMAS: It was a fact. Fully to grasp the provisions of these 53 measures required a mind of greater capacity than he (Mr. Thomas) possessed.

THE PREMIER: The hon. member should have said "to grasp the provisions of any of them."

MR. THOMAS: The provisions of several he could grasp; but no member even if he worked day and night during the session, could properly master the whole file. It was therefore unreasonable to deprive members of their right to consider fully every measure brought in. Several Bills already passed here had in another place become the laughing-stock of the country; like one discussed there last night, which led an hon. member to suggest ironically that the police should examine boys and girls to see whether they wore flannel next the skin.

THE PREMIER: Some members in another place would ridicule any proposal.

MR. THOMAS: For the remainder of the session, members' attention should be confined to Bills of vital importance. In the Factories and Shops Bill a full House had made an important extension of principle. In another place that was struck out, and on a message being received here, the Premier had in a thin House moved that the Council's amendment be agreed to, thus wiping out by his brutal majority a provision which had been inserted after due deliberation. We had seen this repeatedly during the session; night after night we had seen it lately. On Tuesday last, after meeting at half-past 2, when the early hours of the morning were reached the Premier had behind him his "brutal majority" to

back him up in any proposal. It might be said later on that the member for Dundas was not one to complain of a matter of this sort; that he was absent from the House. No one had been more constantly in his seat during the present session than the member for Dundas, for up to November 6th he had put in 33 attendances. Occasionally, as in duty bound, he had to visit his constituents, and unfortunately through the culpable negligence of the Premier and Ministers, and those preceding them, he was denied the privilege of visiting his constituents by means of a railway, and had to visit them by means of a coach.

THE PREMIER: The hon. member might be provided with a balloon.

MR. THOMAS: As long as the Premier would open the road, whether by balloon, by motor car, or by railway, he would accord the Government a hearty support. A visit to his constituents necessitated at least four days' coach journey there and back, and at the very inside necessitated a fortnight's absence from the House. He had only been absent from the House for one fortnight during the session, with the exception of last week, when he was laid up with illness. As to suspending the Standing Orders, he hoped members would not consent to it. Looking at past *Hansards*, he saw that in the old days Sir John Forrest moved occasionally during the last few days of a session for the suspension of the Standing Orders to push through the few important measures without the necessity of complying with the Standing Orders. A perusal of *Hansard* also showed what the present occupants of the Treasury benches had said in regard to the proposal when submitted by Sir John Forrest, that one after another they opposed it as being something never to be countenanced by members. The member for East Perth (Hon. Walter James), in his place on the cross-benches as a free lance, had struck at Sir John Forrest in regard to every such proposal; but to-day that hon. member was following in the footsteps of Sir John Forrest, and at an early period of the session was moving for the suspension of the Standing Orders. We had only just started the present session. The last session ran a long way into the new year, and it was only then that the suspension of the Standing Orders was proposed.

That motion he had opposed, and he always would oppose such motions. The Premier was asking for the suspension of the Standing Orders within a few weeks of the opening of the session, in order that he might rush Bills through by the aid of a brutal majority. We should do far better to confine our attention to five or six important measures which the country called for. Fifty-three Bills could not be adequately considered in the course of one session. The Premier's proper course was to arrange with the leader of the Opposition what measures should be abandoned. Certainly, a great deal of the legislation now before us would not pass another place. One Bill at least the Premier himself hoped and prayed would be defeated elsewhere, namely the Constitution Act Amendment Bill. The necessity for amendment measures should be avoided as far as possible. He objected to any proposal which would result in all sorts of ill-considered Bills being thrust down their throats. In the discharge of his duty to the public he protested in the strongest possible manner against this proposal of the so-called leader of the democratic party of Western Australia. The suspension of the Standing Orders would not be open to so much objection were it not for the fact that copies of Bills were frequently supplied to private members only after Ministers had moved the second reading. He sincerely trusted that the motion would not be carried.

MR. HOPKINS: The hon. member (Mr. Thomas) would have done well to speak for himself alone in referring to a want of knowledge of the contents of Bills now before the House. While the better course, generally speaking, would be to introduce fewer Bills and give them closer attention, there was no reason why the Premier's motion should not be carried. He (Mr. Hopkins) had given this session's Bills sufficient consideration to gain an adequate knowledge of them. Certain measures, of course, must be left to members possessing special knowledge of their subjects. The reporting of progress during the Committee stage afforded a check on undue haste. This was the flag-end of the session, and one week of hot weather would be sufficient to develop the same state of affairs as prevailed at the beginning of this year. He was con-

vinced that the Premier's motion, if carried, would not be abused.

MR. DAGLISH: This motion, if carried, ought not to apply to three important measures: the Constitution Act Amendment Bill, the Factories and Shops Bill, and the Electoral Bill. Vital amendments might be made in those measures by another place, and such amendments should not be considered without due notice to all members of the Assembly.

THE PREMIER: Notice had to be given of Messages from the Council before they could be dealt with.

MR. MORAN: No. If the Standing Orders were suspended, Messages could be dealt with so soon as received.

MR. DAGLISH: A motion for the suspension of the Standing Orders was understood to have that object, among others, in view. Unlike the member for Boulder (Mr. Hopkins), he considered that each member should see for himself, instead of trusting to other members to see, that improper proposals were not carried out. He would vote for the motion if the Premier gave assurance that the suspension should not apply to the three Bills mentioned.

MR. MORAN: The country should not be allowed to imagine that this motion was usual, and to be expected in every session.

THE PREMIER: The Standing Orders had been suspended towards the close of every session, so far.

MR. MORAN: The Standing Orders existed for a special purpose: to allow a certain period for consideration after each stage of a Bill. This motion was being introduced much earlier in the session than was usual.

THE PREMIER: No; at a later stage than ever before.

MR. MORAN: At all events, to speak at length in opposition to this motion would be useless, since on a division the Government would get their way. Indeed he was not prepared to say that in the interests of the country the motion ought to be defeated, or we should have a repetition of what had occurred in this Chamber on every important measure so far, and that was an absolute and total absence of members, excepting the very few who attended to the work. He did not think the Premier wanted to snap

any divisions on disputed questions by means of the suspension of the Standing Orders. The hon. gentleman's wish was to push the business forward so that it might get away before Christmas, and that was a desirable object. He did not think any more harm was going to be done by permitting the Standing Orders to be suspended than by going on as we had been doing. The House did not evoke any enthusiasm, and it was almost a pity Parliament could not dissolve next February and go to the country. He hoped the Coolgardie Water Supply Bill would be brought down as early as possible. That was a very important measure which ought not to be rushed through. It would take all our time and attention to put forward a workable Bill. It would be a very ticklish question, and it was a matter of more importance to the goldfields than any other that was being agitated. As for the Estimates, we had arrived at that stage now when, as he thought, plainly seen that the House was not competent to defeat the Government by cutting down largely any of the items. When the country wanted retrenchment such retrenchment would come from the people, through a popular movement, as had been the case in Victoria. Taking all things into consideration, the best thing we could do was gracefully to consent, and let the Government carry the remainder of the legislation through just as they liked, seeing that any objections members of the Opposition side might make to Bills were always to be defeated in the way they were last night. The Government must have a majority to carry on the business of the country. If the Government had a tail to their team which would vote on all occasions, they were a lucky Government. The Government did not respect those men any more than did the members on the Opposition side. Neither side respected them. Every Premier and every leader of every Parliament infinitely preferred intelligent support to tame servility which the Premier in Western Australia had from certain members of the Assembly.

THE PREMIER: In moving this motion he could not give any undertaking such as those asked for by the member for Subiaco (Mr. Daglish). The House must trust him as they would anyone

else in the same position. He did not think the House would find that on any occasion he endeavoured to rush forward any particular Bills and to take undue advantage, and if the member for Subiaco felt he could not trust him it would be wiser for that hon. member to vote against the motion. On several occasions reference had been made to members of the House who for the time being formed the majority voting for the Government. Of course the object of his friends on the Opposition benches was very clear when they pointed to the servility of the Government majority; but he thought that time after time the majority had been found to consist not only of members who sat on the Government benches. Last night it consisted largely of those who sat on the Opposition side of the House. He looked upon that as a compliment, as it showed clearly that the case made out by the Government, or supported by the Government, was one which commended itself to moderate men on both sides.

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

Ayes	...	...	...	26
Noes	...	...	...	5

Majority for ... 21

Ayes.	Noes.
Mr. Atkins	Mr. Butcher
Mr. Bath	Mr. Moran
Mr. Duglish	Mr. Thomas
Mr. Diamond	Mr. Yelverton
Mr. Ewing	Mr. Jacoby (Teller).
Mr. Foulkes	
Mr. Gardiner	
Mr. Gordon	
Mr. Gregory	
Mr. Hastie	
Mr. Hayward	
Mr. Holman	
Mr. Hopkins	
Mr. Illingworth	
Mr. James	
Mr. Kingsmill	
Mr. McWilliams	
Mr. Moulger	
Mr. Oats	
Mr. O'Connor	
Mr. Purkiss	
Mr. Rason	
Mr. Reid	
Mr. Taylor	
Mr. Wallace	
Mr. Higham (Teller).	

Question thus passed.

LEONORA TRAMWAY BILL.

THE MINISTER FOR WORKS (Hon. C. H. Rason) moved for leave to introduce a Bill intituled an Act to confirm a provisional order authorising the con-

struction of a tramway in the municipality of Leonora.

MR. THOMAS: Since we had suspended the Standing Orders, it would be desirable for the Minister in charge of these Tramway Bills to give us some little explanation in asking leave to introduce them, because if they were introduced we should not have the time to discuss them, for they were going to be forced through in one sitting.

THE MINISTER FOR WORKS: If the hon. member had waited for a moment he would have gathered that it was his intention to move the second reading to-morrow.

Question put and passed.

Bill introduced, read a first time, and the second reading made an order for the next day.

DERBY TRAMWAY BILL.

THE MINISTER FOR WORKS (Hon. C. H. Rason) moved for leave to introduce a Bill intituled an Act to authorise the construction of a tramway from the head of Derby Jetty to Derby townsite.

MR. THOMAS: Notices of motions numbered 3, 4, and 5 were in relation to Bills to authorise the construction of tramways from the head of certain jetties to certain townsites. He would like to know from the Minister in charge, before he gave his consent for leave to introduce this Bill, whether these tramways had already been constructed.

THE MINISTER FOR WORKS: This and the other tramways referred to were constructed years ago without authority; and Bills were now brought forward to authorise them.

MR. THOMAS: Then why had we not a Bill to authorise them years ago?

THE PREMIER: The hon. member had better ask past Ministers.

MR. MORAN: A Bill was not required to authorise the building of tramways. The Bill was necessary now, he supposed, to put these things upon the regular list of road conveyance; but what the Minister had said was almost an insinuation against past Parliaments or Governments.

THE PREMIER: Not at all.

MR. MORAN: It was never the rule to introduce Bills in relation to small lines, half a mile or a quarter of a mile in length, to jetties, for the conveyance

of materials. It was a detail of no importance, really.

Question put and passed.

Bill introduced and read a first time.

BROOME TRAMWAY BILL.

Introduced by the MINISTER FOR WORKS, and read a first time.

ASHBURTON TRAMWAY BILL.

Introduced by the MINISTER FOR WORKS and read a first time.

CITY OF PERTH TRAMWAYS ACT AMENDMENT BILL.

MOUNT BAY ROAD SECTION.

Introduced by the MINISTER FOR WORKS, and read a first time.

GOLDFIELDS WATER SUPPLY BOARD BILL.

Introduced by the MINISTER FOR WORKS, and read a first time.

LEAVE OF ABSENCE.

On motion by MR. JACOBY, leave of absence for one fortnight granted to the member for East Kimberley (Mr. F. Connor), on the ground of urgent private business.

REPORT ON SPARK ARRESTERS.

MR. YELVERTON brought up the report of the select committee on railway engine spark arresters.

Report received, read, and ordered to be printed.

CRIMINAL CODE BILL.

THIRD READING.

THE PREMIER (Hon. Walter James), in moving the third reading, said the member for West Perth (Mr. Moran) had asked as to the power to arrest without warrant. Inquiry would be made; and if the treatment specified were exceptional, the provision would be amended in the Upper House.

Bill read a third time, and transmitted to the Legislative Council.

STAMP ACT AMENDMENT BILL.

COUNCIL'S AMENDMENTS.

Schedule of three amendments made by the Legislative Council now considered in

Committee; MR. ILLINGWORTH in the Chair.

No. 1—Clause 3, after the word "Act," in line 2, insert "or in this Act."

THE PREMIER: The Council's amendment No. 3 provided for the use of adhesive stamps on policies of insurance, and this amendment was consequential thereon. He moved that it be agreed to.

Question passed, and the amendment agreed to.

No. 2—Clause 3, strike out paragraph (b) and insert: "(b) Any person appointed by the Governor to cancel stamps."

THE PREMIER: Clause 3 had provided that none but the Treasurer or the Under Treasurer should cancel duties stamps exceeding £20 in value. Stamp duties not exceeding £20 were to be cancelled by persons appointed by the Governor, and the object of the limitation was to permit of suitable persons being appointed throughout the country. In some remote districts it might be difficult to find persons qualified to decide on the proper stamp duties when the amount of these was large. The amendment would provide that all stamps could be cancelled by the Treasurer, the Under Treasurer or by any person appointed by the Governor. As a consolidating Bill would be introduced next session, the Council's amendment might be tried as an experiment. It would be the duty of the Government to see that none but persons qualified to ascertain whether the proper stamp duty was affixed were appointed to cancel stamps. He moved that the amendment be agreed to.

Question passed, and the amendment agreed to.

No. 3—Insert new clause (No. 16) "The duty upon any policy of insurance may be denoted by an adhesive stamp which may be cancelled by the person by whom the instrument is first executed, at the time of execution."

THE PREMIER moved that the amendment be agreed to. It was introduced at the instance of insurance companies, who urged that certain policies, more particularly policies of marine insurance, must be sent away by mail at a moment's notice, and that the Bill as introduced would cause delay, there being in this State no provision for embossed stamps such as were used elsewhere on policies

Till these were provided he was willing to give the experiment a trial, permitting the use of adhesive stamps, to be cancelled by the first party executing the instrument.

Question passed, and the amendment agreed to.

Resolutions reported, the report adopted, and a message accordingly returned to the Council.

POST OFFICE SAVINGS BANK CONSOLIDATION BILL. COUNCIL'S AMENDMENT.

Amendment made by the Legislative Council now considered, in Committee, and agreed to.

CONSTITUTION ACT AMENDMENT BILL.

Message from the Administrator received and read, recommending an appropriation in respect of the alteration in the number of Ministerial salaries.

RECOMMITTAL.

On motion by the PREMIER, Bill re-committed for amendments.

Clause 57—Member may accept office of Administrator without affecting his seat :

MR. FOULKES moved that the clause be struck out. He wished to make a last appeal to the Premier in regard to this matter. When the Constitution Act was passed in 1889 there were only two Judges in this country, and perhaps there was a certain amount of risk in limiting the number of persons able to act as Administrator to two individuals, as these two persons might both be ill at the time. At present there were practically four Judges in the country, and as a rule the Chief Justice was appointed Administrator in the absence of a Governor; in his absence the appointment fell to the first Puisne Judge, and in his absence to the second Puisne Judge, and so on. Having four Judges, one of them was sure to be able to act as Administrator. He knew of no other State where such a provision existed in the Constitution Act.

THE PREMIER: We ought not to restrict the right of choice of the King. It might never be necessary to take advantage of this provision; still it was a safeguard.

MR. FOULKES: We had no right to restrict the right of the King, in fact we could not; but he wished to prevent members of Parliament holding an office of profit under the Crown without affecting their seats. There was no precedent for this in any part of the world. Perhaps in 1889 it was necessary to have a provision inserted, because then there were only two Judges in the country, but at present there were four Judges and no necessity existed for such a provision. If he did not carry the amendment he hoped the Upper House would throw the clause out, as it was not right to allow members of Parliament to accept lucrative offices under the Crown and still retain their seats.

Amendment negatived.

Second Schedule:

THE PREMIER moved that the figure "5" be struck out and "6" inserted in lieu, thus providing for six Ministerial salaries instead of five.

Amendment passed.

THE PREMIER moved that the total of £20,200 be altered to £21,200.

Amendment passed, and the schedule as amended agreed to.

Bill reported with farther amendments, and the report adopted.

DIVIDEND DUTIES BILL.

IN COMMITTEE.

THE TREASURER in charge of the Bill.

Clause 1—agreed to.

Clause 2—Interpretation:

MR. THOMAS moved that the following words be added at the end of Subclause (c): "for the purposes of this Act a company registered and carrying on business within the State under the provision of the Companies Act of 1893, relating to foreign companies, shall be deemed to be a company carrying on business in Western Australia and not elsewhere if the attorney for the company in this State shall make a statutory declaration to the effect that such company does not carry on business as authorised in its memorandum of association outside the State of Western Australia." There might be a number of companies incorporated to carry on mining business in Western Australia and elsewhere, and under the articles of association they were authorised to carry

on business not only in Western Australia but in other parts of the world, though they might not carry on business anywhere else but in Western Australia. If the attorney for the company resident in Western Australia made a statutory declaration that the company were not carrying on business elsewhere but only in Western Australia, the company would be deemed to be carrying on business only in Western Australia.

THE PREMIER: This amendment was one of the most ill-considered propositions ever brought before Parliament. For the purposes of this Bill companies were divided into two classes: companies carrying on business in Western Australia only, which would pay dividend duty, and companies carrying on business both in Western Australia and out of Western Australia, which would pay duty on profits made in Western Australia. The second class of company was to be so treated for two reasons: firstly because, on the one hand, it was not right that we should tax profits earned by business operations carried on elsewhere; and secondly because, on the other hand, it was not fair that West Australian profits should be reduced by losses incurred elsewhere. Clause 6, Subclause 4, provided that a company having a registered office outside Western Australia should not for that reason alone be deemed to be carrying on business elsewhere than in Western Australia; and that provision was intended to meet the case of mining companies which, though carrying on business in Western Australia alone, had a head office in London. The suggestion that on a declaration by the company's attorney that the company did not carry on business elsewhere there should be an end to the matter was certainly somewhat original.

MR. THOMAS: Had the Government no remedy against a person making a false declaration?

THE PREMIER: Such a declaration might be made, and the man who made it might leave the State on the day after. However, leaving that suggestion aside, we had here a question of fact to be decided. There were two parties to the dispute, the company being one and the Government the other. Now, under the amendment this dispute was to be settled

by a declaration of one of the parties. Had such a thing ever been heard of?

MR. THOMAS: Did the law of Western Australia provide no punishment for the making of a false declaration? The Premier had endeavoured to suggest to the Committee that if the amendment were carried, the attorneys of companies would make false declarations to the effect that their companies were not carrying on business outside the State, whilst in fact they were doing so.

THE PREMIER: The attorneys might do that, or they might not.

MR. THOMAS: If they did, there was a remedy.

Amendment negatived.

THE TREASURER moved that the definition of "trading firm" be struck out. Trading firms had been included in the scope of the measure at the request of a number of limited liability companies doing much the same class of business as certain trading firms. Owing to the lateness of the session, however, the Government thought it inadvisable to introduce into the Bill any contentious matter that could be omitted.

MR. MORAN: This phase of the question had been thoroughly debated when the Bill was first introduced, and the Minister in anticipating objections to the inclusion of trading firms within the scope of the Bill was jumping before he got to the hurdle. Let it be understood that trading companies were excluded from the measure at the desire of the Government, and not at that of the Committee.

MR. HASTIE: In view of the Treasurer's assurance that a measure dealing with trading firms would be introduced as soon as possible, the Committee might agree to the amendment. At the same time it must be remembered that the exclusion of trading firms from the scope of the measure worked great unfairness to certain limited liability companies.

Amendment passed, and the definition struck out.

Clause as amended agreed to.

Clause 3—Persons may be employed :

MR. THOMAS moved that at the beginning of the second paragraph there be inserted "The Minister and." The paragraph would then provide that the Minister, like every other person concerned in the administration of the measure, must keep

secret and aid in preserving secrecy with regard to all matters coming to his knowledge in his official capacity. It must be remembered that this measure dealt with companies for the most part in violent opposition to each other.

THE TREASURER: It was to be hoped that the Committee would not agree to the amendment. No such provision appeared in any Australian Act of this kind. After all, the Minister was but the servant of the House, and was responsible to the House for the use he made of official information.

MR. THOMAS: The severest penalties were provided for breaches on the part of those employed by the Minister in the administration of the measure. Seeing that the trade secrets of huge corporations were involved, everyone alike should be bound to secrecy. What serious objection was there to the insertion of the words?

MR. NANSON: Before rejecting the amendment, the Committee ought to have better reasons than those given by the Treasurer. The only other measure of the kind existing in Australia was the corresponding Queensland Act.

THE PREMIER: But there were dozens of Taxation Acts, Income Tax Acts, and so forth.

MR. NANSON: The fact that no similar provision appeared in kindred Acts did not show conclusively that the provision was not desirable. What objection was there to putting into the letter of the measure what its spirit intended, that the Minister also should preserve secrecy? The Treasurer could not regard the amendment as a reflection on the Minister charged with the administration of the measure.

THE PREMIER: It could be regarded as nothing else.

MR. NANSON: Certainly, the amendment involved no personal feeling of any kind.

THE PREMIER: No more convincing argument could be adduced against the amendment than the fact that Taxation Acts all over the British Empire contained no such provision.

MR. THOMAS: But could the Premier advance any objection to the insertion of the words?

THE PREMIER: Supporters of the amendment should adduce arguments in

favour, instead of asking Ministers to show reasons against. However, one strong objection to the amendment was that a Minister of this State was a man whose word should be taken. A Minister occupied a position which he ought not to hold if the House could not trust his honour. Surely, if Parliament could trust a Minister, mining companies could trust him. That, indeed, was the reason why no such provision was required elsewhere. Subordinate officers knowing something of the business secrets of a company might be tempted to disclose those secrets to a business competitor, and therefore the paragraph as it stood was necessary. He hoped that the Committee would not put an insult on the Minister by carrying the amendment.

[At 4.15, business suspended for fifteen minutes.]

MR. THOMAS: On a point of order, was it necessary after adjournment for afternoon tea, or after the adjournment for tea in the evening, for a quorum to be present when the House reassembled for the resumption of business?

THE CHAIRMAN: It was not absolutely necessary. Of course if any member called attention to the lack of a quorum, a quorum must be formed within the stipulated time.

MR. THOMAS: This amendment had been moved by him to affirm a principle which he considered to be just, that everybody from the highest to the lowest should be bound in exactly the same way. He understood from remarks by the Treasurer and the Premier that they regarded the amendment as a personal reflection on themselves as Ministers. Nothing was further from his thoughts; and in order to remove that impression he would withdraw the amendment.

THE TREASURER: Unfortunately the amendment was accompanied by a pamphlet, which rather conveyed to the Committee the impression that the amendment was personal. He knew the member for Dundas too well not to know that if he had anything to say he would say it.

MR. THOMAS: The amendment was his; the pamphlet was not.

Amendment by leave withdrawn.

Clause passed.

Clauses 4 to 6, inclusive—agreed to.

Clause 7—Returns by companies and trading firms carrying on business in Western Australia and elsewhere:

THE TREASURER moved that the words "and every trading firm," in line 4, be struck out.

Amendment passed.

MR. THOMAS said he wished to strike out Subclause 2, and substitute the following taken from the Queensland Act No. 10, Section 8:—

The company shall at the same time pay to the Minister a duty equal to the sum of one shilling for every twenty shillings of profit set forth in such return: Provided that, in the case of companies carrying on the business of banking in the State of Western Australia, the following rules shall be applied for the purpose of estimating the amount of profit on which duty shall be payable:—(1.) The company shall pay a duty equal to the sum of 1s. for every 20s., and a proportionate sum for every part of 20s., of so much of the total dividend declared by the company during the year as is proportionate to the average amount of capital of the company employed in Western Australia during the year as compared with the total average capital of the company during the year. (2.) For the purpose of the last preceding sub-section, the proportion between the capital of the company employed in Western Australia and the total capital of the company shall be deemed to be the same as the proportion between the value of the assets of the company in Western Australia and the value of the total assets of the company wherever situated. For the purposes of this subsection the term "assets" means the gross amount of all the real and personal properties of the company of every kind, including things in action, and without making any deduction in respect of any debt or liabilities of the company.

When the Dividend Duty Act was introduced in 1899, the then Premier (Sir John Forrest) was careful to point out that the measure was, almost without exception, a verbatim copy of the Queensland Act. He was also careful to point out that the Act had stood the test of several years' practice, and therefore could be taken as being a reliable Act on which to base a measure for Western Australia. His amendment related to banking institutions in Western Australia, and would be a fair proviso to put in this amending Bill.

THE TREASURER: The banks had been discussing some system of arriving at what taxation should be without the necessity of inquiry, but rather on an automatic basis. His difficulty was that

the payment he had received for twelve months from the banks amounted to £2,800, whereas on the hon. member's suggestion, the sum would be £1,200, so he would lose £1,600 in that way. The amount received by the Treasurer would be about £3,000; but to take it the way the hon. member suggested, on dividends, the amount would be about £1,200, the Treasury losing £1,800 by that change. Having tried it also on profits, he found there would be a loss to the Treasury, though not of so large a sum. He was satisfied that he could arrange some acceptable mode with the banks and with the insurance companies. In regard to banks, those carrying on business in this State had been earning a larger proportion of the whole profits here than had any other branches of those banks. Therefore, on a tax of £3,000 representing a total profit of £60,000, he could not see his way to give up more than half the revenue from this source. Consequently he asked the hon. member not to press the amendment, assuring him that the banks and himself could arrive at a basis that would be fair as between the State and the banks.

MR. THOMAS, on the assurance of the Treasurer, would withdraw his amendment.

Amendment by leave withdrawn, and the clause as amended agreed to.

Clause 8—struck out as a consequential amendment.

Clause 9—Returns by insurance companies, and duty payable:

MR. THOMAS moved as an amendment in Subclause 2, to strike out the word "gross" with a view of inserting "net." It was only reasonable to ask that the gross premiums should not be taxed, but that the tax should be on the net premiums. He raised this question to give the Treasurer an opportunity of explanation.

MR. MORGANS: Any tax on these premiums would fall on those who assured.

THE TREASURER: This clause had been altered so as to come into line with the Queensland Act, to which reference had been made. The position was that during the currency of the Dividend Duty Act, the net premiums of the insurance companies amounted to £246,583 in Western Australia; the State received

£2,155 in duty on that amount. By taking out the insurance statistics, members would find that the cost of earning those premiums was 26 to 33 per cent.; consequently the additional taxation per annum under this Bill would be £272, of which amount £95 would be paid by one company, £45 by another, and on the remaining companies the tax would be something like £2 10s. each. The term "net premium" was liable to strange construction by some people, who contended that they should not only deduct the cost of earning that premium, but take the whole of their losses from it also; consequently as there were two or three different ways of treating the net premium, it would be better to base the tax on the gross premium. To show that we were not treating these companies unfairly, he found that for the year 1900-1 the Government paid £2,500 to country fire brigades, in 1901-2 they paid £2,400, and for the year 1902-3 provision was made to pay £2,500. Therefore he as Treasurer was not asking a big return in a tax which would amount to £272 additional to be paid by these companies. Elsewhere, insurance companies were taxed on their profits; and if we taxed them on their profits earned in this State they would have to pay a much higher amount than under the Bill. The additional amount of £272 a year, which on their own returns these companies would have to pay, was not a heavy extra sum.

Clause put and passed.

Clauses 10 to 31, inclusive—agreed to.

Clause 32—Continuance of Dividend Duty Act (1899) :

MR. THOMAS: This clause appeared to be ambiguous, though he knew the intention of the Treasurer was that the clause should give power to get at those persons who had evaded the Act up to the present. The amendment he desired to move was in line 19, to strike out the word "and," so as to read the three subclauses as one sentence and as one subclause. Having taken legal advice it was to the effect that if the word "and" remained in the subclause it would allow the continuance of the levying of taxation on profits as heretofore, which the Treasurer was most anxious to avoid, the declared intention of the Bill being to tax dividends and not profits.

THE PREMIER: One object of the clause was to enable the Government to collect duties on dividends and profits that would have accrued and were not paid at the expiration of the present Act. This clause dealt with three matters; firstly the collection of duty accrued on profits, secondly the collection of duty on dividends declared before the commencement of this amending statute, and thirdly the recovery of penalties. Each of the subclauses was controlled as to point of time. Subclause (a.) provided for the recovery of duty accrued under the Act of 1899, at the commencement of this measure. This subclause therefore only saved the right of the Government to the recovery of duty already accrued when this measure came into operation, and which ought to have been paid by the time this measure came into operation. Subclause (b.) saved the right of the Government in respect of duty on dividends declared before the commencement of this measure. As members were aware, the duty need not necessarily be paid immediately on the declaration of a dividend, though the duty then became payable and due. This subclause provided that any dividend declared before the commencement of this measure should be liable to duty under the Act of 1899. Subclause (c.) provided for the recovery of penalties under the Act of 1899. Those penalties were saved, as otherwise the necessary returns would not be made in connection with amounts due but not yet paid. The sole object of Clause 32 was to preserve the right to collect duty payable before the commencement of this measure.

MR. THOMAS: To strike out the word "and" would not hurt.

THE PREMIER: Would it not? Those two rights must be reserved. The excision of the word "and" would mean that the Government would reserve the right to the recovery of duty accrued due under the Act of 1899, at the commencement of this measure, in relation to dividends, but that the Government would have no right to recover duty in respect of profits. Therefore the word "and," instead of being mere surplusage, was absolutely necessary. If the word were struck out, we should see what would happen.

MR. THOMAS: In connection with the point as to duty on profits, raised by the

Premier, he proposed to move the insertion of a new clause.

THE CHAIRMAN: The question before the Committee was the striking out of the word "and."

MR. THOMAS: The same discussion would arise on the new clause he wished to propose, and the only question was whether that discussion had better take place now or later. One could not imagine that the Government wished to take the power to levy—[**THE PREMIER:** Money due]—on money which they erroneously took to be profits.

THE PREMIER: The vote on the striking out of the word "and" might be regarded as a test vote in regard to the recovery of duty on past profits.

MR. THOMAS: Perhaps it was better to discuss, on the new clause which he proposed to move, the question whether this Bill should be made retrospective.

THE MINISTER FOR MINES: It was to be hoped the Committee would arrive at a decision fair to all parties concerned. Perhaps the Treasurer would endeavour to meet in some way those mining companies which, trading only in Western Australia, had in the past paid duty on profits. The original intention of the Dividend Duty Act was not that companies working in Western Australia alone should pay duty on profits.

THE PREMIER: Oh, yes; it was.

THE MINISTER FOR MINES: A company showing a small profit on its balance-sheet, and putting that profit into development work, should not be required to pay duty. Last session the Government promised to bring in a Bill exempting companies doing business in Western Australia only from payment of duty on profits. In cases where companies had not the slightest intention of disbursing profits in payment of dividends, to levy duty would be manifestly unfair. During the past year certain mining companies had paid duty in accordance with the Act, while other companies had evaded payment. Last session the Government attempted to pass a Bill exempting companies as stated, but the measure then failed to pass the Upper House. We ought now to consider the advisability of inserting in this measure a clause which would not only exempt for the future any mining company trading in Western Australia only

from payment of duty on profits, but under which any payments made by way of duty on profits since the 30th June, 1901, would be refunded. The loss to the State would be but small: moreover, the principle of charging duty on profits was utterly bad. The operation of that principle had caused many mining companies so to charge working expenses as to lead investors at home to believe that mining here was much more expensive than it was elsewhere. That companies doing business without as well as within Western Australia should pay duty on profits made in Western Australia was perfectly fair, because the profits made here might be lost elsewhere, and this State had a perfect right to collect duty on profits made within its borders.

MR. THOMAS: Having read every word of the debates on the Dividend Duty Bill of 1899, here and in another place, he was in a position to state that the intention in passing the Act was that the duty should be leviable on dividends, and on dividends alone. To save the time of the Committee, he would now, instead of reading from the *Hansard* of 1899, quote from a statement of the case from the mining companies' point of view.

MR. HOPKINS: What pamphlet was the hon. member quoting from?

MR. THOMAS: A pamphlet which he believed to have been issued by the Western Australian Chamber of Mines.

THE TREASURER: Was the Western Australian Chamber of Mines responsible for the expressions of opinion contained in the pamphlet?

MR. THOMAS: No; he would not say that. He had not definitely stated that the pamphlet emanated from the Western Australian Chamber of Mines.

MR. HASTIE: Why did the hon. member hesitate to give the name of the author of the pamphlet?

MR. THOMAS: As previously stated, he did not know for certain that the pamphlet emanated from the Chamber of Mines.

[Several interjections.]

MR. MORAN: Was it right, even in view of the suspension of the Standing Orders, to interrupt and hinder in this fashion a member playing a lone hand?

MR. THOMAS said he did not care if the members for Kanowna (Mr. Hastie)

and Boulder (Mr. Hopkins) attacked him like bull-dogs.

MR. HOPKINS: The hon. member should be compelled to withdraw that expression.

MR. THOMAS: If the hon. member felt himself aggrieved, the reference to bull-dogs was withdrawn. As previously stated, he did not care from what source the pamphlet originated. Having verified its statements by reference to *Hansard*, he guaranteed their correctness. Statements appeared in the pamphlet regarding the history of the case which had been put in black and white, and he had verified by the records in *Hansard* everything that appeared there. If these repeated interruptions had not been made he would have resumed his seat before now. He had tried to give his views in the fewest words possible, but he was met with continual interruptions by the member for Kanowna (Mr. Hastie) and the member for Boulder (Mr. Hopkins).

[Several points of order raised, in a contentious interlude.]

THE CHAIRMAN: All interjections while a member was speaking were out of order.

MR. THOMAS: In his opinion the pamphlet to which he referred emanated from the Chamber of Mines.

THE CHAIRMAN: That was not before the Committee.

MR. THOMAS: On a point of order he would ask whether he was entitled to read from a newspaper in the House, or from a pamphlet, regarding any matter concerning the public welfare.

THE CHAIRMAN: Let the hon. member read, by all means.

MR. THOMAS: Then was he in order, before he attempted to read it, in telling the Committee from whom it emanated? However, he would not use the pamphlet. He had tried to limit his remarks to a few minutes in connection with this matter; but as the Committee, through repeated interruptions, would not allow him to do that, he had only one remedy, which was to read from *Hansard* itself.

THE CHAIRMAN: The amendment before the Committee was that the word "and" be struck out.

MR. THOMAS: That he was aware of. It meant that the Government could not recover a duty on profits. He had a new clause which he could discuss here also. The Government had no right to claim on profits. They had a right, according

to the spirit of the Act, to levy only on dividends declared. The Government had no right to ask us to allow them to collect what they were not morally entitled to collect. If they collected it, they would do so in violation of the promise not only given by the late Premier (Sir John Forrest), but also by other Ministers.

THE TREASURER: The hon. member did not put trading companies in that, did he?

MR. THOMAS said he was referring to mining companies.

THE TREASURER: Mining companies alone?

MR. THOMAS: Mining companies were referred to by him, but he did not say he was not referring to other companies.

THE TREASURER: What about trading companies who had not paid?

MR. THOMAS: Would he be in order in quoting such matter from the *Hansard* debates of 1899 as would be necessary to show that the intention of the Government and of every member who spoke on the question at that time was that duties should be levied on dividends and not on profits?

THE CHAIRMAN: Yes; the hon. member would be in order.

MR. THOMAS: Sir John Forrest moved the second reading of the Bill on the 19th July, 1899, and in doing so he stated that extra revenue was required. Sir John Forrest quoted a number of figures in support of his argument in proposing to tax the dividends of companies, but he (Mr. Thomas) would not quote those figures at the present time.

THE CHAIRMAN: It would be out of order if the hon. member were to do so.

MR. THOMAS: The argument of the then Premier was that the dividend duty would be an equitable charge on people who ought to be taxed, and that as the colony required revenue the Bill was brought in for that purpose, because having looked round for the means of additional taxation he considered this was the best means of raising more revenue. [Speech of Sir John Forrest read in *extenso*, pp. 401 to 404.] This speech, as also the speeches of other members in that debate, showed that never once was the question of profits

raised, but that the reference was always to dividends and to a tax on dividends.

MR. DAGLISH: If the hon. member would give the reference to the page of *Hansard*, we could read these speeches for ourselves.

MR. THOMAS: Earlier in the afternoon he had proposed to take that course; but the attitude of certain members rendered it necessary that he should read the speeches *in extenso*. Any hon. member disinclined to listen might go outside. The debate being resumed on the 27th July, 1899, the next speaker was Mr. Leake, member for Albany, the report of whose remarks began on page 573. The Committee would notice that all through Mr. Leake's speech, as in that of the Premier of the day, the reference was to a tax on dividends declared, and not to a tax on profits accrued. [Speeches of Mr. Leake, Mr. Illingworth, and Mr. Morgans, read *in extenso*, pp. 573 to 579.] It would be noticed from the speech of Mr. Morgans, who was well known as a man having big mining interests and as representing big mining interests, that he was in favour of a tax on dividends. The mining companies were not averse to a tax on dividends. Mr. Morgans might be regarded at that time as the mouthpiece of the mining companies of this country, and he had no objection to a fair and equitable tax on dividends, but he did object most strenuously to taxation being put on profits. The principle of the amending Bill now before us was to tax on gross profits.

THE TREASURER: Subject to various deductions for development, depreciation, and so on.

MR. THOMAS: Net profit in the case of a mining company was the same as a dividend.

THE TREASURER: Profits carried to reserve, what would the hon. member call them?

MR. THOMAS: To explain that now would require him to speak at too great length; but he would explain it later when dealing with his definition of net profits.

THE TREASURER: After making all deductions, would not the result be the net profits.

MR. THOMAS: Certainly not. In the system of the Income Tax Commissioners in England, who knew as much about

mining as the table of this House knew, the method stated by the Treasurer was applied by them because they did not understand mining; but the Government of this country, being put in their position by the mining industry and kept in it by the mining industry, should know what were the net profits of mining. The Income Tax Commissioners in England claimed that expenditure in developing a mine was expenditure on account of capital, and they would allow a mining company to write off a certain amount of that expenditure. But in actual mining operations shafts sunk in a mine might go through payable ore or might go through barren ore. If they went through payable ore, the quantity of ore could be measured approximately, and the company owning that mine could estimate how much ore of a certain average value could be got as the result of sinking the shaft and making drives. The cost of the shaft and the drives could properly be charged to capital account; charging it firstly to a suspense account, which afterwards could be written off when the result of working that ore was ascertained.

At 6.30, the CHAIRMAN left the Chair.

At 7.30, Chair resumed.

MR. THOMAS (continuing): As to the meaning of "net profits" and "development charges," he had explained that a shaft put down and drives made for opening up a block of ore, the cost of that work could rightly be charged to capital under a "development suspense account." Assuming the cost of such work to be £10,000 and the quantity of ore opened by that work to be 40,000 tons, the development suspense account would be charged with £10,000, equivalent to 5s. per ton of ore developed by that work. Accordingly, as the ore was stoped, a charge of 5s. per ton might reasonably be set against it. If, on the other hand, the sampling of the block of ore gave no payable results, the whole of the £10,000 must be written off as dead loss. London company auditors failed to draw a distinction between an industrial concern and a mining concern, inasmuch as they claimed that any money put into a mine should be charged to capital account. But clearly, if the expenditure

did not result in the opening of payable ore, that money might as well have been thrown into the sea.

THE TREASURER: If the money did not develop payable ore, of course no profit could result from the expenditure.

MR. THOMAS: Accordingly the money should be written off. Many mining companies' balance-sheets showed the whole of the money spent on development work as an asset, allowing on the debit side perhaps 10 per cent. for depreciation. Profits shown under those conditions were fictitious. The only profit which could be legitimately shown by a mining company must consist of cash in the bank, gold in transit (less any drafts against it), and the fair value of any shares held. Such assets represented net profit equivalent to a dividend.

MR. DIAMOND: Supposing a company instead of paying away net profit in dividends reinvested it in the mine, should the amount still be considered net profit?

MR. THOMAS: Most decidedly not. The question of reinvestment of funds in the development of a mine would receive his attention later. Before the adjournment he had been dealing with certain speeches in *Hansard*.

THE PREMIER: With what object?

MR. THOMAS: That of proving conclusively that every member of the Parliament which passed the principal Act was under the impression that the measure proposed to tax dividends only, and did not understand that it contained so immoral and unjust a power as that of taxing profits.

THE PREMIER: There was no necessity to read the whole of *Hansard* in support of that contention.

MR. THOMAS: It was not his intention to read the whole of *Hansard*, but only to bring to the notice of members extracts distinctly bearing on the point at issue. After the manner in which he had been treated by various members he would be perfectly justified, under the Chairman's ruling, in insisting on reading the whole report of the debate in this House and in another place. Mr. Morgans all through his speech had referred to the taxation of dividends, and, as a mining man, agreed that such taxation was fair. Other members who took part in the debate were the late Mr. Vosper, Mr. Solomon, and Mr. Kingsmill.

The speech of the last-mentioned member dealt solely with the taxation of dividends, and made no reference whatever to the taxation of gross or net profits. Mr. Quinlan made similar remarks right through, as also did Mr. Wilson and Mr. Monger. Also Mr. Rason, the present Minister for Works, spoke regarding taxation on dividends and not on the profits. The then Premier (Sir J. Forrest), in replying on a lengthy debate, after saying the Bill was simply a transcript of the Queensland Act, went on to explain the meaning of the Bill, and said it was clear that if a gold-mining company declared a dividend and was doing all its business in the colony, it would have to pay 5 per cent. on its dividends before distribution. This iniquitous tax which mining companies had been labouring under since 1899 was totally in contradiction to the wish of the Minister who had introduced the Bill and of every member who spoke on the measure during its passage through the Assembly. Mr. Moran, then member for East Coolgardie, put in a strong claim for the mining companies. [Extract read.] Mr. Doherty and Mr. Connor also spoke in the debate. When he (Mr. Thomas) introduced an amending Bill last session, he argued that the Act was iniquitous, that it was taxing these people unfairly by taxing them on money they were using for developing the mining industry of this State, and so helping every other industry which depended so much on the mining industry. Mr. James, then as now the member for East Perth, stated that the principle of the Bill was hard to comprehend, and that he regarded it as iniquitous. Right through the Committee stage of that Bill, it was the same. Sir John Forrest stated time after time that the tax was to be on dividends. Right through the debates in both Houses he found the opinion was that the Bill was to tax dividends and not profits. On page 701 of *Hansard*, Mr. Illingworth was reported to have said the whole thing was an income tax, and the Premier interjected "No; it was a dividend tax." On page 702 the then Attorney General said the duty was on dividends and not on the profits. On the same page the then Premier said, "The just basis of taxation was the dividend." On recommitment of the Bill, the whole

matter was discussed again. On page 818 Mr. Illingworth said, "This amendment made the Bill an Income Tax Bill." The then Premier remarked, "It could not be a Bill to tax incomes when it was to tax dividends." After the passing of the Act a large deputation representing mine owners in London waited on the Agent General and protested against the tax. It was then for the first time that many of the local representatives found out that such a tax had been definitely imposed. In June a deputation waited on Sir John Forrest, and it came as an absolute shock to the then Premier when they showed him that an error had been made in the Act. Sir John told the deputation they were totally wrong in their reading of the Bill; that it did not imply the tax would be levied on profits of mining companies doing business in this State, but would be levied on dividends declared. Sir John also told the deputation that apparently a clerical error had been made, and he assured them that the Government had no intention other than to claim the tax on dividends only. In July following, a joint meeting of the Chambers of Mines was held on the goldfields, Mr. A. E. Morgans being present, and that gentleman told the chambers that he was directly authorised by the Colonial Treasurer to state that the tax would be claimed only on dividends and not on profits. The duty was afterwards collected on dividends. He (Mr. Thomas) at that time had the control of a mining company which was large in its operations, but not producing large profits, and he had correspondence with the Under Treasurer and the Crown Law officers as to whether that company was to pay on profits or on dividends; but those officers referred him to Sections 5 and 6 of the Act, and they did not appear to know definitely whether the duty was on dividends or on profits. Some time afterwards, threats of writs went round among the companies; promises were made that a short amending Bill should be brought in to correct the error inadvertently made in the Act; and when the Leake Government assumed office they were asked whether they would introduce an amending Bill for that purpose. The promise was given that a Bill should be introduced. A meeting of

the Chamber of Mines was held, the present Minister for Mines (Mr. Gregory) being present, and after that Minister heard the views of the Chamber he replied that he was fully seized of the facts, and would do everything in his power to assist the companies in the matter. In fact, the hon. gentleman had since done everything in his power. A deliberate promise was made when Mr. Illingworth was Colonial Treasurer in the Leake Government, that the amending Bill should be brought in; and the Chamber rested on that promise, feeling sure that although the previous Government had broken their promise deliberately given, there was no reason to suspect that the Leake Government would do likewise. A Bill drafted by the solicitor of the chamber, and containing certain clauses dealing with the retrospective operation of the amending measure, was submitted, but the Government would not agree to that part of the Bill. The Government did print the Bill, and he (Mr. Thomas) had a definite assurance from two Ministers, if not more, that the Bill would be introduced into Parliament; but the Government afterwards informed the chamber that they had decided not to introduce it. The Premier of that Government and one or two Ministers suggested to him (Mr. Thomas) that he might bring in the Bill himself, and that the Government would not oppose it. He did bring in a Bill, which passed this House, but was rejected by the other House. It was true that the then Government did not oppose the Bill, except in relation to its retrospective effect. In these circumstances the least the present Government should have done was to bring in a Bill for doing justice to the mining companies; and it was for this reason he claimed that the Bill now before the Committee should be made retrospective by striking out the word "and," so as to amend the subclause in the manner he had stated when moving the amendment. That was the intention of the original Act, and this Bill should give effect to that intention. Another phase of the question was that the present Treasurer went to Kalgoorlie and conferred with the Chamber of Mines on the matter, and it was understood the Treasurer made a promise to bring in a Bill.

THE TREASURER: No; not a promise.

MR. THOMAS: Well, the Treasurer stated that he would do everything in his power, and he had actually brought in the present Bill to make the tax only on dividends and not on profits. He (Mr. Thomas) claimed that seeing these promises had been made for years past, and that the intention of the original Act was that nothing should be levied except on dividends, the Bill now before the Committee ought to be made retrospective in its action; and if the Treasurer was to have power to extend the existing Act for another 12 months, it should be only for the purpose of recovering duty accrued under the old Act on dividends actually declared. It had been said that by taxing only dividends the companies would defraud the Government of their legitimate revenue. A company which had a net profit of £50,000 in the shape of cash in hand, or shares, or gold in transit (less drafts in transit against that gold), might decide to devote £25,000 to the payment of a dividend, and to pass the other £25,000 to a reserve fund for the purchase of additional machinery or for the farther development of the mine. The money passed to reserve, however, might not be used for either of the objects mentioned, but might be used to stave off liquidation or reconstruction during a period when poor ore was met with. The money would then be spent absolutely in wages and material, and to tax the company on that money was equivalent to imposing a most iniquitous and unwarrantable charge on industry. Mining companies had never protested against the taxation of dividends; but they had protested, and would continue to protest, against taxation on money spent in the development of the industry and consequently for the advancement of the State. The mining industry strongly objected to being asked to bear seven-eighths of the total taxation of this country. A little more, and the back of the industry would be broken. In the case of a boot factory, for example, capital need not be redeemed, since the factory could remain in operation practically for ever; but a mine must have an end, and therefore mining companies ought in fairness to be allowed to wipe off the initial cost of their property, the cost of machinery and the cost

of development work. Some members had maintained that those interested in mining companies were such abominable swindlers that they would pile up a reserve fund with the object of cheating the Government out of the duty on dividends. But shareholders would not allow reserve funds to be piled up and hoarded for ever. The tendency was rather the other way: mining companies frequently crippled themselves by dividing among their shareholders money which ought to be devoted to development work. He sincerely trusted that the Committee would consent to the striking out of the word "and." The whole history of the principal Act from its introduction by Sir John Forrest in July, 1899, to the present day conclusively showed that promises deliberately given had been deliberately broken. This Bill ought, therefore, to be made retrospective: if we knew that we had robbed a man, we should refund what had been wrongfully taken.

THE TREASURER: Having listened very patiently, he felt bound to say that the hon. member (Mr. Thomas), in making a good case for his friends, had as usual given only so much of the facts as suited his argument. The hon. member had spent nearly two and a half hours in reading from *Hansard* the history of this measure, and it was a pity he did not go farther and give from *Hansard* a little of the other side of the question. The principal Act was introduced as a Dividend Duty Bill, went through Committee here, but after recommitment in this Chamber it emerged as a Companies Duty Bill. All the speeches which the hon. member read bore on the title of the Bill as a Dividend Duty Bill; but did it not strike the intelligence of the Committee that it was idle to talk of what a Bill was intended to do until that Bill became an Act? Hardly a measure came into this House but received substantial alteration. In connection with this very amending Bill introduced by himself, he had spoken of trading firms. Some member, quoting in the future after the fashion of the member for Dundas, might turn up *Hansard* and point out that in introducing the Bill he (the Treasurer) had spoken in favour of taxing trading firms; but that member might neglect to point out that at a later stage he (the Treas-

suror) withdrew from that position. That was exactly what had occurred in connection with the principal Act. He would now quote what the member for Dundas had left unquoted. Naturally, in speaking on a Dividend Duty Bill pure and simple, members would confine themselves to the question of what was a dividend; but when the measure was subjected to such alteration that it was transformed into a Companies Duty Bill, did it not necessarily follow that an entire change would come over the arguments? And such was found to be the case, on reference to the recommittal stage.

MR. HOPKINS: The hon. member (Mr. Thomas) had not thought of that.

MR. THOMAS said he had quoted from speeches made on recommittal.

THE TREASURER: No doubt the hon. member had quoted a good deal from the remarks of Sir John Forrest.

MR. THOMAS: Would the Treasurer read from the first column of page 818?

THE CHAIRMAN: Order!

THE TREASURER: The hon. member had complained about interjections. The following was a quotation from the debate on recommittal, page 821 of *Hansard* (1899):—

THE PREMIER: The measure was a Dividend Bill still.

MR. LEAKE: It was now a Companies Duty Bill, and if it had come forward in that shape the second reading would have been opposed.

THE PREMIER: The hon. member had been away and did not know what had been done.

MR. LEAKE: The House had not been treated properly, but had been tricked into passing the second reading.

THE PREMIER: What had really taken place was that the Bill was passed through Committee without amendment, and there was an express understanding that the Government would, on the report stage, make amendments to provide that all companies doing business in the Colony exclusively should pay a tax on their dividends.

Section 5 of that Act deserved particular attention, and legal members in this House would admit that there never was a section put into plainer English, and it was carried practically without discussion, as follows:—

Every mining company, and every company which carries on business within and also beyond Western Australia, shall, on or before the first day of April in every year, forward to the Colonial Treasurer a return in the prescribed form containing the prescribed

particulars, and verified by a statutory declaration under the hand of and made by an officer of the company, stating the amount of profits made by the company in Western Australia during the year ending the thirty-first day of December immediately preceding the return: Provided that companies which balance their accounts on other days than the thirty-first day of December shall, within three months after each balancing day, make a return, verified as aforesaid, showing the profits made between the last balancing day and the balancing day immediately preceding the last balancing day.

Every such company shall, at the time of making such return, pay to the Colonial Treasurer a duty equal to one shilling for every twenty shillings of such profits.

Was it not an insult to the intelligence of this Committee to say that the section was not as plain as a pikestaff? Section 4 exempted mining companies, which came under Section 5. Section 4 said:—

When and so often as any dividend is declared payable to any shareholders in a company carrying on business in Western Australia and not elsewhere, and not being a mining company—

Practically therefore Section 4 did not apply to a mining company, and Section 5 did apply. He asked whether any man, after reading that, would not know how he was to be taxed. Conclusive proof, if there were such a thing, that the Act was understood by a large number of companies in this State at the present time as applying to profits, was found in the fact that a number of them that paid the tax on their profits. The Act was assented to on the 5th October, 1899, and the dividends he believed dated from July. One company paid duty on profits on the 19th of the second month, 1900, another on 31/7/00, another on 31/12/00, another on 29/6/00, another on 6/7/00, another on 31/5/00, another on 11/7/00, another on 14/7/00, another on 23/8/00, another on 23/8/00, another on 31/12/00, another on 31/12/99, another on 31/5/00. Then we had to consider when the measure was passed what impression it left on the minds of those persons it was intended to affect. Evidently, from the evidence in the books of the Treasury, a number of mining companies recognised that the Act was what it was clearly stated to be—an Act to impose a tax on profits. The House knew the reason why this provision had been retained in the Act. Whatever might be said of previous Ministers and their

promises, he had taken the first opportunity of going right to the Chamber of Mines at Kalgoorlie himself. He went there and discussed the question, and those members told him they wanted a tax on dividends. Then it was suggested he should make it retrospective, and he said "No; I absolutely decline to make it retrospective." They asked why, and he said, "So far as that is concerned, I look round this room and see the representatives of some companies that have fully kept that Act in every particular, and in justice to them I should say that the other companies who have not done so should do so." That was the reason he was rather surprised at some expressions in that little pamphlet which had been passed round. He did not find any strong opposition to that. He did not think either himself or the Government would be a party to harassing those people in any way, but he said with all seriousness and knowledge of his responsibility that where they came across a case that they thought would injure the good fame of the mining industry of Western Australia, then they had a right to consider that a clause enabling them to take advantage of the Act, and to let that company defend its position, should not be taken away from the Treasurer. So far as he had gone, nearly the whole—absolutely the whole, he might say with one exception probably—of the big companies had observed that Act faithfully and well; and he might also say that so far as the profits were concerned to a very large extent the duty received from profits had not been materially added to during the last twelve months, because nearly all the companies "that had been paying at all had been paying on their dividends. He admitted that there were some small companies that this tax on profits must have been a hardship to. He was not questioning what was absolutely the intention of the Act when it was brought in. This he knew: he came in and had the Act to administer, and found a large number of companies faithfully keeping it. He asked the House if he was not justified in seeing that so far as he knew every company kept it. Then by the excision of this word "and" the member for Dundas would practically put him out of court with regard to trading companies, because trading companies

were supposed to pay on their profits. There were a number of trading companies here which had paid on their profits.

MR. THOMAS: Carrying on here and elsewhere?

THE TREASURER: Yes. Companies carrying on business which had paid on their profits. There were a number of them which had not. He did not think the member for Dundas would be the man to take away from the Treasurer the opportunity to see that those pure trading companies, having nothing to do with mines, should observe the Act which their brethren had fully observed since its inception. So far as he could gather there would be no more mining companies except the ones we were now dealing with, in regard to which it would be necessary to take action. He had gone through the majority of balance-sheets, and there would be no necessity to take any action in cases where there had been a little difference of opinion; and there always was a difference of opinion in taxation. That difference could easily be settled without resort to any extreme steps. The concluding argument of the member for Dundas hardly hit the case. The hon. member brought in a Bill, which was passed in this House and thrown out by the other House. Consequently the hon. member should not so constantly reprove this House for its action as he did in his speech, because his Bill was passed by the Assembly, and any reproof by the hon. member should be directed towards another place. The amount of the tax was reduced in the present Bill practically $22\frac{1}{2}$ per cent. at one stroke; and he would remind members that those companies were taxed at least as harshly, if not more so, under the system of taxation in Great Britain; therefore if they were taxed in Great Britain on profits, it could not be wrong or very unjust to tax mining companies here on profits. That was why, in explaining this measure to the House, he (the Treasurer) had been particularly careful so that there might be none of the after-birth which had so troubled the mining companies in regard to the existing Act. The hon. member should recognise that he (the Treasurer) was striving to do a duty to those companies which had honestly complied with the Act, both in regard to the mining industry and in regard to trading companies. The hon.

member had made a good fight, but he (the Treasurer) was fighting for the State, and to some extent for the good name of the State, by seeing that flesh was not made of one and fish of another; therefore he asked the Committee not to accept the amendment.

MR. HASTIE: Reference having been made to him, he wished to apologise to the Committee for having been the cause, unintentionally, of a tremendous inflection on the Committee by the reading of a great lot from *Hansard*, and by a terrible length of talk in addition. The cause of all this trouble was that he had simply asked who wrote the pamphlet that the member for Dundas (Mr. Thomas) proposed to read. It was understood the pamphlet was not got up by the Kalgoorlie Chamber of Mines, but was written by Mr. Keenan, who was a paid legal adviser of two companies which had refused to pay the tax. He (Mr. Hastie) thought that fact should be made known. He had also been careful in watching the hon. member at first, because he had seen that the hon. member deliberately tried to mislead the Committee by stating that to strike out the word "and," as proposed in the amendment, would really make no difference. The hon. member must have known that the word he wished to strike out was very important to the sense; therefore he had deliberately tried to mislead the Committee as to the effect of striking it out. However, the effect of one small interjection was that the whole business of the State had had to stand aside till the hon. member got blown out. One would try in future to avoid giving any such provocation, and would listen patiently to all the nonsense the hon. member might wish to bring out. As to the Bill before the Committee, it did not propose a tax on profits, but it was to tax dividends only; and the only effect of the Bill would be that those companies which had not paid on dividends would be required to pay. Presumably the hon. member should propose to pay back to those companies which had already paid according to law, any amount they might have paid in excess of this proposal.

MR. THOMAS: That money ought to be paid back.

MR. HASTIE: This House should recognise that there was a law in exist-

ence, and that a number of companies had paid their share of taxation in accordance with that law. The British Government had lately appointed a commission to advise as to what taxation should be imposed on mining companies in South Africa; and that commission, composed largely of mining men, had recommended that a tax of 10 per cent. on profits should be imposed. Only a few persons interested had objected to that recommendation, which showed that such a tax was not considered unfair in South Africa, and therefore it could not be unfair here. The hon. member had told us that the tax had been wrongly imposed, and that the companies were not treated fairly. If that were so, why had not those companies appealed to the law courts? If rich English companies were wrongly taxed, it would be strange indeed if they hesitated to appeal against the tax?

MR. THOMAS: What he had said was that the tax was legally imposed, but that it was immorally and unjustly enforced.

MR. HASTIE: Why immorally? The hon. member knew that those who derived profits from the principal mines in Western Australia were persons who lived outside this State, and did not share in the excessive taxation imposed on people in the State; therefore it was only fair to make them pay at least a share of the burden. He hoped the Committee would not make the clause retrospective.

MR. THOMAS: After the Treasurer's remarks, he would be willing to withdraw his amendment for striking out the word "and," because his object was that those mining companies which were carrying on business only in Western Australia should be relieved of a tax wrongly imposed on them. He would withdraw that, and he intended to take a division, if necessary, on the proposed new clause relating to profits of mining companies carrying on business only in Western Australia and not elsewhere, to make the Bill retrospective in regard to them.

THE TREASURER: How far back would the hon. member make it retrospective.

MR. THOMAS said he wished to have the Treasurer's opinion as to whether it would not be better to divide on Clause

33 instead of on the amendment he had first proposed.

THE TREASURER: The Minister for Mines had suggested that the provision should apply only to taxes paid since June of last year. Having the matter at his fingertips, he (the Treasurer) could say that practically no small companies had paid the tax. He understood the hon. member (Mr. Thomas) to refer to West Australian companies pure and simple.

MR. THOMAS: To companies carrying on business in Western Australia alone.

THE TREASURER: There must be no splitting of straws over this matter. What class of company did the hon. member refer to?

MR. THOMAS: The Great Boulder Gold-mining Company was a West Australian Company not carrying on business outside this State.

THE TREASURER: That interpretation was not one that he could agree to.

Amendment by leave withdrawn.

Clause passed.

New Clause (retrospective):

MR. THOMAS moved that the following be added as Clause 33:—

From and after the passing of this Act, the Colonial Treasurer or other Minister charged with the administration of the Companies Duty Act, 1899, shall not initiate or prosecute any legal proceedings whatsoever for the recovery of any duty or of any penalties in connection therewith in relation to profits made by companies carrying on business in Western Australia and not elsewhere, in any case when such company has paid all duty accruing due under the provision of the said Act on dividends distributed by such company.

This new clause put a clean-cut issue: whether the measure should be made retrospective in regard to mining companies carrying on business in Western Australia only. He did not mean merely local companies, because the Great Boulder Mining Company, which did not carry on business outside this State, must be regarded as a West Australian company. His own companies would not receive the benefit of the clause, because they carried on business elsewhere.

THE TREASURER: It would have been better if one could congratulate the hon. member on the large amount of taxes paid by his companies; but that was not so. The amendment practically asked the Government to return to

mining companies a sum of £46,000 collected during the past three years. All mining companies would be covered by that amendment.

MR. THOMAS: A certain amount of the taxes must have been paid in respect of dividends.

THE TREASURER: Very little; so little as to be hardly worth mention.

MR. THOMAS: The total amount raised under the Companies Duty Act, 1899, amounted to a sum of £216,651, of which mining companies alone contributed £196,651, leaving a paltry £20,000 to represent the taxation paid by all other companies of every description.

THE TREASURER: This clause was one on which he did not care to commit himself without due consideration. Perhaps the hon. member would withdraw his amendment, and bring it forward on recomittal.

MR. THOMAS: On a promise that the Bill would be recommitted, he was willing to withdraw his amendment.

MR. NANSON: In view of the intention to recommit, he desired to offer a suggestion to the Treasurer.

THE CHAIRMAN: The amendment had been withdrawn.

MR. THOMAS said that in view of the desire of the leader of the Opposition to speak to the question, he would postpone asking leave to withdraw the amendment.

THE CHAIRMAN: The hon. member could not have the proposed clause dealt with both ways. If desirous that the clause should be considered on recomittal, the hon. member must withdraw it now; whilst if he wished to have it disposed of at this stage, it might be partly discussed and then progress might be reported.

MR. NANSON: The new clause might be debated now, with a view to giving the Government the benefit of members' views, also in order that the subject might be farther ventilated among the mining community, which was primarily interested, although of course the State as a whole was also interested. If it were true, as contended on one side, that to make the Bill retrospective in regard to what was termed "profits," a great grievance would be inflicted on certain companies, then, seeing in how large a measure the pros-

perity of the State was dependent on the mining industry, we ought to thoroughly satisfy ourselves that the action proposed by the Government was absolutely equitable, and not such as could create a legitimate sense of grievance. The member for Kanowna (Mr. Hastie) had strayed far from the point. The question was not whether this State was justified in imposing taxation on the profits or dividends of mining and other companies. Undoubtedly that course was absolutely justifiable, though the policy of adopting it was highly questionable. In view of the body of opinion in favour of such taxation, however, to labour that aspect of the matter was useless. The real question was, what was the intention of the existing Act? The member for Dundas (Mr. Thomas) had read lengthy extracts from the second-reading debate on the principal measure, and what might be termed counter extracts had been read by the Treasurer, whose object was to prove that the intention of the Administration which introduced and of the House which passed the measure was not merely to tax dividends, but also to tax profits. The whole issue turned on the meaning placed on the word "profits"—book profits or distributed profits. He spoke subject to correction, but from a perusal of the debates he had gathered that the intention in passing the measure was to tax not book profits but distributed profits. In dealing with a company carrying on business not only in Western Australia but also in other parts of the world, we might inflict great hardship by imposing a tax on dividends, for it was possible that a company might make a profit of £5,000 here, and a profit of £20,000 elsewhere. In levying a tax on the total profit of £25,000 we should, therefore, be inflicting a manifest hardship. No one contended that in the case of such a company we should tax anything except the profits earned in this State. To go farther, however, and deal with the question of distributed profits, he asked: was it to be supposed that the intention of Parliament in passing the existing Act was to levy a tax on profits produced by gold mines, but not distributed amongst shareholders—profits devoted to developing the properties which had produced them, and so increasing not merely the

wealth of the shareholders but the tangible assets of Western Australia? The authorship of the anonymous pamphlet distributed amongst members was a point of no importance. The main point at issue as to the pamphlet was whether the Committee could accept the facts mentioned in it as a true statement of the case, or whether those facts were so garbled as to mislead the House. With regard to the more salient points, it should not be a very difficult matter to ascertain how far those statements were accurate. We had it stated in the pamphlet that in June, 1900, a deputation representative of mining companies waited upon Sir John Forrest and the then Minister for Mines, Mr. Lefroy, and pointed out what to the representatives of those companies seemed the injustice of taxing book profits instead of taxing distributed profits, and according to this pamphlet Sir John Forrest and Mr. Lefroy stoutly denied that the statement put forward by the deputation was a correct statement of fact, namely that companies engaged in business in Western Australia and not elsewhere and engaged in mining were called on to pay duty on book profits, whilst companies engaged in any other matter were required to pay duty only on distributed profits. According to this pamphlet Sir John Forrest expressed the opinion that the intention of the existing Act was merely to tax on distributed profits and not on book profits. Looking at it from an unprejudiced point of view, that was a reasonable construction to put upon the intention of the Legislature, because if the Legislature intended only to tax those distributed profits, it would not deprive itself of any ultimate taxation it could get from the profits that went into the pockets of the shareholders. If a company placed those profits to a reserve fund, unless the profits were subsequently lost in opening up the mine, and the opening up process did not lead to farther successful results, sooner or later the shareholders would demand that they should be distributed amongst them, and when the distribution took place the Government would come in and claim their dividend in the usual course upon distributed profits. Sir John Forrest was in Melbourne at the present time, and his (Mr. Nanson's) intention

in speaking was mainly to suggest to the Treasurer that he might put the question beyond all doubt if he would open up communication with Sir John, who was the father of the Bill, and ascertain what the intention of the present Act really was. There could be no doubt that the Government were legally entitled to claim on the book profits of these mines; but there was a distinction between what the Government were legally entitled to and what they were morally entitled to. If Sir John Forrest asserted that it was the intention of his Government and of the then Parliament, so far as he understood it, not to tax book profits but distributed profits, the House would be justified in remitting some portion of this taxation, and refusing to proceed farther against those companies which had refused to pay on book profits and would consent to pay only on profits actually distributed amongst their shareholders. If, on the other hand, Sir John Forrest and the members of his then Government took the view of the present Treasurer, that it was always intended under the present Act to tax book profits as distinct from distributed profits, then we could go ahead with a clear conscience, feeling we were administering the Act in the spirit and intention of the Parliament that passed it, and that we were not inflicting a hardship on the companies. The Government had admitted that it was a false policy to tax book profits. We wanted to tax profits that went out of the country never to return. If a man made £10,000 out of a mine, and put the whole of it into the development of his property, no one, he took it, would dream of suggesting that this capital should be taxed. The capital spent in developing the resources of Western Australia had a fructifying result, adding to the wealth of the country, and being of infinite assistance to the mining industry and every other industry in the State. He would ask the Government to make inquiries from Sir John Forrest and the members of his Government in the interval between the present time and the recommitment of the Bill, to see whether it was possible to arrive at some sort of a compromise.

MR. HOPKINS: The loquacity of the member for Dundas (Mr. Thomas) was truly remarkable when the interests

of English investors were at stake. When it came to defending their interests he was not alone even in this Assembly. He (Mr. Hopkins) could not do other than look upon this tax as an absentee tax, and he would thoroughly indorse any policy which would throw some obligations upon those persons who drew their incomes from this State and spent them with their time and efforts in other lands. When one saw representatives of English companies taking a stand upon a question of this kind in this House, and knew that shareholders in those mines in Western Australia drawing dividends had to pay the English income tax, he was apt to pause and consider whether the member who represented Dundas was here really as leader of the new goldfields democratic party, or whether he was here in the interests of the foreign investor. One believed the idea of the hon. member was to withdraw the amendment, but he hoped the Committee would not consent to its withdrawal. The amendment was introduced for one purpose. There were some 52 companies in Western Australia, all of which had been liable to pay this tax during the past three years. Fifty of those companies had paid the tax, and the two remaining ones had not. The leader of the goldfields democratic party came down and wanted us to pass an amendment of this description to exempt those two companies from their obligations. If we exempted those two, we should have to refund £46,000 to the 50 companies which had paid; yet only very recently when several members wanted to have some of the food duties on Interstate products reduced, they were told the revenue could not be spared. Who was going to benefit by the £46,000 that was to be refunded, if the member for Dundas got his way? Reference had been made to a pamphlet which the hon. member said emanated from the Chamber of Mines. He (Mr. Hopkins) took the opportunity of saying the pamphlet did not emanate from the Chamber of Mines. The writer of that pamphlet was ashamed to put his name to it, and he must have known that the absence of the author's name would discount the value of the pamphlet. That pamphlet was prepared by the attorney of the two defaulting companies, and was distributed by him

within the precincts of Parliament. It made reference to promises of Ministers, alleging that they had said the Act would not be enforced. Surely it was a fine thing if Parliament was to institute laws, and a Minister of the Crown was to say "It is all right—you need not trouble, I am not going to enforce it." The pamphlet referred to some "budding politician who had stated that the law of Parliament should not be set aside." He (Mr. Hopkins) hoped that if the mover of the amendment asked leave to withdraw it, that leave would be refused, so that the amendment might be treated as it deserved.

MR. THOMAS produced a letter addressed to him, which he had read only within the last few minutes, signed by Thomas Maughan, general secretary, and written on the official paper of the Chamber of Mines of Western Australia, Incorporated. That letter set forth that a historical statement of the whole case in relation to the taxation of mining companies was now being prepared, and would be issued to each member of Parliament.

MR. HOPKINS: By whom was it prepared?

MR. THOMAS: The letter said that a pamphlet was being prepared and would be issued. That pamphlet had been issued and distributed to members. He had stated his own opinion that he believed it emanated from the Chamber of Mines, and he was glad to find this evidence in the letter that it did emanate from that body.

THE TREASURER: Did not he (the attorney) tell members that he revised it?

MR. THOMAS said he did not know. In regard to the few points in the Treasurer's speech, it was not necessary to be reminded that the Bill of 1899 was recommitted: a fact which he (Mr. Thomas) had previously stated. His own argument was that companies doing business in the colony only were to pay on profits made in the colony, and that companies doing business in the colony and elsewhere would pay on dividends. If some companies had been called on to pay an unjust amount, the overpayment should be refunded; and it could not be fair to impose the same wrong charge on other companies for the purpose of placing them on the same footing. Two

wrongs did not make a right; and a mistake having been made, it ought to be rectified. It was clear that the original Act was intended to impose a duty on the dividends of mining companies; but through a clerical error it was made to read the other way. He did not intend to ask permission to withdraw the new clause. He was prepared to divide the Committee on it.

MR. HOPKINS said he could state with every assurance that the pamphlet referred to did not issue from the Chamber of Mines, nor with the authority of the chamber. If afterwards he found he was wrong, he would undertake to contribute £25 to the Fresh-Air Society at Boulder, if the member for Dundas would contribute an equal amount to the Fresh-Air Society at Coolgardie.

MR. THOMAS: As to the hon. member's insinuations about the authorship of the pamphlet and its not being issued by the Chamber of Mines, he (Mr. Thomas) flung back those insinuations in the teeth of the member who had been mad enough to make them.

MR. NANSON: In regard to the pamphlet, the only question was whether the facts stated in it were true or not.

THE PREMIER: They were obviously untrue.

MR. NANSON: Did the Treasurer draw any distinction between book profits and distributed profits—between profits which having in the first place been taken out of the mine were put back into the mine for development purposes, and profits which having been taken out of the mine were not put back into it but were sent to England or elsewhere for distribution amongst shareholders? If the hon. gentleman drew a distinction of that kind, one would be glad to learn why he proposed to tax profits put back into the mine, profits devoted to increasing the wealth of this State, profits retained in the country and used for the advancement of the mining industry. The member for Boulder (Mr. Hopkins) had indulged in something like heroics as to the justice of taxing absentees. In the whole course of the discussion not a single voice had been raised in opposition to the proposal. From any point of view, however, it was unjust—and from a business point of view it was worse than unjust, foolish and inexpedient—to tax profits which

having been taken out of the mine were intended to be returned to the mine, or else to be put into other Western Australian mineral ventures.

THE TREASURER: Allowance had been made for that. The matter depended simply on what companies chose to do.

MR. NANSON: If the Treasurer could persuade the Committee that allowance was made as suggested, and that taxation was levied only on profits going outside the country.—

THE TREASURER: One did not know whether the profits went outside the State or not.

MR. NANSON: Or spent on any other purpose than that of mining development, there was not much to complain about. We should encourage by every possible means the development of the mining industry, and certainly we should not tax profits expended in its development.

THE TREASURER: The hon. member might have obtained the information he now asked for from his (the Treasurer's) second-reading speech. Big companies were taxed on the balance of revenue account, which meant the balance remaining after deduction had been made for wages, ordinary wear and tear, and so forth. Some companies had deducted for development work actually more than they had spent during the year. They had allowed for depreciation on every possible thing connected with the mine, and taxation had been levied only on the balance remaining.

MR. NANSON: But how had that balance been spent?

THE TREASURER: One could hardly be expected to assume anything but that a large proportion of the balance had gone in dividends.

MR. NANSON: Possibly a large proportion had been retained for development purposes.

THE TREASURER: If the companies were allowed to judge how much should be deducted for development, the balance of profit remaining should certainly be subject to taxation. The large companies had paid very little taxation indeed on profits returned to the mine.

MR. NANSON: Profits could not be held in perpetuity.

THE TREASURER: There we came to a broad question. Money might be placed to reserve until the capital value

of the plant was covered, and that kind of thing might go on indefinitely. The leader of the Opposition knew perfectly well that wherever a tax on profits existed, the tax was generally levied in respect of the year in which profits were earned or distributed.

MR. NANSON: Mining companies could not be placed on the same footing as other industrial concerns.

THE TREASURER: Reasonable deduction was allowed for fair wear and tear; as much as 50 per cent. was allowed.

MR. NANSON: That mining companies should hold reserves was a perfectly legitimate and business-like proposal, because a time always came when a great deal of dead work had to be done. In this matter we should be guided by the intention of the Parliament which passed the principal Act. The Treasurer might place himself in communication with Sir John Forrest on the additional point which had been raised. The speech of the Minister for Mines seemed to favour the view that book profits ought not to be taxed—that only distributed profits ought to be taxed.

THE MINISTER FOR MINES: But the amendment proposed something altogether different.

MR. NANSON: The proposal was to recommit the Bill, and on recommitment we might endeavour to arrive at some compromise. His desire was to secure from the Government some sort of undertaking that an effort would be made to achieve a compromise. The Treasurer must see the distinction between taxing book profits and taxing distributed profits.

THE TREASURER: Did not the leader of the Opposition advocate this taxation? To ask the Minister to go behind an Act passed during this session, while it was so to speak still warm from the printing press, was utterly unfair. That was the position.

Amendment put and negatived.

New Clause (rules to estimate dividends) :

MR. THOMAS moved that the following be added as Clause 33 :—

In the case of companies which carry on in Western Australia and not elsewhere the business of mining, the following rules shall be

applied for the purpose of estimating the amount of the dividends on which duty shall be payable: (1.) The first and subsequent dividends paid by any such company shall be taken to be applied, and in the case of dividends declared or paid before the first day of January, 1903, to have been applied in the first instance in repayment of the cost actually incurred by the company before the declaration of the first dividend in respect of labour or material employed in developing the mine, and in the second place in repayment of three-fourths of the cost of any machinery erected for raising ores and other materials from the mine and recovering the gold contents thereof. (2.) So much of the dividend as is shown to the satisfaction of the Minister to have been applied for the purposes specified in the last preceding rule shall be exempted from dividend duty under this Act.

This clause was taken from the Queensland Act, which Sir John Forrest in introducing our existing Act had expressed a desire to follow. The rules would not operate for the benefit of big companies, but for that of small, struggling local companies. The Lake View was now a great mine, but the amount of capital spent on it before the declaration of the first dividend was so miserably small as not to be worth mention. In the same way, many big mines had paid dividends when held by little local syndicates or by small Melbourne or Adelaide companies. Certainly the cost incurred prior to the payment of the first dividend should be covered before dividend tax was paid to the Government. A company might have made calls to open up a property and equip it with machinery, and then, so soon as a dividend was declared, the Government under this Bill would step in with a claim for duty. Such a proceeding was unfair. A mine could not for a moment be compared with an ordinary industrial concern or factory, which if the machinery were kept up to date would always represent a business asset. In the case of a mine, a time must come when the property became valueless. It might justly be said that second-hand machinery would fetch one-fourth of the original cost, and buildings and erections for it; so that the value of a mine stopped would, at the outside, be one-fourth of the original cost. A mine could not be classed like an ordinary industry. The mining industry as a whole was a different matter altogether, because we had an aggregation of mines; all the time new mines springing up to take the

place of those mines worked out. Before duties were paid to the Government mine-owners should, first of all, be allowed to refund to themselves the actual cost incurred in the purchase and development of a mine, and also three-fourths of the cost of machinery. In the case of the big companies in this State these items were so small that they were not worth considering, so far as the companies were concerned, but he was dealing with small, struggling companies and locally-owned mines.

THE TREASURER: Whatever might have been said with regard to the question of imposing a tax on dividends or profits, he could not find one word against the amount of that tax right away through; consequently, he was taking it for granted that the mining community were satisfied that if the tax were on dividends the duty would not be exorbitant. The member for Dundas (Mr. Thomas) had quoted Sir John Forrest, and said the right hon. gentleman wanted the Queensland Act. Had Sir John Forrest wanted the Queensland Act, and to make the duty the same as it was in the Queensland Act, did not the Committee think he would have put that section of the Queensland Act into this Act? So, practically, that argument did not apply. As the member for Dundas had said, there had been several protests against this Act, but no protest in relation to the amount of the tax itself. The first protest on these files, which were rather mixed, was from the Chamber of Mines, and was dated 23rd September, 1901. It stated that a resolution was passed deploring the action of the Government in allowing writs to be issued, and they urged the introduction of an amending Bill whereby the duty would be imposed on dividends only. On the 26th September there was a deputation at which the principal speaker was Mr. Keenan, who pointed out that what the mining companies desired was an amendment of the Act, taxing only dividends and not profits. Mr. Keenan said the deputation had no desire to interfere with the arrangement in the case of companies operating in other countries as well as Western Australia, but they contended that in the case of those mining companies working exclusively in this State they should be placed in the same posi-

tion as those who had industrial enterprises, and who would only be required to pay a tax on their dividends. In the *Morning Herald* of the 3rd June, 1900, there was reported a speech by Mr. W. Marden, he thought, of the Boulder Main Reef Company, who said that a duty on dividends was a fair and reasonable tax to which no one would object, considering that the West Australian Government had done and were doing everything possible for the mining industry. The member for Coolgardie was on that deputation, and he said that if a mine made a profit of £100,000 a year, and the money was distributed in dividends, the Government would charge £5,000 duty on that, and when the money got to London and was distributed amongst the shareholders there the Imperial Government would take another £5,000. The West Australian Government did not recognise that the hardship existed in this State, but in England; whereas, of course, the hon. member recognised that it was a hardship in both cases. As he (the Treasurer) said before, he went up to the Chamber of Mines, and they raised no objection to the 5 per cent. on the dividends. They had a full committee—he did not believe anybody was absent, and the best men of the State were represented there. He had an extract from a statement by Mr. R. S. Black, which was marked and sent to him by the Chamber of Mines. Mr. Black said they did not object to pay 5 per cent. on declared dividends, but strongly objected to pay duty on money spent in the development of the mine, and in the purchase and erection of machinery, which had already been subjected to a heavy duty. We were now down to the question of what the amount should be. The Government said 5 per cent., and the amount had never been cavilled at either in any debates we had heard here, or in any protests that had been made. Therefore he was justified in thinking that the mining community did not think 5 per cent. on dividends declared too much, without taking the Queensland exception, which was the only exception. When he was at Kalgoorlie he talked over with the chairman the Queensland Act, the Victorian Act, the New Zealand Act, and so forth, right the way through. In New Zealand now they had a dividend tax. He thought that

there was a tax on half the dividends, and a tax on income. One was still liable personally to be taxed again. In Victoria a tax was levied, and one was allowed to deduct from it any money he paid away on calls on other unprofitable shares; but if one held Golden Horseshoes in any quantity he would be taxed at the rate of 1s. 4d. The lowest tax would be 8d. In South Australia the tax was 6d. Both in South Australia, and he thought in New South Wales, they were very stringent about what they allowed a person to deduct. Of course the taxes there were income taxes. Practically this was an income tax. He asked the Committee not to alter the amount.

MR. THOMAS: There was no desire on his part to alter the amount; he had never suggested that it should be altered. He had said that although he did not think the tax was a just one, the mining companies did not object to it. They put up with it with as good grace as possible. They had, however, repeatedly claimed—and he thought the files of the department would show it, and if they would not the reports of the chamber would do so—that a more equitable arrangement would be to have an income tax, which would apply to everybody. That was a thing he (Mr. Thomas) had advocated both inside and outside the House.

THE TREASURER said he asked at Kalgoorlie whether they would prefer an income tax, and they said "no."

MR. THOMAS: Statements had been seen by him in which they distinctly laid it down that an income tax was preferable. He had seen that in their reports, and he thought the files of the department would show it also. It would be infinitely preferable, instead of class legislation of this sort, to have an income tax, which would apply to everybody. But that was beside the question now. This new clause did not propose to alter the amount of one shilling in 20; but it provided that before they had to start paying duty to the Government they should first be allowed to refund to themselves the cost actually incurred in opening up a mine, also three-fourths of the cost of the machinery put upon it, for the reason that a mine could not be classed as an ordinary investment.

THE TREASURER: Had they not written off deductions?

MR. THOMAS: The proposal in his new clause did not touch the big companies, as many persons supposed, for this was not a matter which concerned the big Kalgoorlie mines so much as the smaller mines throughout the State. There were plenty of mines outside of Kalgoorlie, a large number of them being limited liability companies or syndicates, to whom an allowance of this kind was of great importance. There were such companies all over the State.

THE TREASURER: Up to now they had not paid the dividend tax.

MR. THOMAS: But they were liable to it, and no doubt the Treasurer would look after them. It was not to the big companies, but mainly to the struggling mines, that this new clause was intended to give relief by allowing them, before the Government exacted a duty, to refund to themselves the actual cost incurred in getting the mine into a productive condition, together with three-fourths of the cost of the machinery, because if the mine closed down its machinery would be worth only about one-fourth the actual cost. His proposal was only fair and just for helping those mines which would be mainly affected by the tax. The clause he proposed to add to the Bill was copied from a similar provision in the Queensland Act, and it had worked there most successfully. He hoped the Treasurer would consent to this small concession, or that at least he would consent to report progress in order to consider the matter.

MR. NANSON: The Treasurer in his remarks appeared hardly to grasp the situation. The mining companies recognised that the State was entitled to tax them; and the member for Dundas (Mr. Thomas) had pointed out that a gold mine was not a continuous industry, that sooner or later there must be an end to it. The proposed new clause was that Parliament should suspend the operation of the dividend tax until those companies which had taken the risk of developing their properties had repaid out of profits the amount expended in developing the mine to a payable condition, together with three-fourths of the cost of machinery erected on the mine. Comparing the circumstances of this State with those of

Queensland, we had a large surplus of revenue, while Queensland had a heavy deficit; and if it were good policy in Queensland to impose this burden on the mining industry, then Queensland, hard-riden as she was to find revenue, would have altered the law in regard to the dividend tax so that instead of deferring the payment of dividends till sufficient had been repaid in the manner proposed by this new clause, the similar provision in the Queensland Act would have been repealed under financial pressure. But we saw that in the hour of Queensland's extremity there was no proposal to make the law as it was in this State in regard to the duty on dividends, because an impression would get abroad that Queensland was killing the goose that laid the golden eggs. Although the first whisperings of the "unemployed" difficulty in this State were now being heard, yet at the present time we enjoyed a high degree of prosperity; and though it might be talking to idle ears to suggest that it was our duty not to tax the profits of mines in this State until they had first an opportunity of getting back the money expended in development and in placing machinery on them, he pleaded in this matter for the interests of Western Australia. Was it wise to do anything that might depress and dishearten an industry on which nine-tenths of the prosperity of this country depended? Rather than incur a tittle of danger, it would be better to go to the opposite extreme and treat the mining industry with undue liberality. If by doing so we could bring a flood of investment to this country, if instead of compelling the mining companies to pay a tax on their industry we could show that we were anxious to give them every assistance in our power, was it not likely that capitalists seeking investment would then say they would not send their money to South Africa where there must be heavy taxation to defray the charges of the war, but would invest their money in Western Australia where the people were determined not to impose burdens on the mining industry, but on the contrary would treat investors in that industry with generosity, reckoning that the people of Western Australia would get their reward indirectly in the greater flow of capital, the abundance of the labour market, the expanding revenue,

and the general prosperity of the State. He made one last appeal to members to embody the new clause in the Bill, so that the country might show to the investors outside Western Australia and within our borders, that until people who had put their money into the mines had got out what they had invested, we were not ready to tax the industry.

MR. A. E. MORGANS : It was to be regretted that the Treasurer seemed to want his "pound of flesh," and cared not to yield anything. That was not quite the right spirit in which to deal with this important Bill. The amendment should receive the consideration of the Treasurer and the Government. In regard to the pamphlet which had been circulated, he saw it for the first time this morning, and as a member of the chamber of Mines at Kalgoorlie, he must assume that the pamphlet, if not issued under the direct control of the Chamber, was issued under its auspices. If the pamphlet was issued by the Chamber, he as a member disapproved of the manner in which it was worded, and some of the expressions contained therein. There was a good deal of information in the pamphlet, but it was a discredit to the chamber to introduce strong language into it. In one place it said that there had been a distinct breach of faith on the part of the Government. He took strong exception to that statement, and if the Chamber of Mines had anything to do with the issue of the pamphlet, it was a discredit to that body. It was in bad taste, and he went farther and said it was insolent. The pamphlet charged the Government with a distinct breach of their undertaking. That was discreditable to any man or any body of men, and as a member of the Chamber of Mines he did not approve of it. If the Kalgoorlie Chamber was credited with the issue of the pamphlet, he desired that the House and the public should know that he disagreed with expressions of that kind. It was a fair thing that the Treasurer should yield something in this Bill.

THE PREMIER : There had been yielding.

MR. MORGANS : Where ?

THE PREMIER : In regard to companies paying on dividends only.

MR. MORGANS : There was no doubt the payment of duty on profits was not

intended by the original Bill. That was perfectly clear.

THE PREMIER : Oh, no; it was intended.

MR. MORGANS : The extracts which had been read from Sir John Forrest's speech showed there was no intention of taxing profits. He had various conversations with Sir John Forrest on the question, and he also interviewed some of the members of the Ministry, and Sir John Forrest authorised him to state at Kalgoorlie that it was not the intention of the Government to collect duties on profits, that it was done under a misapprehension, or through the Bill being badly drawn. That being the case, he could not see that the Treasurer had made any concession to the mining companies in taxing only dividends. The proposal of the member for Dundas was very fair, and the Treasurer should concede something. It would be appreciated by the mining companies and very little harm would be done to the revenue of the State. If the Treasurer and the Government would make a small concession, it would give great satisfaction and strengthen the position of the Government also. The proposal of the member for Dundas was only intended to recoup capital which had been spent, and which could not be recouped after a mine was worked out. A mine in this respect was different from any other business. Every year the company made a larger hole in the ground and took out all that was available, and in a few years time, no matter how good a mine might be, the capital sunk must be lost. It was true a company could get back the capital by making a large reduction in profits; but he suggested to the Treasurer that it would be far better for the Government to make an allowance of the kind suggested, and to alter the conditions proposed in the Bill. It would be far preferable for the Government to do that than to induce mining companies to take advantage of their opportunities. The revenue would suffer very little indeed if the new clause were carried, and, as a business proposition, it was very easy for the Government to deal with. It was better than discussing with the companies how much they should knock off their profits. The Treasurer, in speaking of the duties, said that all companies were agreeable to pay 5 per cent. As a mining man he did not

object to paying that dividend, but since the first dividend duty was passed in the House, the railway rates had been put up to such an extent that the Government were drawing far more than under the 5 per cent. dividend. By these perhaps necessary increases of railway rates, mining expenses also had been increased. The Premier should make the small concession sought in the new clause, which would not involve any serious loss of revenue.

THE TREASURER: The Government were not preventing companies from protecting themselves. A company which won £20,000 worth of gold after previously expending £20,000 would not declare a dividend. [MR. MORGANS: They would.] Surely not, before recouping capital expended. The Bill would remove the troubles and worries now experienced by the Government in collecting the tax, while the new clause would lead to endless disputes as to the value of a particular shaft or a piece of machinery, and almost a new staff would be required for collecting purposes. The companies with whom the Treasury had been dealing were mostly large concerns to whom the new clause would not apply, and those to whom it would apply did not declare dividends, but divided their profits as wages or as shares. As to the leader of the Opposition's fear that investors would be frightened, investors would not be guided by any consideration other than the question whether the metal they wanted was in a certain place. [MR. MORGANS: There were many other conditions.] That was the principal reason for investment.

MR. MORGANS: Central America was a far richer field than this country; yet English capitalists were afraid to invest there.

THE TREASURER: We must deal with conditions here. In this country small companies divided profits as a kind of wage; and therefore the Government would be put to serious trouble by the new clause, while the nominal advantage it would secure was unworthy of consideration.

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

Ayes	...	...	7
Noes	...	...	17
Majority against	...	...	10

AYES.
Mr. Atkins
Mr. Butcher
Mr. Jacoby
Mr. Morgans
Mr. Nanson
Mr. Piesse
Mr. Thomas (Teller).

NOES.
Mr. Bath
Mr. Daglish
Mr. Ewing
Mr. Gardiner
Mr. Gregory
Mr. Hastie
Mr. Holman
Mr. Hopkins
Mr. James
Mr. Johnson
Mr. Kingsmill
Mr. Rason
Mr. Reid
Mr. Taylor
Mr. Throssell
Mr. Wallace
Mr. Higham (Teller).

Amendment thus negatived.

Preamble, Title—agreed to.

Bill reported with amendments, and the report adopted.

ADJOURNMENT.

The House adjourned at 10:52 o'clock, until the next day.

Legislative Assembly.

Thursday 27th November, 1902.

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The DEPUTY SPEAKER took the Chair at 2:30 o'clock, p.m.

PRAYERS.

PAPER PRESENTED.

By the MINISTER FOR MINES: Report of Geological Department, 1902.

Ordered: To lie on the table.

QUESTION—RAILWAY LABOURERS, EASTERN GOLDFIELDS.

Mr. JOHNSON asked the Minister for Railways: 1, Who instructed the Superintendent of the Government Labour