Queensland

Parliamentary Debates
[Hansard]

Legislative Assembly

TUESDAY, 5 OCTOBER 1880

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LEGISLATIVE ASSEMBLY.

Tuesday, 5 *October*, 1880.

Personal Explanation.—Petition.—Supreme Court Bill.—Petition.—Mail Contract.—Question.—Crown Solicitor's Office.—Local Works Loan Bill—third reading.—Marsupials Destruction Bill—second reading.—Mail Contract Papers.—Railway Companies Preliminary Bill—second reading.

The SPEAKER took the chair at half-past 3 o'clock.

PERSONAL EXPLANATION.

Mr. LOW said that in the course of the debate last night he had mentioned the mode in which Government advertisements were given to a certain newspaper in Scotland, and his remarks did not appear in *Hansard*. It was very seldom he spoke, and when he did so his remarks should be taken notice of.

PETITION.

Mr. O'SULLIVAN presented a petition from William Coote, an Elector of South Brisbane, respecting the position of Members of the House who were proprietors or part proprietors of newspapers, and praying that the matter might be inquired into. He moved——

(A message from His Excellency was here delivered.)

SUPREME COURT BILL.

The SPEAKER announced that he had received a message from His Excellency, transmitting a Bill to amend the Supreme Court Act.

The PREMIER (Mr. McIlwraith) moved that the Bill be read a first time.

The HON. S. W. GRIFFITH said the hon. member for Stanley was in possession of the floor of the House. It was not necessary to deal with the Bill the moment the message from His Excellency was received.

The SPEAKER said it was not unusual that a motion should be made at once to take a Bill into consideration.

On the motion of the PREMIER, the Bill was then read a first time, ordered to be printed, and the second reading made an Order of the Day for to-morrow.

PETITION.

On the motion of Mr. O'SULLIVAN, the petition of William Coote was read and received.

MAIL CONTRACT.

The PREMIER, in formally laying upon the table of the House copies of the minutes of the Executive Council and telegrams between the Government and contractors in reference to the new mail service between London and Queensland, said the papers included a copy of the contract made in London on the 6th May with the British-India Company, and an addendum showing the alterations which had been mutually agreed to by the parties since the first contract was made. He wished to call the attention of the House particularly to the alteration of clause 32. According to the original clause the contract was made subject to the ratification of the Assembly on or before 6th August. The amended clause stated that—

"This agreement shall be binding unless it shall, before the twelfth day of October next, be disapproved of by Resolution of the House of Assembly for the Colony of Queensland."

Should any effort be made by a private member or by any party in the House to secure the dissent of the Assembly to the contract, he should be quite willing, in order that hon. members might have full opportunity of discussing the matter, to make arrangements by which any Government day between to-day and Tuesday next could be given up for that purpose. He moved that the papers be printed.

Question put and passed.

QUESTION.

Mr. BEATTIE asked the Colonial Treasurer—

1. How many Chinese have deposited the £10 per head required by the Act?

2. To how many has this amount been subsequently returned?

The PREMIER produced a return from the Treasury showing the number of Chinese who had paid the capitation fee, and the amount of fees refunded since the passing of the Act to 30th September, 1880, to be as followed:—Number of Chinese in 1877, 45; 1878, 124; 1879, 115; 1880, to 30th September, 134—total, 418 at £10 per head, equal to £4,180. Number of refundments:—In 1877, 2; 1878, 38; 1879, 36; 1880, to 30th September, 41—total, 117 at £10 per head, equal to £1,170.

CROWN SOLICITOR'S OFFICE.

On notice of motion No. 1 being called—

Mr. GRIFFITH said a similar motion was on the business paper for to-morrow, in the name of another hon. member. He was not aware that one hon. member could intercept another in that way?

The SPEAKER said the hon. member who first gave notice of a motion was not obliged to move it.

Mr. GRIFFITH said if the practice were allowed any hon. member could anticipate another.

Mr. NORTON said he was acting according to the wish of the hon. member who had given notice to move the other motion. He moved—

1. That a Select Committee be appointed to inquire into and report upon the working of the Crown Solicitor's Office.

2. That such Committee have power to send for persons and papers, and to sit during any adjournment of the House, and that it consist of Messrs. Beor, Groom, Fraser, Miles, Persse, Kellett, and the Mover.

Question put and passed.

LOCAL WORKS LOAN BILL—THIRD READING.

On the motion of the PREMIER, the Bill was read a third time, passed, and ordered to be transmitted to the Legislative Council by message in the usual form.

MARSUPIALS DESTRUCTION BILL—SECOND READING.

The COLONIAL SECRETARY (Mr. Palmer) said, in moving the second reading of the Bill, he might state that some such Bill had been rendered necessary in consequence of the present Act expiring at the end of this session. The present Act had done a great deal of good wherever it had had a fair trial, and he had been urged from all parts of the country to bring in a somewhat similar Bill to effect the same purpose. The Bill had been carefully drafted, and it included various amendments which had been suggested by parties who took a decided part in the working of the present Act. The differences between the Act and this Bill were not very great, and he proposed to point them out as he went through the clauses. A number of clauses would now be hardly necessary, in consequence of a Bill for the Destruction of Rabbits having been passed since this Bill was in type; but he was not sure that the whole of those clauses should be struck out, because he was informed that a great number of rabbits were now running loose, and that the Bill passed this session would not touch them. It was very desirable indeed that in some parts of the country rabbits should be treated as a nuisance and destroyed. In the interpretation clause the principal difference was in the interpretation of the word "run." In the present Act it applied to squattages only; but in this Bill the word was made to apply to any land held in fee-simple or under conditional purchase, lease, license, or otherwise. That alteration was very necessary. He did not see why parties who held ground on a different tenure from that of squattages should be exempted from the burden of destroying pests wherever they existed. The present Act, according to clause 4, was put in force in different districts by proclamation; whereas, this Bill would apply to the whole of the colony, with the exception of some places near towns which were excepted in another portion of the Bill. Clauses 5 and 6, relating to the election of cattle-owners, were copied from the present Act. Clause 7 gave the Governor in Council power to appoint boards or members in certain cases. The month of April was fixed for the making of the assessment because the elections took place in March. The method of raising funds to carry out the purposes of the Act was very much the same as that provided in the present Act, but the area of runs had been substituted for the number of stock because of the great difficulties in the way of ascertaining the quantity of stock. Clause 10 gave the Colonial Secretary power to levy an assessment in the event of a board failing to do so. That clause had been introduced with a view to meet cases such as had occurred—notoriously at Goondiwindi—where the Act was rendered inoperative by the absurdly low rate of assessment fixed. Clause 11 was the same as that in the present Act. The subsection to clause 12 gave the Colonial Secretary power to appoint the Inspector of Brands, or some person duly authorised, to sue for and recover payment of assessment in the event of any board refusing or neglecting to enforce payment of assessment. That provision was rendered necessary from the fact that in some cases parties had refused to pay the assessment, and it was a question whether they could be compelled to do so. Clause 14 provided for the exemption from assessment in cases where it was not found necessary. There was only a small quantity of marsupials in some districts, and in others they had been destroyed to a considerable extent. In such cases it would not be necessary to levy further assessment, and the clause gave the Governor power to declare by proclamation that owners in such districts were exempted from the payment of assessment for such period as might be deemed necessary. Clause 15 gave the Governor in Council power to declare by proclamation any portion of any district within a radius of not less than five nor more than twenty miles from any town or village to be exempt from the operations of the Act. That clause would apply to places like Brisbane, where such a thing as a kangaroo or a native dog was never heard of now. Clause 16 provided that whenever it was satisfactorily shown to any board that any run or portion of a run had been completely enclosed with a kangaroo or wallaby proof fence (the efficiency of which the board were alone to be the sole judges), such run or portion of run should not be liable to assessment under the Act. That was only a fair provision where run-owners had gone to enormous expense in putting up good fences, as had been done to a considerable extent on the Peak Downs and in other parts of the colony. Clauses 17, 18, 19, 20, were similar to clauses in the present Act. Clause 21 introduced a new provision. It read—

"It shall be lawful for any land commissioner to receive from any owner in a district a certificate or certificates granted to such owner by the board of such district, as hereinbefore provided, in respect of marsupials destroyed by such owner; and such commissioner shall cancel all such certificates, and certify on the face of them that they have been accepted as improvements on the run of such owner for the purposes of subsection six of section twenty-eight or section forty-three of the Crown Lands Alienation Act of 1876, and to the extent of the money value represented by such certificate.

"Provided that in no case shall certificates be accepted as representing improvements on any run to a greater extent than five shillings an acre of the area of such run."

This was a novel feature, and he believed it would be found to work very well. He did not see why improvements should not be counted in the way proposed. Clause 22, relating to rabbits, was not required, as the destruction of rabbits was provided for in another Bill already passed. The remaining clauses in the Bill were similar to those in the present Act. There was an alteration in the schedule. It had been considered essential that the prices to be paid for scalps should be stated in the Bill, so as to prevent the boards fixing the rates so absurdly low as not to make it worth while for anyone to kill the animals. That had been the result in some cases under the operation of the present Act. The prices fixed in the schedule repre-

sented, as far as the Inspector of Stock could ascertain, the cost of destroying the animals in the Warwick district, where there had been great destruction. Of course, it would be for hon. members to determine whether the rates were too high or too low. From his experience of the working of the present Act he was convinced that it was absolutely necessary to make the alteration proposed, so that there should not be such a wide margin between the minimum and maximum prices allowed for scalps. As he had said before, he believed that the present Act had done a great deal of good. The Bill he believed to be an improvement on the present Act. It was absolutely necessary in the interests of the country that they should adopt measures to prevent the land being overrun with noxious vermin. Several runs had been given up—particularly in the Burnett district—solely in consequence of the marsupial plague; and he knew to his cost that they had worked a vast deal of mischief in many outside districts. He moved the second reading of the Bill.

The HON. G. THORN said he could not at all agree with the Colonial Secretary as to the success of the present Act. It might have done good in some of the coast districts, but in the outside districts it had not done much good. There was a particular class of vermin in the district from Warra to Roma, and in the Leichhardt district, which were not touched under the present Act. There was a small species of kangaroo, none of which had been destroyed, that he heard of. He did not think the provisions of the Bill would lead to their destruction. He thought that the definition of the word "scalp" would have to be made more explicit. About a month ago he saw at Ipswich two bags of dummy scalps made from kangaroo skin. The stitching was so neat as to be almost undiscernible except to an experienced person. He believed that game had been practised extensively in the southern districts of the colony. He objected to the Bill because it would impose further burdens on land owners. They were already heavily taxed under the Divisional Boards Act, the Brands Act, the Sheep Act, and the Cattle Act, and he did not think they could bear any further burdens. If they were to go on increasing taxes in that way they would depopulate the colony; they would certainly drive away the settlers. He did not think the colony could stand it. If the Bill were to be passed provision would have to be made in it to prevent people sending scalps from New South Wales. He could prove that scalps were brought from the Richmond and Clarence rivers to Ipswich and Warwick. They might allow the measure to remain over for a year or a couple of years. He hoped the House would not pass the second reading of the Bill.

Mr. MOREHEAD sincerely trusted that the House would pass the second reading of the Bill, although he hoped to see it considerably amended in committee. There were several objectionable features in it. He decidedly objected to clause 4 as it stood. There might be a district in which the majority of people would be owners of cattle, but under the clause the marsupial board would be composed of the sheep directors and three cattle owners. The clause wanted complete alteration of a radical character. It appeared to him that there was a misprint in clause 9. It provided that the rate of assessment on a run should not be less than 2s. per square mile, and then went on to say that the assessment on any run should not be less than 5s. per annum.

The COLONIAL SECRETARY: Look at the definition of "run."

Mr. MOREHEAD said he had not observed that "run" was defined to mean any holding. Clause 16 on the face of it appeared to be very fair, but there were two sides to that question. A leaseholder who surrounded his run with a wallaby and kangaroo proof fence was to be free from taxation. The effect of his fencing would be to throw an enormous mass of marsupials on to his neighbours' land. He derived a direct benefit from the erection of the fence, whereas through it the plague was increased double, treble, or perhaps fourfold on his neighbours' land. Even where enclosures had been made large numbers of marsupials had been enclosed. Recently he saw beyond Roma a place where an enormous number of them had been enclosed. As the Bill stood the owner of that property could kill the animals and derive a benefit by handing over the scalps, yet he would be subjected to no assessment. That did not appear to be a fair thing; some modification would have to be made in that clause. If it were possible to do it, he believed it would be advantageous for the Government to fence in large tracts of country so as to save the land from being overrun by marsupials. It would have been a direct benefit to the State if that had been done in the past, as lands which were now valueless owing to the depredations of marsupials could be thrown open for selection or could be let at a fair rental, whereas the country got nothing for it now. With regard to the schedule, he most emphatically disapproved of any fixed rate being made for scalps. The House was not composed of individuals who were capable of determining on any fixed charges. The prices paid for scalps must fluctuate in the different districts, and it was absurd to lay down a hard-and-fast line as was proposed. He did not hold with the hon. member for Northern Downs that the Bill was not necessary because the present Act had not done any good—he believed that the Act had done an immense deal of good. The pest that they wished to suppress not only affected the individual—he might almost say that it was a national calamity that it should exist; it certainly required legislation if anything did. The hon. member for Northern Downs seemed to confine his ideas to country between Warra and Roma. He (Mr. Morehead) had travelled far beyond that part of the country, and he must say that if a proper Marsupial Bill were passed an enormous amount of good would accrue to the State. He saw, however, that the Bill would have to be very considerably amended in committee, because, improvement as it was upon the late Bill, it might unfairly tell upon certain districts or portions of districts which might have to pay a large sum in the way of assessment and yet derive little benefit. But all these things could be attended to in committee, and he hoped that every member of the House, except the member for Northern Downs, who appeared determined to resist the measure, would let the Bill pass the second reading, and in committee do his best to put it in such shape that it might be of substantial benefit to the colony at large.

Mr. LOW said the member for Northern Downs had stated that he had heard of a great number of scalps having been brought from New South Wales into Queensland. The district which he (Mr. Low) represented comprised 120 or 130 miles of the borders between Queensland and New South Wales, and he was certain that no scalps had been brought into it. He should like to know from which part of New South Wales the scalps were introduced? If such a thing were done the offenders would certainly require looking after. There must be a price fixed for the scalps of marsupials, for he knew some boards who would not fix a price—he referred more particularly to Goondiwindi.

Mr. FEEZ said that those who believed in Central Queensland, and had watched the course of events for the last few years, must be well aware that a greater pest than the marsupial had never existed. It was only a few years ago that some of the finest country was destroyed by the pest, and it was only owing to the favourable seasons that a portion was recovered. While he approved of the Bill, and was encouraged to do so by numbers of letters from Central Queensland, he must admit that the member for Mitchell had pointed out some defects which would require amendment. Referring to clause 4, he knew that there was a strong objection felt to allowing sheep directors to have the preference in the position of members of the marsupial board. Clause 9 was most obscure, inasmuch as it did not exactly express what taxes should be raised. It said that the taxation should be so much per square mile, and to that provision there was a strong objection felt in the Central district. It was a well-known fact that persons held runs containing large tracts of useless country upon which they nevertheless paid rent: the Bill proposed that they should be taxed for this country. Formerly the rule was that a man should pay 2s. per quarter for every twenty head of cattle or 100 sheep, which was reasonable; but according to the Bill, if a man held a station of 160 square miles, and was assessed 2s. per square mile per quarter, he would have to pay £64 per annum, although out of the 160 square miles of country not more than sixty might be of any use to him. Therefore, for holding waste lands he had to pay additional taxation. Under the old system, if a man held a station of 160 square miles and owned 600 head of cattle his taxation would only come to £12, instead of £64 per year. Innumerable taxes were already imposed upon the pastoral lessees, and it was very hard that they should now be assessed for waste land. All the other clauses of the measure were just and fair, and would give satisfaction. The country was waiting anxiously for the passing of the Bill, which was urgently required owing to the rapid increase of marsupials. The member for Mitchell had said that gentlemen who had paid large sums for marsupial fencing should be included in the taxation. He thought, however, that some consideration should be shown to squatters who incurred an enormous expenditure in order to regain the country, by spending from £110 to £150 per mile for marsupial fencing. Even if they killed marsupials inside their fences and got paid for the scalps, it would be very little for the great expense that they were at in fencing. He had noticed in the Central district that stationholders who erected marsupial fences constructed traps by means of which large numbers of marsupials were caught outside; and he thought the idea a good one. He hoped the Bill would become law as soon as possible, as it was very necessary.

Mr. WELD-BLUNDELL said there was an absolute necessity for legislating upon this important question. In many parts of the colony the marsupial pest had ruined large properties; and at the present moment large portions of country useful for agricultural and other purposes were rendered absolutely valueless in consequence of the inability to destroy the pest. He referred more particularly to wallabies, for there could be no possible doubt that they were the most destructive of all the marsupials. From the experience that he had had in the destruction of these marsupials, he believed that it was utterly impossible to cope with them in the manner contemplated by the Bill—namely, by shooting. He was sure that in districts infested by wallabies and paddamelons thousands of pounds might be expended in destroying them and yet no benefit be derived. Four or five years ago it was attempted in the Peak Downs district to get rid of them by shooting, and he knew that on several stations from 60,000 to 70,000 marsupials, which number included but a small percentage of kangaroos, were destroyed on each station within fifteen or sixteen months. On Retro Station 70,000 wallabies were killed in one year, he believed; but the effect was apparently not to diminish the wallabies, and at the end of the time it was found necessary to put up wallaby-proof fencing. In many other instances on Peak Downs, and also on Springsure, he thought, the experience had been the same. He believed that the offering of rewards for the shooting of wallabies and the production of scalps, as contemplated by the Bill, would be simply money thrown away. It might be very well to offer a reward in open country, where there were few small scrubs, but for his part he thought that any owner who had a small scrub near or on his holding would find it beneficial to shoot the pest himself whether he was paid for so doing or not. Where, on the other hand, there were large scrubs in the immediate vicinity of stations or in the neighbourhood of selections and farms, shooting wallabies and paying a reward for the scalps would be simply money thrown away. The only way in which the plague could be combatted was by fencing-in the land intended to be used for pastoral purposes or for cultivation; and, therefore, he thought that if the Bill were to contain some provision by which encouragement would be offered to pastoral lessees or selectors to erect wallaby-proof fencing it would lead to a vast amount of good being done. He was not speaking without some authority on the question. His station was situated in the worst part of the whole of Queensland for marsupials, and he and the other pastoral lessees had tried the experiment of shooting wallabies and had found it to fail, and had been obliged to put up fencing. Kangaroos could be contended with by shooting, and such a reward as was offered in the Bill would have the effect of exterminating them, but he could not think that the same result would be obtained in the case of wallabies. Should it be found necessary to introduce the question of granting some remuneration, reward, or any other kind of encouragement, for the enclosing of property by wallaby-proof fencing it would become a large question, but he believed more good would be derived if that were done. He must say that he did not altogether approve of clause 10. A majority of a board might perhaps find it undesirable to levy an assessment for the destruction of wallabies and kangaroos; but the minority might possibly bring pressure to bear upon the Government and induce them to enforce an assessment, which they could do under this clause. He could not see the benefit that would be derived from such a course, and it might tell with the greatest hardship upon the majority of the country who returned the board.

Mr. BAYNES thought the Bill a very useful piece of legislation, but in committee he should have to make some amendments, into the details of which he would not, however, now enter. He trusted that the Colonial Secretary would see his way clear to altering clause 4, to which exception had been taken. The Divisional Boards might be made the Marsupial Boards to carry out the provisions of the Bill. The statements made by the member for Northern Downs had very little foundation, and he trusted they would have no weight in the House. He knew that the present Act had been a very great benefit in his district—having been the means of saving runs which were now leased from the Crown but which would otherwise have been rendered valueless and

thrown up. He should feel it his duty to take exception to some of the clauses and to the schedule, but the Government could depend upon his hearty support in getting the measure passed in a useful form.

Mr. NORTON said he quite agreed with those hon. members who had stated that a Bill of this kind was necessary, and he believed that the general feeling of the country was that it was really required. Severel amendments in the measure were very desirable, and he should casually refer to one or two. In the first place, he noticed that it was proposed to include native dogs. To this proposition he objected most decidedly, and in doing so he should have the support of a number of gentlemen who were interested in the question and had spoken most warmly against the inclusion of native dogs. He thought it would be found—at anyrate in the cattle districts, where there were few or no sheep—that the feeling against the proposition was general. Where sheep were turned at large in big paddocks it might be absolutely necessary to keep down native dogs, but in cattle districts there was no such necessity; in fact, they were great destroyers of the marsupial pest, as he knew from his own experience and the statements of many men of experience. He might mention that in the New England district, New South Wales, which was almost exclusively occupied by sheep-settlers, it had been customary for many years to poison the native dogs, and the result was that country which twenty years ago contained very few kangaroos was now completely overrun by them in some places. Only a few months since he was present at a battue, and hundreds of kangaroos were run-in on a station which, twenty years ago, had not more than a few hundred on it. During the last four or five years thousands of kangaroos had been killed on that run. Native dogs were the natural enemies of marsupials, and if they once destroyed the balance of Nature by killing them off marsupials must increase to an enormous extent. He did not mean to say that the great increase that had taken place during the last few years was solely owing to the destruction of native dogs; still, it had been very largely affected by it. It was impossible to explain the true cause of that increase. It had sprung up suddenly and mysteriously, like the rats in certain districts in the western country of Queensland and the mice on the Liverpool Plains in New South Wales—no one could tell whence. Still, he believed it to be a fact that the destruction of native dogs was calculated to very largely increase the number of marsupials. To the 4th clause he objected as much as the other hon. members who had referred to it. If there was to be an election of three members among owners of cattle stations, he did not see why the whole eight should not be elected at the same time. In some districts there were no sheep, and in cases of that kind there was no reason why all the members of the board should not be owners of cattle stations. But that was a minor matter. With clause 9, which referred to the manner in which funds should be collected, he entirely disagreed, as it would work very unfairly to owners of runs. On most large runs there was a good deal of unavailable or inferior country, and it was only necessary to refer to the matter to convince hon. members that an assessment of that kind would be obviously unfair. There would be no difficulty in altering that in committee. It would be better to continue the old charge of so much per 100 or per 1,000 head, and to charge in the same way with respect to sheep and cattle. The hon. member for Mitchell (Mr. Morehead) had referred to the 10th clause, and he entirely agreed with him in what he said. It was quite true that those who fenced-off large portions of the country were at a heavy expense; but they had no public object in view in doing so: they did it from the purely selfish motive of benefiting themselves, and without any other consideration whatever, and when they erected wallaby-proof fences it only drove the marsupials on the neighbouring runs, which suffered in consequence. The clause as it stood was rather indefinite, because there was nothing in it to compel runholders having erected wallaby-proof fences to maintain them. The 18th clause dealt with the payment for scalps. It would be much better to pay one universal rate for scalps of all kinds. That might seem rather an unreasonable thing to propose, but it would simplify the matter from the first. There was some difficulty in distinguishing between the different kinds of marsupials. In some districts there was a kind of mountain wallaby, the scalp of which was worth 3d., while the same animal in another district was called a kangaroo, and its scalp was worth 8d. They were found in droves, were easily killed, and with other kinds it was almost impossible to say what belonged to one class and what to another. Not only should there be one universal price for the scalps, but one universal charge made over the whole colony. All runholders were to a certain extent benefited by the measure, even if they had not a single marsupial on their runs, for that fact might be owing to their being killed by thousands elsewhere. One general fund should be formed into which the whole of the payments should be made. At the same time, those payments should not be so high as they at present were in some instances. In one district that he had been informed of a portion of it was overrun with kangaroos and wallabies, and the other portion was almost free from them. The owners of the infested runs set to work and killed them in thousands, and they not only cleared their runs but made a profit out of it, while the expense fell upon the others whose runs were free from the pest. Hon. members would see that that was unfair, and if his suggestions of a universal charge, a common fund, and a lower rate per head on owners of stock—which would reduce it so that the payment would be no great hardship—were adopted, the benefit would be universal, and those whose runs were infested by marsupials would have to supplement the ordinary charge in order to induce men to clear the animals off. They would thus have to pay a fair and reasonable price for getting rid of the pest, which they would be quite willing to do. These were not quite his own ideas, because he had discussed the matter with several persons largely interested in it, and it was through their representations that he had been induced to mention that suggestion now. When the Bill got into committee he should propose an amendment to that effect. If the suggestion were adopted, there would be no necessity for boards. Inspectors might be appointed in the different districts—the brands inspector or the sheep inspector—who could carry out the working of the Bill without the interference of boards; and thus the matter would be vastly simplified. He did not like the 20th and 21st clauses in the least, because he did not see why scalps should be taken as improvements in land. Supposing a man took up a selection in a district, he might go off a hundred miles to kill marsupials, and then it would be considered an improvement to his land. The clauses were objectionable, would cause great unpleasantness, and had better be omitted altogether. If the suggestions he had made were adopted, schedule B would be quite unnecessary. He had men-

tioned these matters now in order that hon. members might think them over before the Bill went into committee. At that time he should be prepared to bring forward amendments which would embody the views he had now put forward, when he had no doubt they would receive the consideration they deserved.

Mr. STEVENS said he agreed with much that had fallen from the hon. member (Mr. Norton), and also from the members for Leichhardt and Mitchell. Those hon. members had pointed out what he considered the weak parts of the Bill; and, from his point of view, the weakest part of the Bill was clause 9, in which the country would be assessed instead of the stock. He believed in the principle of the Bill, and that it was much required, and should therefore support its second reading.

Mr. SCOTT said it was absolutely necessary that something should be done with regard to the matter. The existing Act expired at the end of the present session of Parliament. Speaking for the district he had the honour to represent, he might say that that Act had worked very well indeed. A petition from the Marsupial Board of Springsure had already been presented to the Assembly, a portion of which he would read :—

"1st. That the Marsupial Destruction Act ceases to operate at the close of the present session of Parliament.

"2nd. That the necessity for continued destruction of marsupials is still urgent, though not so pressing as it was when the Act was introduced.

"3rd. That the number of marsupials paid for by this board since the Act was put in force is :—

Of kangaroo and wallaroo	94,902
Of wallaby and paddamelon	93,458
Total	188,360

"4th. That results most pleasing have accrued from the working of the Act in renovated pastures throughout the district.

"5th. That the fact of many districts declining to take the necessary steps to give effect to the provisions of the Act has greatly lessened the beneficial results.

"6th. That in the event of further legislation for marsupials destruction being had recourse to, and in view of probably decreasing numbers and consequent greater difficulty experienced by those engaged in the work, it is expedient to increase the maximum premium to be paid for scalps to one shilling for kangaroo and wallaroo scalps, and to sixpence for wallaby and paddamelon scalps.

"7th. That to render the destruction of marsupials more complete, it is of paramount importance that any future legislation should recognise the necessity of an Act whose operations are compulsory throughout the whole colony."

Some of those suggestions had been embodied in the Bill now before the House, and he considered it a great improvement upon the previous Act, effective as that had been in the destruction of marsupials. The Chief Inspector of Stock, in his report on the working of that Act, recorded the destruction of a million and a-half of marsupials. If those marsupials had still been alive and increasing, the loss to the country would have been frightful. By the last post he received a letter from a constituent residing in the Leichhardt district to the effect that he had shot or destroyed 1,700 kangaroos on one run. With regard to the remarks of the hon. member for Clermont as to paddamelons, they might possibly be true, but he had been informed by a gentleman residing not far from Springsure that he had cleared his home paddock, which had a scrubby range on one side of it, by shooting them. He used regularly to go out before sundown and shoot a dozen and sometimes twenty before returning, and he had now a fair amount of grass there. He thought that both clauses 9 and 15 might be amended with advantage; but he intended to support the motion for the second reading.

Mr. BAILEY said he objected to the definition of the word "run." It was well known that in many of the settled districts great portions of scrub lands had been selected. These lands were infested by wallabies, and if the Bill passed in its present form it would afford no relief to the small farmers who held them.

Mr. KELLETT said that he agreed with the principles of the Bill, and had presented a petition from the West Moreton Board, who desired to see the provisions of the Marsupial Act continued. He believed that boards should be appointed independently of the existence of sheep directors in any particular district. Objection had been taken to the 20th clause, which provided that the destruction of marsupials should be considered "improvements," but he thought the clause a very useful one. It often happened that a useless house or a fence had to be erected for the purpose of improvements and afterwards pulled down, but the extermination of the marsupial pest would result in permanent good to the country. He could not agree with the schedule. He believed that a uniform price should not be charged all over the country, because the number of kangaroos in particular districts varied from time to time. In the Mitchell district, a few years ago, there were not a hundred kangaroos, but now they were to be seen there in numbers. It should be left to the board to fix the rates. The hon. member for Port Curtis, although he admitted that the native dog did damage among sheep but not among cattle, thought it should not be destroyed because it assisted to destroy the kangaroos. He disagreed with the hon. member, because last year the native dog in some localities unquestionably killed a large percentage of calves. Moreover, in the neighbourhood of the Range dogs were numerous; but marsupials were at the same time increasing. An aboriginal would kill more marsupials in one day than would 500 native dogs. He would be sorry to see dogs excluded from the schedule.

Mr. MILES believed the Marsupials Act introduced by the hon. member for Maryborough had been of great service. It would be impossible to completely eradicate the pest; but the Government were bound to do something to keep it in check. He had paid particular attention to the debate, and he noticed that almost every clause in the Bill had been objected to. The presumption was, therefore, that it would be worried considerably in committee. He believed the Bill wanted worrying; at all events, there were several clauses which he intended to worry pretty well. He could corroborate the assertion of the hon. member for Northern Downs, that a large number of the scalps paid for in this colony were brought over the border from New South Wales. He had heard a Mr. Lawson, who had a station near Tenterfield, boast that he had taken scalps to Warwick and had there been paid for them. The gentleman who made that statement did not seem to think there was the least harm in the transaction to which he alluded. He hoped the suggestion of the hon. member for Port Curtis relative to the appointment of inspectors would not be adopted. They already had sufficient sinecures of that kind in the appointments made under the Brands Act. He would offer no objection to the second reading of the Bill, but it would have to be amended a great deal in committee.

Question put and passed, and the committal of the Bill made an Order of the Day for Friday next.

MAIL CONTRACT PAPERS.

Mr. GRIFFITH said he desired to call attention to what he imagined to be an error in the mail contract papers laid upon the table that afternoon. He understood the Premier, in laying the papers on the table, to say that the contract was in the form of the agreement of May 6th. He presumed, however, that that was not the case. Article 9 was in its proposed amended form, and, as far as he could see, article 32 was neither in the original nor in the amended form. He drew attention to the error in order that it might be corrected.

The PREMIER said that he was much obliged to the hon. gentleman for calling attention to the errors to which he had just referred. They were errors which had been committed by the Printer, as he noticed that he had interpolated an amendment in clause 4 and also in clause 7. He (the Premier) would, however, have the corrections made that evening and fresh copies laid on the table on the following day.

RAILWAY COMPANIES PRELIMINARY BILL—SECOND READING.

On the Order of the Day for the resumption of the debate on the Premier's motion that the Bill be read a second time being read,

Mr. GRIFFITH said that the Bill, although general in its terms, might be taken practically to apply to the construction of a line of railway connecting the southern portion of the colony with the Gulf of Carpentaria.

The PREMIER : No.

Mr. GRIFFITH said that he had not heard, nor, so far as he knew, had anyone else heard, of any other proposal to construct a railway on the terms proposed in the Bill, to any other part of the colony at the present time. There might be some other proposals at a future time, but he was not at present aware of any. At present it was impossible to dissociate the Bill before the House from the construction of a line from here to the Gulf of Carpentaria—in fact, the whole of the hon. gentleman's speech in moving the second reading was to that effect. The question of constructing a transcontinental railway was first mooted by Mr. Macalister about 1870. It was again brought forward in 1874, when a proposition to construct a line to the Gulf was made, on behalf of a firm called Collier and Company, to the Premier, who was then Minister for Works; and in 1875 the project was taken up by the hon. the Speaker, who was Minister for Works, and who proposed that certain blocks of Crown lands should be reserved on either side of a railway from Dalby to the Gulf of Carpentaria, and that the proceeds of those lands should be devoted to the construction of such railway. So that it would be seen that the construction of a transcontinental line of railway had been under the consideration of the colony for some years. He looked forward with the hope that before many years were over such a line would be constructed, but the question was whether the colony could now afford to make it on the terms proposed. The hon. gentleman, when introducing the Bill a few days ago, called attention to the indebtedness of the colony at the present time, and stated that at home the amount of the indebtedness of a country was estimated in proportion to its population, and that it would be dangerous for this colony to exceed its present liabilities per head to any great extent; at the same time, the hon. gentleman pointed out, and he (Mr. Griffith) agreed with him, that it was undesirable that they should stand still as regarded their public works policy. He agreed with the hon. gentleman that the colony had almost got to the length of its tether as regarding borrowing, and that without increasing their population they could not go in for further loans to any great extent—indeed, he thought they should set themselves seriously to the question of increasing their population. The scheme proposed by the Bill, and as truly described by the Premier in moving the second reading of it, was to give a bonus in the shape of land for the construction of a railway—that was the general scheme of the Bill. Where the Bill was deficient, however, was in this respect: that it only provided for the construction of a line and not for its working; the Bill stopped altogether at the construction, and made no provision for the working. He would agree to any scheme by which, by giving a bonus in land, they could secure the construction of a line which could be worked at a profit to the colony. That was what they should bear in mind when scrutinising a scheme of this kind. Whether a line should become ultimately the property of the Government or not was, perhaps, a minor consideration; but looking at any scheme of the kind proposed —looking at it on general principles—he thought it should include a provision for the line becoming the property of the Government on some reasonable terms, and that a company should not have a bonus of land and the price of the line as well; in other words, it was rather absurd to give a company the full price of a railway in land in the first instance and then afterwards have to give the full price of it in money. He thought it would be better to make provision for the Government securing the line, after giving the company ample compensation for the risk and expense they had incurred; but certainly they should not have to pay for a line twice over. There was another thing to be borne in mind in connection with a scheme of this kind. The construction of a line to the Gulf was expected to open up a large area of country for settlement, and the only reason why the colony should give a company a bonus to construct such a railway was this: that by so doing they would increase the value of the public estate to a corresponding extent. Thus it was necessary to provide that the public estate should be benefited to the extent paid by the Government, and he should endeavour to look at the proposed scheme from that point of view. First, as to the construction and maintenance of the line, he found it was provided by clause 4 that the railway should be constructed, maintained, and managed at the expense of the contractors, and by the 5th section that it should be faithfully constructed according to plans and sections approved by Parliament, and should, in regard to strength and durability, be equal to the railways hitherto constructed by the Government. The Premier seemed to think that that was a good way of putting it; but he differed from the hon. gentleman, as it was a matter which might give a chance for evasion or collusion. He would point out that in all contracts, especially between the Government and individuals, nothing should be left vague, but the contract should be as binding as it could possibly be made, and the contractors should be made to know what was expected and required from them, so that afterwards there might be no dispute. Then followed provisions for the management of the railway, the levying of tolls, and the general working of the traffic; also an enactment that the line should be kept open at all reasonable times to the public, provisions for the company to carry mails and members of Parliament free of expense, and for imposing on the company the liabilities of common carriers. The Bill also went on to say that the line should be constructed within the time mentioned in the agreement. That was all that was said about

keeping up the means of communication, but he would point out that it was of no use passing an Act saying that a corporation should do so and so, unless that Act also contained the necessary powers for compelling them to do so. It was no use Parliament enacting that joint stock companies should do this or that, any more than it was any use for Parliament to enact that somebody in England should do so-and-so, unless a penalty was provided in the event of their not doing so. That was the only sanction that could be imposed by Parliament, and they should be very certain in regard to this matter that proper penalties were imposed in the event of the company not maintaining the line and traffic. Supposing that the line was completed, and the company had obtained their grants of land, and it was found unprofitable to work it, what followed? So far as the scheme of the Bill was concerned, this followed—that there would be a railway line existing from one end of the country to the other, upon which there would be some rolling-stock but there would be no one to work it. There were two alternatives—if the company did not work the line it must remain unworked or be worked by the Government. It would only be thrown up by the company in the event of being worked at a loss; so that the country would, after having given away this enormous quantity of land, have a line which could not be worked by the Government except at a loss. That was not an impossible contingency. These things had happened in the construction of lines of this kind. This was not the first time a scheme of this kind had been proposed;—he should call attention to schemes of the same kind in other parts of the world, and in which provision was made that if the consideration for which the country gave the land was not given by the company the land bonuses should be forfeited. Some provision of that kind was necessary, or else they would be giving away their land for nothing. He was now speaking as if they gave away nothing but the land. Of what use would it be to the country to have alienated or given away some 7,000,000 acres of land if in return they got only a railway which could not be worked except at a heavy loss? It was quite clear that there should be a provision not to give the land unconditionally until a certain time. He was not prepared to suggest the exact provision, but he said a safeguard of that kind must be imposed, otherwise they would be simply giving away the land and, perhaps, get something or nothing. In a bargain of this magnitude, when they were giving away an estate worth £3,000,000 or £4,000,000, they should stipulate that they should get something certain and not something entirely uncertain and indefinite. He would next call attention to the mode in which it was proposed that the land should be given away—how it should be cut up and divided. The rate suggested was 8,000 acres per mile: 8,000 acres per mile was a block of land 12½ miles by 1—that was, taking a mile frontage, the contractors would be entitled to go 12½ miles back from the line. It did not matter for the purposes of this argument what sized blocks of land were taken so long as the area to be given per mile was 8,000 acres. The land would extend 12½ miles back from the line whether it was taken in blocks of 8 miles along the line or 10 miles, or in quite square blocks of 12½ miles along the line on each side. That was the distance the outer boundary would be from the centre of the line if the company got half the frontage on each side. In order that they might get alternate blocks on each side, a line would have to be drawn on each side at a distance of 12½ miles, making a strip 25 miles in width. Now, how was it proposed to deal with that land? A great part of the land was, of course, under pastoral lease, and there was very little doubt that by the time the railway was constructed the whole of it would be under pastoral lease. He took it that no contractor would undertake the construction of the line unless it was fitted for pastoral purposes at least. This strip of 25 miles of the land along the railway would be divided into alternate blocks;—the frontage of each block was quite immaterial, but by the Bill the maximum amount of frontage would be two miles. One-half of these blocks would belong to the company, and the other half would be given under indefeasible lease to the pastoral tenant; so that the whole of the land along the line on each side would be locked up from the public. What advantage would the public estate gain from such a scheme? Where would settlement take place? There could not be even a Government township within 12½ miles of the line, and even a railway station would have to be built on the contractors' land or on sufferance on the pastoral lessees'. The result was that the Government could do nothing with the land adjoining the line until the contractors left it or until the expiration of the pastoral leases, which were of uncertain duration. At the present time the termination of the leases was not exactly fixed. Of course, they all knew that they were subject to resumption on six months' notice and some other conditions, but if the land was not resumed the lessee would be able to get his lease renewed for an indefinite period. In passing, he would point out the absurdity of the term "indefeasible," which meant that the lessee should have the land without payment of rent and upon no condition whatever—it was simply a grant of land to him unconditionally. He assumed that that was not what was meant by the Bill. What sort of a scheme, then, would this be for the promotion of settlement along the line? Settlement would be excluded, so far as he could see, because it was no use to say that they could have towns so far away as twelve miles from the line. Settlement in towns would be excluded except on the land belonging to the contractors. Some additional value might be given to the adjacent Crown land from the direct means of communication, but he did not think that the advantage proposed to be given to the country for the bonus that they were to give to the contractors was such as would justify this detail of the scheme. The hon. the Premier, in moving the second reading of the Bill, endeavoured to defend the giving of indefeasible leases to the pastoral tenants in a somewhat laboured manner. The argument used was that the pastoral tenant's lease would be cut up into small portions. It might be cut up were the ridiculous system adopted of having blocks with two-miles frontage—blocks of two-miles frontage by 12½ miles would be a ridiculous size; but if instead of that they made the blocks of tolerable size the result would be simply the resumption of half of the run, leaving the other half. The only argument the hon. gentleman used in support of the proposition to give indefeasible leases was a difficulty that might be met by simply altering the size of the blocks and dividing the run in a rational instead of an irrational manner, as suggested by the Bill. Then it was proposed not only that the country should give this enormous grant of land unconditionally as a bonus for the construction of the line, but that they should also pledge the credit of the country by guaranteeing the contractors' debentures or stock. In the first place, was it not rather an extraordinary power for the Government to ask that they should be delegated by Parliament to do that which Parliament alone could do? Under the Constitution Act the expenditure of money and things of that kind must be recom-

mended by the Governor annually. It seemed to him almost an alteration of the Constitution Act to authorise the Government to incur liabilities at their discretion to the extent of millions of money. Apart from that, what was the nature of the guarantee that was asked? It was suggested in the Bill—and he observed that most of the things suggested in the Bill had been previously suggested by the gentlemen who opened negotiations with the Premier when in England—that the Government might guarantee the debentures of the company to the extent of £1,500 per mile. Now, they were told that their railways cost at the present time not more than £3,000 per mile, and he observed that the negotiators with the Premier in England made the offer on the representation that our railways could be made for that sum per mile. £1,500 per mile was therefore half the estimated cost. Suppose it was only one-third, still the proposition was that the country was to be asked to guarantee £1,500 for every mile of line constructed. In addition to that it was to grant unconditionally 5,400 acres of land, and what did they retain as security against the £1,500 per mile? They retained 2,700 acres as security. Was that exactly satisfactory, or could it be called a fair bargain? It seemed to be forgotten that whatever the cost per mile was it should be made proportional to the 8,000 acres of land, and if the contractors were given a guarantee for £1,500 the Government, who gave the guarantee, ought to retain a proportionate quantity of land as security. But he objected to the system of guarantees altogether. If they were going to guarantee the money they were likely to be losers.

The PREMIER: You don't understand the Bill. There is no guarantee of money at all.

Mr. GRIFFITH said he knew that they did not guarantee the principal; but if they guaranteed the interest they would, he thought, have to pay it. Then he came to the somewhat extraordinary provision about purchase. Purchase was apparently to be left to the Government for the time being, and was to be at a "fair and reasonable value." This, he presumed, would be what it cost: thus, after five years from the passing of the Act, and having given away all the lands, the Government would have to buy the railway back! He must say this part of the scheme seemed to him very defective. If the railway was to be purchased at all there should be a provision upon some equitable principle. Let the contractors be compensated fairly, but he did protest against the Government giving the land and the money too. Then he came to the clause which provided that every agreement of this kind should be laid upon the table of the Legislative Assembly,

"And unless sooner ratified or disapproved of by a resolution of such Assembly, such agreement shall be deemed to have been ratified, and shall be binding upon all the parties thereto, after the expiration of thirty days from the date on which it was laid on the table of the Legislative Assembly as aforesaid."

This was decidedly unconstitutional. The Premier probably thought that it was necessary that the Government should have enormous powers of this kind; but personal government was not the genius of the constitution of the colony. No doubt the Premier chafed at the restraints of Parliament; no doubt he would rather do without those restraints; and probably his opinion was that the country would get on much better without the Assembly, and that he himself could better carry on the affairs of the country than they were being carried out under the present system. But the hon. gentleman would not be always Premier, and the people of the colony were not by any means unanimous in thinking that personal government was for the best interests of the country. He (Mr. Griffith) was satisfied that if any scheme of this kind was for the good of the colony Parliament would be always glad to pass it; but he hoped that, whatever the composition of the Parliament might be, they would always scrutinise very closely any such agreement as this, and he trusted that they would not be too wise, or think themselves too learned, to refrain from taking lessons from what occurred in other countries. A corporation of this kind would have enormous power, and, of course, might carry on its operations entirely in the interests of the colony; but in all probability it would be like other corporations, and carry on its operations entirely in its own interests, and irrespective of the good of the colony. Such a corporation, therefore, should be bound down by the firmest chains to do only what was in the interest of the colony. A corporation of this description, with a monopoly of communication as it would have, would be able to do an enormous amount of mischief. He had shown that the scheme required very careful scrutiny, and that in the Bill sufficient consideration did not appear to be given to the dangers which were imminent—in fact, the Bill seemed to have been drawn rather to meet the views of one particular set of negotiators. The hon. gentleman dissented just now when he (Mr. Griffith) associated the Bill with the scheme of a railway to the Gulf of Carpentaria. He was well aware that if the Bill passed it was equally open to persons to construct a line from Roma to Cunnamulla, or anywhere else; but the fact remained that these were railways not immediately in contemplation, and he must repeat the opinion, that were it not for the proposition to make a railway to the Gulf of Carpentaria there would have been no necessity to discuss the Bill, at least, this session. To that extent, therefore, he was quite justified in saying that the Bill was connected with that particular scheme. He had pointed out some of the defects of the Bill—in fact, it was nearly all defects and wanted re-drawing. He had pointed out that provision should be made for the proper construction of the line, and for its continuous working; and he had pointed out that these provisions must be enforced by heavy penalties by which the contractors would forfeit the advantages they got if they did not comply with them. It was absurd to suppose they gave the land merely for the construction of the line. The price that should be required for the land was maintenance of communication. The general principles of this scheme had been carried out, as was well known, to a large extent in the United States, and he had information from a report of Congress which threw some light on the way in which these things were carried out in that country. He held in his hand a report from the Committee of Public Lands, presented to the House of Representatives on the 6th June, 1878, and he would read the following:—

"The Committee on the Public Lands, to whom was referred the Bill (H. R. 3,544) to forfeit certain lands granted to aid in the construction of certain railroad and telegraph lines, have carefully considered the same and report as follows:—

"The immediate effect of the passage of this Bill will remit back to the mass of the public lands to be made a part of the domain of the United States, and subject to speedy actual settlement, nearly, if not quite, 100,000,000 acres of the public lands, granted by Congress to States and Corporations to act in the construction of certain railroad and telegraph lines, and which have not been earned by said States and Corporations, but which have been forfeited by their failure to perform the conditions of their respective grants. A large portion of these grants have been withdrawn or withheld from settlement for more than twenty years, thereby defrauding of their rights an army of home-seeking settlers, and the public Treasury of the millions which would have resulted from the development of the vast domain thus withheld from settlement and cultivation.

"The Committee cannot adequately estimate the loss of wealth and time, because of a failure to develop from year to year the material resources of the extensive tracts of land so long locked up in grants to corporations, many of them not deserving the name, being to all intents and purposes "rings," who are and have been using their grants as bases of credit with which to enrich their own coffers, at the expense of the hardy tillers of the soil, the prosperity of the country, and of innocent purchasers of their worthless stocks and bonds, without so much as an attempt to comply with the terms of their respective grants, and who have thus made the Government a party to fraudulent transactions.

"This abuse of the public faith and abuse of the public credit demand an immediate remedy."

He need not read any further from this particular page, but would add that the committee recommended that action be taken by Congress for the immediate forfeiture of the land; and they wound up by saying—

"It is clearly in the power of Congress to enact this Bill into a law, and it is its bounden duty to put immediate stop to speculation on the public faith by corporations; to confirm to settlers titles to their hard-earned homes; to raise the embargo of grasping monopolies, and bid the great army of emigration to go forward."

All this suggested that these corporations when once formed, and to whom the land was granted on conditions, did not always perform the conditions. It was quite clear, although no conditions were expressed in the Bill now before the House, that the conditions upon which the land was granted should be that the line should be constructed and maintained. It appeared from the experience of the United States that such a thing as this might happen—namely, that if the land were granted only on an understanding, which was nothing more than an implicit condition, in the result the Government would be defrauded. If the land was granted only conditionally on the Government getting the price they were entitled to get the scheme would be much improved, but even in that case how important it was to guard against such consequences as had ensued in the United States! The land was there taken by corporations, or, as they were called in the report he had read, "rings," who by the course of their operations, in which they never considered the good of the country, actually made the Government a party to a fraudulent transaction. So much, then, for the necessity of imposing stringent conditions. He had referred to the importance of seeing that the line was properly maintained, and of having, in fact, everything openly stipulated, leaving nothing to the respectability or honour of the contractor, because corporations were not supposed to be as amenable to a sense of honour or insult, or assault, as were individuals. He would now call the attention of the House to the experience of the State of Massachusetts as to the necessity for care in dealing with contractors, and would describe the safeguards adopted there as the result of experience in dealing with private individuals under any circumstances in railway construction. Their experience taught them that it was unsafe to trust any private persons whatever to construct railways except under the most careful supervision, and a railroad corporation was not even allowed to be established without first obtaining a certificate from the Board of Railway Commissioners; and it was in consequence, he supposed, of the absence of some provision of that kind that what had been called "rings" were able to exist and to speculate in railway construction. The following extracts were from the report of the Board of Railway Commissioners appointed on an application to incorporate the Boston and Mystic Valley Railway Company:—

"Ever since the General Railroad Law was passed in 1872, this board has held that the clear language and manifest intent of the statute was to impose upon its members the duty of seeing that the requirements of the statute referred to were strictly complied with, not only to the letter, but in spirit. That such was the intention of the Legislature admits of no question. The great argument urged in debate against the passage of a general railroad law was, that it necessarily put the dangerous power of eminent domain in the hands of irresponsible men. Under it, mere adventurers, without property, and intending only to start a railroad in order to be bought off from building it, or even if they meant to build it, without the means to do so, could organise, take houses and lands, cross highways, disfigure grounds, and generally exercise powers which ought never to be given to any private person, except under the most rigid limitations. The utterly ineffective character of mere statutory requirements of good faith—such as *bona fide* subscriptions, cash payments, &c.—were dwelt upon and were fully sustained by experience. It was well known that there had been absolutely no limit to the processes through which these statute safeguards had been evaded. In England, the Parliamentary investigation into the railroad mania of 1835 showed that 'When subscriptions became necessary, men of straw filled in their names for enormous amounts. In one company a man receiving a salary of £60 a-year signed for £35,000. One railway purchased signatures for 10s. a-head. In another, which had obtained its Act, only £235 had been actually subscribed, and not one penny of this sum had been paid by any one of the directors.' Later, in a similar investigation into the mania of 1844, a case was proved in which 'a boy in a broker's office in London, on wages of 3 dollars 50 cents a week, was subscriber to 260,000 dollars in the London and York railroad.' 'In other cases, touters, cabdrivers, hotel waiters, and messengers were hired to subscribe for shares of fabulous amounts, in order to fill up subscription lists.' These were well-proven cases of evading the law requiring stock subscriptions. As regards the other requirement of cash payments on account of stock to be made to the treasurer of the corporation, equally scandalous evasions had notoriously occurred in the recent history of Massachusetts. In one case the bills were borrowed for the purpose, and paid in; the subscriber holding one end of the package containing them, while the treasurer took hold of the other, but was not allowed to get the money entirely into his possession, for fear he might keep it. In another case it appeared in evidence that the necessary sum was borrowed, and paid into the company's treasury. 'How long did it remain there?' inquired the chairman of the investigating committee.—'Not two minutes,' replied the witness, who in this case was the subscriber and treasurer—'it was just paid in to comply with the law, and taken right out again.' To meet the argument drawn from scandals and frauds—such as these, and to secure some degree of good faith and responsibility,—with that direct purpose,—the law of 1874 provides that a compliance with the requirements of the Act—including, of course, good faith in subscribers, and of cash payments on each and every share to the treasurer—should be shown to the satisfaction of this board. Until the present case, the duty of the Railroad Commissioners in this respect has never been questioned. The view taken of the matter by the board has been stated in its published reports to the Legislature in the clearest possible language (Eighth Annual Report, pp. 42—45), which has never been criticised.

"Acting on these long-established principles, the board, before ordering a certificate to issue in the present case, proceeded to satisfy itself as to the responsibility of those whose names appeared on the subscription list. They found in all thirty-eight subscribers to an aggregate amount of 858 shares, or 85,800 dollars, being rather over the necessary 5,000 dollars for each mile of road contemplated. Of this amount 766 shares were subscribed for by 9 persons, the remaining 92 shares were subscribed for by 29 persons, and necessarily in very small amounts. The responsibility of these the board did not deem it necessary to inquire into. In regard to the 9 persons referred to, whose subscriptions aggregated 89 per cent. of the whole amount required by law, the results of the commissioners' inquiry were most unsatisfactory. Four of them could not be heard of at the places given by them as their post-office addresses. Their names were unknown to the assessors, and were not in the directory. They had subscribed for 100 shares each. The commissioners are, however, informed that such persons do exist. Two other subscribers were, on inquiry, found to be youthful clerks in the offices of two of the active promoters of the company. They subscribed, the one for 100 shares, the other for 110 shares. Their employers subscribed respectively for 12 and 15 shares. In spite of the sworn certificate of clerk and

treasurer to the contrary, it is not even claimed that these clerks are pecuniarily responsible; but it was asserted that their stock would all be paid for. Here, then, were 610 shares, out of a total of 858, either subscribed for by persons not to be found at the place of address they had given, or avowedly irresponsible. Into the intentions of the active promoters of this enterprise in offering such a list of subscribers this board cannot enter. They must be presumed to understand the English language, and to be ready to accept the construction which must necessarily be put upon their acts. Certainly everything connected with their subscriptions was calculated to excite suspicion, and suggests the idea that they considered that they were merely going through a formal and meaningless compliance with the letter of the law."

It then went on to say that, considering these facts, the board had arrived at this conclusion, that the commissioners were unable, after reasonable inquiries, to obtain satisfactory information with regard to the pecuniary responsibility of a very considerable proportion of those nine subscribers representing more than half the total amount subscribed, and on that ground were unable to order the preliminary certificate to issue. Then the promoters of this particular enterprise sent in an additional list of subscribers, eleven in number, and representing 755 shares. The report went on to say:—

"The question is a new one. This is the first time in the experience of the board in which letters of incorporation have been asked for on the strength of a subscription which originally was clearly evasive of the law. It at least admits of grave doubt whether under such circumstances the board has not made a serious mistake, and exposed itself to censure by allowing the original papers to be withdrawn, and additional names to be added to the evasive list. The Massachusetts law in regard to forcing corporations to build narrow-gauge railroads is singularly and even dangerously liberal."

But not nearly so liberal as the propositions contained in the Bill under discussion.

"A subscription of 5,000 dollars per mile, of which but 500 dollars has to be paid in in cash, will enable parties to organise and file locations in and around Boston which cover land worth hundreds of thousands of dollars per mile. In the present case the merely estimated cost of the proposed road is 30,000 dollars per mile.

"All that this most liberal law seeks to exact is, that this trifling subscription of five thousand dollars per mile shall be made in good faith, and by responsible parties. Where, therefore, as in the present case, it is attempted to evade giving even this small guarantee of good faith and capacity by means of irresponsible or fictitious subscriptions, the board are now of opinion that it should be its duty to hold all the proceedings as vitiated—to refuse to allow the list to be amended—and to insist upon the parties commencing their proceedings entirely *de novo*. The action of the board in not taking this course at the proper time was ill-considered, and is now regretted. A different course, however, was taken, and the associates have been allowed to amend their list by the addition of other subscribers to a considerable amount. The question simply is, whether the board shall, on the strength of these additional subscriptions, now authorise the preliminary certificate to be issued. The additional names offered are not in all respects reassuring. The responsibility of certain of them, as the board is advised, is open to grave question. Nevertheless, there can be little doubt that in the enire list of subscriptions, now numbering forty-nine names, and aggregating 1,613 shares, there are enough, the responsibility of whom is unquestioned, or may reasonably be assumed, to make the necessaryfive thousand dollars per mile."

The board thought that although they had done wrong in the first instance they would allow it to go. He would just call attention to that extract, as showing how the most stringent provisions for the protection of the public were systematically evaded, and as showing that it was absolutely necessary in the interests of the public to insist on some guarantee of good faith on the part of persons who wanted to make railways. It was not an ordinary matter for default in which they could get ordinary redress; it was an undertaking which gave enormous powers to contractors and enabled them, as stated in the report presented to the House of Representatives, to defraud the people on the faith of the credit of the country, and therefore it was absolutely necessary, in the interests of the public, that there should be very substantial safeguards to prevent any frauds of the kind. All those safeguards, such as were referred to in the law of Massachusetts, and which were spoken of by the board as being "dangerously liberal," were wanting in the Bill under consideration. There was absolutely no guarantee whatever required from the contractors under the Bill. The contractors might be men worth nothing—they might be a joint stock company with a nominal capital of two millions and actual capital of £5 only. The only stipulation in the proposed arrangement was that the land should be granted unconditionally to the contractors without exacting any consequences if they failed to carry out the bargain which they were supposed to make with the country. Surely the wisdom to be derived from the experience of the United States of America, where this kind of transactions were carried on more largely than in any other part of the world, ought to show them that in entering into a transaction of the kind they ought to exact the most substantial security from the contractors. Perhaps they would be told—he had no doubt they would—that the contractors they were dealing with were men of the most eminent respectability. He said at the outset of his speech they could not disassociate the proposition from proposals which were made to the Premier whilst he was in England. He still maintained that but for that proposition the House would not be asked to consider the Bill during this session, or at anyrate at such a rather late period of it. Obviously, the Bill was framed to a great extent on terms suggested in England by the persons forming the syndicate, to whom he should now refer. He would deal with the correspondence on the subject, because it was substantially the basis of the Bill which they were considering. He thought he should be able to show to the satisfaction of a great number of people that under the circumstances it would be well to postpone this project for the present. The correspondence was conducted by Messrs. Henry Kimber and Company, a firm of solicitors who styled themselves "Solicitors to the Syndicate." They started by—

"Premising that the railway desired is to be of the length of 800 miles, more or less, the gauge 3ft. 6in., the weight of rail 41½lbs. per yard, steel; that the line will run through productive country, and without cuttings or embankments of importance; that bridges will be permitted to be made of timber; and that the line will commence at the termination of the existing line from Brisbane, and will terminate at or near Point Parker on the northern coast of Queensland, with a branch line connecting it with the existing line from Rockhampton; and that it is to be constructed generally in a manner similar to the State lines, which we understand have been constructed by the Government in Queensland at a cost of about £3,000 per mile, and subject, of course, to our verifying these and other particulars necessary to be ascertained."

They then said that they were prepared "to undertake the formation of a company." They did not undertake to construct a railway but to float a company—

"With the object of raising the necessary capital for, and the construction and equipment of, such railway, on such terms as shall be agreed on with your Government, but which shall include the following cardinal points, viz.:—

"1. That for every mile of line constructed a freehold and unconditional grant of 8,000 acres of Crown lands shall be made to the Company, in blocks alongside of the railway, of twenty-five square miles each, or in such other blocks and places as may be agreed upon.

"2. That the Colonial Treasurer will be authorised to and will endorse debentures or debenture stock, preference stock, or share of the Company, with a guarantee of the interest thereon, not exceeding 4 per cent. per annum on £1,500 per mile of railway, for each fifty miles of line constructed. The Government to take power to give guarantee in proportion to work done.

The Government to have rights of receivership over the railway on terms to be defined, to recoup the Government if called upon to pay under its guarantee.

"3. The line to be constructed and opened in sections, within successive periods to be agreed upon, at the rate of not less than 100 miles per annum. Each section to be treated as a separate contract.

"4. The land for the railway itself will be given to the Company free."

Conditions 5, 6, 7, were details; condition 8 was—

"The Government will take power to agree with the Company, if the Government think fit, to guarantee the interest on the whole of the estimated cost in consideration of the Company giving to the Government for ever one-half of the net profits of the line, after paying 5 per cent. on the whole of the capital employed."

The Premier then asked those gentlemen to give him the names of the syndicate which would undertake to form a company, or the names of so many of them as would give the Queensland Government a guarantee of their ability to carry out the undertaking. In answer to that Messrs. Henry Kimber and Co. said—

"We propose immediately to incorporate the syndicate itself under our Company Act, for the purposes of the survey and launching the ultimate Company for the construction of the line and raising of the capital, and the board of which will be constituted by syndicate from among its own members or others."

He wished to call attention to the nature of these transactions. It was proposed to form a company, the directors of which were named by the syndicate. That form of transaction was, as he should show, the most fruitful source of fraud which now existed in the commercial world in Great Britain. Some of the greatest scandals of modern times had arisen from these companies—these associations of gentlemen calling themselves syndicates who agreed to form companies, to nominate the directors and to raise the necessary capital for carrying on the transaction. Messrs. Kimber and Company supplied the Premier with the names of the gentlemen forming the syndicate, as he desired. The first named on the list was Mr. Charles Schiff, of the firm of Baron Erlanger and Company, London and Paris. That was a firm which was very well known—he might call it a notorious firm—a firm which he would say the colony had much better have no dealings with. He said that for the credit of the country—which would not be advanced in the estimation of gentlemen in Europe, if they had negotiations with the firm of Baron Erlanger and Company. That he could show by documents, the authenticity of which could not be disputed by anyone. Amongst the other names were: Sir Robert Torrens, General Fielding, Mr. McGeorge, Mr. Kimber (the solicitor); Mr. Nottman; one or two directors of the Emigrant and Colonists' Aid Corporation; Mr. Bruce, C.E; Mr. Fox, C.E.; Mr. J. L. Montefiore; Mr. S. B. Montefiore; Mr. F. Braby; the Colonisation Assurance Corporation; Mr. C. G. Hale (and other influential members of the Stock Exchange). Messrs. Kimber and Company went on to say that they would ask some personal friends on the boards of four railway companies, of the Bank of New South Wales, of the Bank of South Australia, and others. He would take some of the smaller people mentioned. The Emigrant and Colonists' Aid Corporation was a benevolent association. They did not add any greater financial assurance to the scheme; the object of having their names was to add respectability to it. Sir Robert Torrens was known as the originator of the Real Property Act, and was deservedly respected, but he did not know beyond that and the fact that he was a director of one or two colonial companies that his name would add any weight to the transaction. General Fielding he knew personally; he was a most respectable person; but the respectability of the names had very little to do with the matter. It was part of the business of Baron Erlanger and Company to get respectable names in connection with large financial transactions which they entered into. He could show that to hon. members from the mouths of judges of the Court of Appeal in England and members of the House of Lords. He did not know that he need refer to any other of the names—as he said their respectability had nothing to do with the transaction. There was a case on record where the firm of Baron Erlanger and Company got the name of a French ambassador in London, who was subsequently Minister for Foreign Affairs in France, as a guarantee; but that fact did not save the scheme from the stigma of fraud. The judges expressed their regret that respectable gentlemen should lend their names to such nefarious schemes. He thought he had a right to call attention to these matters, because the colony could not appreciate transactions initiated by a syndicate of which the firm of Baron Erlanger and Company were at the head without knowing who they really were. He should first of all call attention to the report of the committee appointed by the House of Commons to inquire into Foreign Loans. As hon. members would remember, about the year 1873-4 various loans had been floated by impecunious South American republics which had resulted in large sums of money being made by speculators in London. Small sums of money only went to the borrowing States, and the unfortunate subscribers got no interest. The committee was moved for by Sir Henry James in 1875, and the chairman was Mr. Robert Lowe. That committee sat principally to inquire into some loans which were floated by the Republics of Honduras, of Costa Rica, of San Domingo, and of Paraguay. He should call particular attention to the Costa Rica loan, because that transaction was engineered by the eminent firm of Baron Erlanger and Company, who were asked to engineer this great financial speculation for Queensland. He should first refer to the report of the select committee on the subject of the Costa Rica loan. There were two loans floated by the Republic—one in 1871, through the firm of Bischoffsheim and Goldschmidt, and another in 1872, through Erlanger and Company:—

"The loan of 1872 came out under different auspices. On the 2nd of May, Don Manuel Alvarado, specially commissioned by the Government, entered into an agreement for the purpose of effecting a loan. It was contained in three deeds at even date, Messrs. Knowles and Foster being the parties to the first or principal contract and the House of Emile Erlanger and Company to the other. The effect of the first contract was that Messrs. Knowles and Foster were authorised to issue a loan for the nominal amount of £2,400,000 at the price of 82 bearing 7 per cent. interest, and redeemable by an accumulative sinking fund of 1 per cent., so that to pay off interest and principal the Government undertook to pay, for 31 years, an annuity of £192,000.

"As a special hypothecation over and above the general revenues of the Republic and its good faith, the Government pledged to the regular payment of interest and redemption of the loan:—1st, the net proceeds of the monopoly of alcoholic liquors. 2nd, the net proceeds of the tobacco monopoly. 3rd, the tax on coffee. 4th, the net proceeds of the railway; and by article 5, in order to give further efficacy to the special guarantees affecting this loan, the Republic, in case of default of the punctual remittance of any one of the half-yearly payments for the interest and redemption, concedes to the holders of the bonds of the loan the right of appointing one or more agents, who shall receive directly from the fiscal agents of the Republic the proceeds of the different branches of the revenue which, in conformity with this article, are affected to the guarantee; and should the receipts from these sources not be sufficient they shall have the power to take the administration of the railway, and to receive the net proceeds thereof up to the amount necessary for the payment of the interest due and bonds drawn, as also to cover all expenses incurred by the said agent or agents of the bondholders.

"By the second contract Erlanger and Company bound themselves to take 'firm' the sum of £800,000 nominal

value, or so much of that amount as should not be taken by the public; that is to say, they were to form a syndicate to guarantee the placing of a third part of the entire loan.

"Article 3 of this contract states:—'Messrs. Emile Erlanger and Company will have the right to purchase for account of the Republic, if they find it necessary for the success of the loan, up to the sum of £100,000 sterling nominal of the loan already issued by the Republic in London, and to take the funds necessary for these purchases from those belonging to the Republic which may be realised in virtue of the present contract. This advance shall continue up to the time when Messrs. Erlanger shall think it opportune to re-sell for account of the Republic the bonds purchased; but if the public subscription does not exceed the sum of £1,000,000 sterling nominal, Messrs. Erlanger and Co. bind themselves to advance to the Republic, in account current, the money necessary for the purchases so made up to the amount of 75 per cent. of the amount they may have paid.

"Article 4—'To secure as much as possible the success of the subscription to the loan, the Republic of Costa Rica authorises and gives power to Messrs. Erlanger and Company to purchase on the London market, for account of the Republic, such an amount of the new loan as they may think necessary for the success of the operation. The Republic, however, will not have to pay any premium or excess over the issue price on these purchases; the premium which may have been paid will, on the contrary, be at the charge of Messrs. Erlanger and Company. . . . . Messrs. Erlanger and Company, however, will not have the right to make such purchases for account of the Republic after thirty days from the allotment of the loan.'"

They were to sell the stock, buy up again on account of the Republic, and re-sell it, so "rigging" the market and inducing unfortunate people to buy up their stock.

"In the negotiations which took place previously to these contracts being entered into, Messrs. Knowles and Foster stipulated for a commission of 1 per cent., and insisted that if they were to have anything to do with the business, the total charge to the Government should not be made too onerous."

Knowles and Foster seemed to be a respectable firm who got mixed up with the business, and he might state, further, that according to another account of the transaction, Erlanger and Company apparently did not think their names good enough to support the loan, and they recommended that the older firm of Knowles and Foster should be put forward as the nominal agents of the Republic.

"According to Mr. Foster's statement, with which, however, Baron Erlanger did not agree, an honourable understanding was come to, that the total charge to the borrowing Government should not exceed 7 per cent. This would amount to £168,000, and it was agreed that 1 per cent. was to go to Messrs. Knowles and Foster, £40,000, (being 5 per cent. on the £800,000 guaranteed) to the syndicate, and the balance of £105,000 to Erlanger and Company, and those associated with them, to defray the general expenses connected with the issue of the loan. Accordingly article 6 of the second contract states that, except the deduction spoken of in the preceding articles (of 7 per cent.), no other charge for commission and expenses can be made on the bonds subscribed or not subscribed by the public. Yet on the same day a third and secret contract was entered into between Don Manuel Alvarado and Messrs. Erlanger and Company, which was concealed from Messrs. Knowles and Foster. It was as follows:—By derogation from article 6 of the contract of this date (alluded to in this report as the second contract), and in addition to the conditions stipulated in article 5, a margin of 4 per cent. is allowed to Erlanger and Company for all adverse operations which will be undertaken on the market against the present loan; they, therefore, shall be at liberty to deduct this 4 per cent.—namely, £96,000 sterling, in addition to the other deductions mentioned in the contract of this day."

Erlanger and Company were to receive £168,000 under the contract, and another £96,000 was to be secured by the second contract, which was concealed even from the people who issued the loan.

"The syndicate formed by Messrs. Emile Erlanger and Company to guarantee the placing of £800,000 (nominal value) of the loan, consisted of 41 firms or persons, who subscribed for amounts varying from £10,000 to £75,000.

"The prospectus issued by Messrs. Knowles and Foster duly announced a 7 per cent. loan of £2,400,000 (nominal value) with an annual sinking fund of 1 per cent., the drawings to take place half-yearly, commencing in September, 1872. The price of issue was 82 per cent.; but of this sum only 45 per cent. was to be paid up by the subscribers before the date fixed for the first drawing. A memorandum signed by Don Manuel Alvarado was appended to the prospectus, giving particulars of the securities specially hypothecated, which were stated to produce an annual amount of £257,000, and these figures were declared to be not mere estimated amounts, but the realised results of the income derived in 1871 from the sources specified. Estimates were also given of the amount of coffee produced in Costa Rica on an area of 460,000 acres, and of the number of tons annually exported from that country. The objects of the loan were expressed to be to carry out certain industrial works, and specially to provide for the necessary fund for the completion of the railway to Port Limon, on the Atlantic, to which the previous loan had been already for the greater part applied. From Mr. Foster's statement to your committee, it is clear that his firm took very little pains to verify the facts contained in this memorandum before issuing it to the public, but relied upon Don Manuel Alvarado's statement.

"The prospectus was issued on the 3rd May, and the allotment took place on the 9th. Applications were made to Messrs. Knowles and Foster to the amount of £2,098,350 (nominal value), and their certificate to the Stock Exchange on the 22nd stated that the total sum allotted was £2,089,000 (nominal value) on which 15 per cent. was paid. On the same day a protest was sent to the committee of the Stock Exchange by Bischoffsheim and Goldschmidt against the grant of a settlement and official quotation for the new loan, alleging that the Government of Costa Rica had not fulfilled the conditions of its contracts for the loan of 1871, and enclosing a copy of their correspondence with that Government. In reply to the inquiries from the committee of the Stock Exchange, Bischoffsheim and Goldschmidt further stated, on the 31st May, that Mr. Corbett's appointment 'had been accepted by the Government and acted on by remittances being made through him up to a certain period, that these remittances through him ceased, and that no remittances whatever have come by the three last mails, making two instalments in arrear.' Thus the contracts of the Government of Costa Rica remain unfulfilled—(*a*) in respect of the non-payment of the customs dues in Costa Rica to the receiver duly appointed and recognised by the Government; (*b*) by the non-payment otherwise of the overdue instalments for the service of the loan. Your committee have been unable to obtain any explanation of the irregularities, but the committee of the Stock Exchange granted the settlement and official quotation for the loan of 1872, having received what they considered satisfactory explanations."

Now they came to Erlanger and Company's operations—

"Baron Erlanger stated to your committee that the contract between his firm and the Government, previously described as the second contract, was shown to Messrs. Knowles and Foster. This was not admitted by Mr. Foster, but Messrs. Knowles and Foster were aware that Messrs. Erlanger and Company were authorised, under certain circumstances, to make repurchases on behalf of the Government. They state that they felt very great surprise when, on the 10th June, 1872, they were informed that between the issuing of the prospectus and the day of allotment—that is, within six days—Messrs. Erlanger and Company had bought back on behalf of the Government no less an amount than £1,426,500 (nominal value)."

The Government bought back a million and a-half of their own loan.

"Mr. Foster expresses the opinion that, if it had been necessary to have bought up to anything like such an amount as was bought, the loan ought never to have been issued. So little concert existed between Messrs. Erlanger and Co. and Messrs. Knowles and Foster that the latter continued to buy on their own account with the view of arresting the depreciation of the stock until they found they were purchasing bonds which were being sold by Messrs. Erlanger and Company. In consequence of these purchases, the result of Messrs. Knowles and Foster's connection with the loan has been, according to their statement, a loss of £20,000 after receiving all the commission due to them.

"Under this power of repurchase given by the second contract, Messrs. Erlanger and Company, between the 3rd and 9th of May, bought from £70,000 to £100,000 (nominal value) of the loan of 1871; and £1,600,000 nominal value) of that of 1872, of which about £200,000

was re-sold within the same period. The effect of these purchases would obviously be to keep the loan at a fictitious premium, and to encourage applications from the public. Baron Erlanger, who justified such a transaction as necessary, spoke of it as very common, and as not exceeding in the amount of the repurchase other cases within his own experience. But, independently of the character of the purchase itself, your committee would point out that Messrs. Erlanger and Company permitted Messrs. Knowles and Foster to sign a certificate that two millions of the loan had been unconditionally applied for by and allotted to the public, when three-fourths of that amount was really in the hands of Messrs. Erlanger.

"The result of these transactions was as follows:—

Bonds allotted on the 9th May by Knowles and Foster	£2,089,000	0	0
Bonds re-purchased before that date by Erlanger and Company	1,426,500	0	0
	£662,500	0	0

So that the whole amount of the bonds remaining in the hands of the public was only £662,500, and the syndicate were bound to make good their guarantee of £800,000, and to take bonds to the value of £137,500 (nominal value). Adding these to the amount previously allotted, it will be seen that the total stock issued by Messrs. Knowles and Foster amounted to £2,226,500 (nominal value), the gross proceeds of which were stated by them to be £1,822,950. From this they were entitled by their contract to retain the commission due to themselves and to the syndicate, and to deduct the first three half-yearly portions of the annuity guaranteed by the Government of Costa Rica. The balance, which was stated by Messrs. Knowles and Foster as £1,576,240, and by Baron Erlanger as £1,588,883, appears to have been duly paid over by them to the bankers of the Government, Messrs. Erlanger and Company.

"Further moneys were received by Messrs. Erlanger and Company under two subsequent contracts with the Government of Costa Rica. On the 18th November, 1872, M. Crisanto Medina, on behalf of that Government, in order to provide for its pressing pecuniary wants, agreed (among other things) to sell to Messrs. Erlanger and Company bonds to the amount of £400,000 (nominal value) at the price of 67 per cent., less the coupon overdue, that is at 63½ per cent.

"This arrangement was subsequently carried out, and the Government was duly credited with the proceeds amounting to £254,000. The proceeds of these sales being absorbed, the remainder of the bonds then unsold were, by another contract, made in or about April, 1873, deposited with Messrs. Erlanger and Company as security for an advance of £150,0 0 cash, for which the Government undertook to pay interest at the rate of 6 per cent. per annum, and a commission of 2½ per cent. If this sum was not repaid before the 30th July, 1873, Messrs. Erlanger and Company were entitled to sell at the market price so many of the bonds as might be necessary to repay the amount due to them. Under this agreement, bonds to the amount of £178,600 (nominal value) were sold, which realised, according to the accounts produced to your committee, the sum of £92,246."

The bonds accordingly went down to about 50 per cent.

"The total sum received in cash by Messrs. Erlanger and Company, on account of the loan of 1872, was therefore according to their accounts:—

By received from Messrs. Knowles and Foster	£1,588,883
By bonds sold under November agreement	254,000
By bonds sold under April agreement ...	92,246
By coupons cashed and cashed drawn bonds	68,568
Total	£2,003,697

"The accounts furnished by Messrs. Erlanger and Company indicate that the sum of £2,003,697 cash, which they had received on behalf of the Government, was disposed of as follows:—

To re-purchase of £1,426,500 (nominal value) and payment of instalments on same ...	£1,122,839
To annuities paid to Knowles and Foster on account of bonds in hand	86,195
To part of commission, according to contract	20,000
To the Government of Costa Rica in cash, and by payments made on behalf of that Government	817,808
Total	£2,046,842

"Leaving on the face of these accounts a balance due to Messrs. Erlanger and Company, £43,145, with interest since the origin of the debt.

"These accounts appear also to show that, out of the nominal total of £2,400,000, bonds to the amount of £903,900 are now unreserved or unsold; £36,000 have been drawn; and that therefore the present indebtedness of Costa Rica, in respect of the principal of the loan of 1872, is £1,460,100. From the evidence before your Committee it is impossible to arrive at any accurate statement or computation of the disposition of the moneys received. The Government was debited by Messrs. Erlanger and Company, according to their statement, with the abovementioned sum of £817,808, and also with £118,600, which has been paid by Messrs. Knowles and Foster in respect of interest and sinking fund. But from an official report presented to the Constitutional Congress of Costa Rica in 1874, by Don S. Lara, it appears that that Government estimates the net proceeds of the loan which it received in cash at the sum of £515,165 only.

"It has been already explained that it was understood by Messrs. Knowles and Foster, and expressed in the second contract, that the total charge to the borrowing Government should not exceed 7 per cent., and it was not until the autumn of 1873 that the terms of the 3rd or secret contract between Don Manuel Alvarado and Messrs. Erlanger and Company, by which a margin of 4 per cent. (amounting to £96,000) was allowed to the latter, came to their knowledge. They at once expressed their extreme dissatisfaction that such an agreement should have been made and kept secret from them. But this was not all, for it was explained to your committee by Baron Erlanger that, besides this deed which was concealed from the contractors for the loan, there was an arrangement of so confidential a nature that it was not committed to writing. This was to the effect that under no circumstance should this sum of £96,000 go to Messrs. Erlanger and Company, but it was to be put at the disposal of the Government for a secret service fund, one object of which was the purchase of a war vessel of arms. The reason for this reservation in a contract which was already secret was not fully explained by Baron Erlanger, nor is it clear how this sum was actually disposed of.

"The last payment of interest was made on the 1st October, 1873, but no remittance appears ever to have been made from Costa Rica, and, except the sums retained in England out of the proceeds, the bondholders have never received anything whatever in respect of the principal or interest of the debt. This default seems to be mainly attributable to the bad faith of the borrowing Government, which has made no attempt to meet its engagements. But no formal repudiation of either loan has been made, while some circumstances attending the issue of that of 1872, the re-purchase by Messrs. Erlanger and Co., and the subsequent dealings of the Government of Costa Rica with that house, have still to be investigated by the courts of law in this country."

Then the committee gave their conclusions as to the operations of those eminent financiers; and this was what they said:—

"In order to induce the public to lend money upon a totally insufficient security, means have been resorted to which, in their nature and object, were flagrantly deceptive.

"Conspicuous among them are the dealings in the stock by the contractors for the loan before its allotment to the public.

"In the opinion of your committee these transactions are deserving of much censure. The buying and selling of the stock on behalf of the contractor created a fictitious market. The price at which the dealings took place in no way represented the value of the stock. It was fixed by the contractor or his agents at a premium, in order to induce the public to believe that the loan was a good investment, or that they would, if they obtained an allotment of the stock, realise that premium.

"The public had no means of learning that the contractor was the principal in these transactions; even the jobber was often ignorant of the fact. There was thus no apparent difference between a genuine and a fictitious market.

"Great as the evils of this system are, they are increased when the money of the allottees is employed, as in some instances before your committee, in paying for the stock purchased in excess of that sold. The contractor is then speculating with the proceeds of the loan itself, and not from his own resources; and if the speculation fails, the loss generally falls on the contracting Government or the public.

"By these operations the contractor is placed in a position of unfair advantage. Where substantially the whole of the scrip has been purchased, and thereby is in the possession of the contractor, he has, by effecting further purchases of the stock, which no dealer has it in his power to deliver, the means of exacting large sums from the sellers.

"That large portions of the loans by means of the repurchases in effect remained in the hands of the borrowing Government, was a fact most material to be known to those who lent their money in the belief that the proceeds of the whole loan would be applied in developing the resources of a State.

"The methods by which these loans have been introduced to the public afforded opportunities for collusive action between those who issued them and the immediate agents of the contracting State, which it is difficult to detect.

"When the money of the public has been received, its application to the alleged purposes of the loans depended upon the good faith of those issuing them. In some instances these funds have been flagrantly misapplied."

Then they went on to say :—

"But the principal cause, compared with which all others sink into relative insignificance, is undoubtedly the means employed in order to induce the public to apply for the loan. A clear and striking delineation of these proceedings may be found in the evidence of Mr. Scott and the counter-testimony of Baron Erlanger and Mr. Albert Grant.

"This is the method of proceeding: In some cases it is certain, in others probable, that a loan, if simply advertised and left to the judgment of the public, will fail. The problem which the class of financiers to whose operations attention has been principally directed have undertaken to solve is—given such a loan, to provide that the whole shall be subscribed for. Before the loan is advertised a secret agreement is entered into between the agent or contractor for a loan, and one or more persons of capital and influence who, if numerous, are called a syndicate, to take such a portion of the loan as is deemed necessary, on terms much more favourable than those on which it is to be offered to the public. Sometimes a portion of the loan is taken 'firm'—that is, the transaction is final and complete—but sometimes terms are introduced by which the syndicate or contractors may throw back their liability on the borrowing State. When these arrangements are concluded the loan is advertised. The period between the advertisement and the allotment is the opportunity of the syndicate or contractors. Although no scrip is in existence, they contrive by purchases and concerted dealings of the Stock Exchange to raise the loan to a premium, and this premium is maintained at any cost till the period of allotment is over. As the loan is issued at a fixed rate, and is kept at a premium, there is a clear profit to the allottee, and many persons subscribe only with the view of realising this profit. Others less versed in the mysteries of the Stock Exchange subscribe with a view to hold the loan, being influenced by the fact that it is above issue price, a fact which can only be accounted for, as they think, by the belief of the public that they will not be able to obtain any considerable allotment, that the price of the loan will consequently rise, and that it is better to make sure of obtaining what they want by a moderate sacrifice than run the risk of having to pay more when the loan has once been allotted.

"The next step is to forward a certificate to the Committee of the Stock Exchange, that the whole of the loan has been unconditionally allotted, and is in the hands of the public. By these means a quotation on the Stock Exchange is procured, and the operation of floating the loan is completed. Then comes the reverse of the process. Those who have hitherto, as above described, been purchasers, now become sellers; if possible, the premium is maintained, and thereby a profit secured to them. But owing to the favourable terms on which the issuing of the loan has been contracted for, the stock may be sold at a discount and yet yield a considerable profit. The position is still more favourable when, as in the case of the Paraguay and second Costa Rica loans, the agents of the respective Governments have authorised the buying back for their account any portion or even the whole of the loan at the issue price to the public.

"Your Committee are informed that the essence of this operation is profound secrecy. Of course operations, the intention and effect of which are to tempt people to buy scrip by creating an artificial price, must be carefully concealed from those who may not unreasonably be called the victims.

"It was stated to your Committee that if a law were passed, making the action of syndicates public, it would drive all transactions in public loans to foreign countries. Your Committee do not hesitate to say that if these are the only terms on which the profits arising from such loans can be retained in England, they will be too dearly earned at such a price."

That was a transaction in which this eminent firm of Baron Erlanger and Company were principals, and which attracted a great amount of attention at the time. But that was not all that was known about that eminent firm. The unfortunate Republic of Costa Rica were actually now litigants in the Court of Chancery in England, seeking for redress from that eminent firm. On the 24th June, 1876, an application came before the court in that suit, and the nature of it was briefly described by Vice-Chancellor Malins as follows :—

"The suit of the Republic of Costa Rica against Baron Erlanger, in which Messrs. Knowles and Foster, who make this application, are defendants, is in substance this: The Republic charge—that whereas Baron Erlanger, and Messrs. Knowles and Foster, were their agents to raise a large sum of money in the English market by way of loan, Baron Erlanger or Messrs. Knowles and Foster, and the other defendants, or some of them amongst them, have so contrived matters that, although a great sum of money has been raised in the English market on the faith of the Costa Rica bonds, a very insignificant part of the amount so raised has reached the Republic. This is the nature of the suit."

So much for the firm of Baron Erlanger with respect to Costa Rica. But that eminent firm did not confine its operations to foreign loans. They also speculated in joint stock companies. There was a very remarkable case lately decided by the House of Lords in which Baron Erlanger appealed against an adverse decision of the Court of Chancery. He would call the attention of the House to that case, wishing it distinctly to understand the tactics pursued by those eminent financiers. It was an action by a company—he need scarcely say it was in liquidation—called the New Sombrero Phosphate Company, against Baron Erlanger and Company. He would take the facts from the judgment of the Master of the Rolls, Sir George Jessel, in the Court of Appeal :—

"In order to explain the views which I took of the matter, it is necessary to state shortly some of the material facts. It appears that this island of Sombrero belongs to the British Government, and that they had granted a lease of it, which lease became vested in a limited company which was ordered to be wound up, and of which Mr. Chatteris had become the official liquidator. It further appears that the lease of the island is really a valuable property, and Mr. Chatteris, having it to sell, absolutely refused to sell it under £55,000. It appears that he so refused after having taken advice, and having come to the conclusion that it was really worth the money. It also appears that other persons who were acquainted with the substance which this island produces thought it a valuable concern, and applied to a foreign financier, Baron Emile Erlanger, who carries on business both in London and in Paris, and was then in London, stating that it was a good speculation to buy the lease at the price they mentioned, which was less than £55,000, and even ultimately at £55,000. The result was that Baron Emile Erlanger associated with himself various friends and acquaintances of his to take part in the enterprise which was supposed to be a good speculation, and they formed what is called a syndicate, or joint partnership adventure, to buy the concern, and no doubt to sell it at a profit—for that, I think, is what they intended to do, though there is a suggestion that they might possibly work it themselves in the meantime. All that appears to me to be *bona fide*. There was a *bona fide* intention on their part, when they gave the money for the lease of the island, to realise a profit from it, and they thought it was worth at least the money which they gave for it. That being the position of matters the members of the syndicate left the management of the purchase, the management of the re-sale, and the getting up of a company if it proved necessary or desirable to sell the lease to a limited liability company, entirely to Baron Emile Erlanger. He was, so to say, the managing partner of the adventure. No doubt what he did he did on behalf of himself and the others; he must be taken as their common agent, and I think they are legally liable for what he did. But beyond that I think there is nothing affecting their personal position or their character in any way. I think it my duty to say that, because some misconstructions might otherwise be put upon the judgment I am about to pronounce."

A part of the Master's judgment disclosed the method of forming the company and of the method

n which directors were nominated with a view to secure public confidence. He said—

"That being the position of matters, we find that on 30th August, 1871, there is an agreement made between Chatteris and the defendant, Evans, to sell for £55,000. I cannot exactly find out what Mr. Evans is. He is indirectly connected with the business of Baron Emile Erlanger. What that means, I do not know. The evidence before us is very meagre, but it does tell us so much as this. Baron Erlanger says:—The defendant, John March Evans, was frequently at my office, and he had not, nor has he had, any direct connection with my firm or business. But he says he selected him as a proper person to take an active share in the management of the business, if they should work it on their own behalf. He is described in the contract as of Leamington, in the county of Warwick. He does not appear to have ever resided at Leamington, but to have resided in Paris, and his only connection with Leamington was that he had a sister living there, whom he sometimes visited. Beyond that, the exact position of Mr. Evans is not ascertainable from the evidence in this cause; but that he was the agent of Baron Emile Erlanger, and in that capacity the agent of the syndicate, is fully and frankly admitted. That he was the paid agent is admitted. He was to have some remuneration for his services. It does not appear at what time exactly the amount of that remuneration was settled, but it certainly was settled at a period long subsequent to the formation of the company, and, as far as I can understand, the amount then given to him was 100 shares in the company. That was an amount which, in Baron Emile Erlanger's opinion, exceeded his expectations. In that way it was an unexpected remuneration. But it appears to me, at all events, he was an agent entitled to be paid, and if he had not been paid he could have brought an action against Baron Emile Erlanger for the amount to which he was fairly entitled. The next person who must be mentioned is Mr. Westall. Mr. Westall was a solicitor —he is dead now—who had a share in introducing the matter to Baron Emile Erlanger, and he seems to have made a bargain which I hope is not very common—that he was to have £500 for his services; and that bargain seems to have been fulfilled, for he duly received the £500 from Baron Erlanger. He was employed also and throughout as the solicitor of the syndicate, and so remained up to the time he was appointed solicitor to the company—it was some days after the formation of the company. There are two other persons whose names it is necessary to mention, and I must say I mention them with anything but pleasure. The first is Sir Thomas Dakin, who is an alderman of the city of London, and at the time when these events happened was Lord Mayor. He was a director of the company. He seems to have become a director at the solicitation, or at the request or suggestion, of a Mr. Pincoffs, whose name also appears in the matter, and who was, I understand, a clerk and agent of Baron Emile Erlanger. I do not think it right that any slur should be cast upon Sir Thomas Dakin's character by what has occurred in respect of his connection with this company. It appears to me that there is nothing in his conduct except an amount—I will hardly say of negligence—but want of attention to the affairs of the company, and which I am afraid was rather calculated upon by some one or other of the persons who induced him to join. Filling, as he did, the position of Lord Mayor, no doubt his name would be a great attraction in the city of London and elsewhere, and perhaps it was not expected that a gentleman in that position would pay much attention to the affairs of the company. I think the mistake he made was in accepting the office at all. A man should not accept an office voluntarily the duties of which he cannot adequately fulfil. But beyond that, I do not think it would be fair, as far as I am concerned, at all events, to censure further what he did in the matter. The next person who must be mentioned, and I mention him with still greater regret, is Admiral Ronald John Macdonald. He was a director of the company, and his position is rather a painful one to contemplate. He appears, as his title would denote, to have been an officer of high rank in the navy, and he seems to have been applied to under the circumstances to which I am going to allude I prefer reading it from the documents to using my own language on the subject. In the 47th paragraph of the Baron's answer he says this:—'The defendant, Ronald John Macdonald, Rear-Admiral in Her Majesty's navy, in the bill called Reginald John Macdonald, having asked me some time previously if ever I had the opportunity to recommend him for some profitable occupation in the city in which his knowledge and experience might be of use, it occurred to me that he would be a very proper person in this case to be a director, particularly as I knew him to be well acquainted in the Island of Sombrero.' A correspondence took place between the Baron and the Admiral, which is in evidence, and which I will read:—'12th Sept., 1871.—My dear R. J. M.—I hope to be able to make you a director of a very good thing in good company; £150 a year. When will you be back in London? I shall want you at the beginning of next week.—Yours, EMILE.' Then on the 21st September, 1871, which is the day either of the registration of the company or the day after, because there is a little dispute whether it was registered on the 20th or the 21st —and it was not very material—we have this letter:—'21st Sept., 1871.—My dear R. J. M.—You will be pleased to see your first introduction into the City of London by the enclosed prospectus.' That is, the prospectus of the company. 'I shall have you sent for when wanted.—Yours faithfully, EMILE.' Then the next letter is a letter from the Admiral, dated, apparently from the answer, on the 28th September. I think the true date must be the 29th September, which was the day when the meeting of the board really took place, and the letter refers to that. It is in these terms:—'My dear Emile—How odd it appears writing from your office. I have just returned from the first meeting of our board, and all seems most satisfactory. You know my unfortunate monetary position; tell me what I ought to do as regards shares, &c. I really have no disposable money at present, and if I had I could not afford to risk any, not that there is any risk in the undertaking. For appearance sake, would you allow some of your shares to go in my name, and I need not say it would be just the same as if you took them yourself, as all advantages should go to yourself. Please advise me through your broker or through Mr. Evans, who has been most kind and courteous to me.' In answer to this, the Baron, who was then at Frankfort, writes:—'1st October, 1871.—My dear R. J. M.—I am very glad you like the Sombrero, and hope it will open you a successful career in the city, and deliver you from the only trouble you seem to have; but mind you don't turn your good spirits by becoming a rich man. It is quite understood that we lend you the fifty shares necessary for your qualification. Ludwig knows about this [that is, the Baron's brother], and you speak to him. With kindest messages from the whole family,—Yours, EMILE.' He says in the 55th paragraph of his answer:—'I believe I wrote to my brother Baron Ludwig to put the defendant Ronald John Macdonald's mind at ease on the subject of his letter, but what arrangement was actually made I never knew until very recently, when I was informed that Mr. Louis Floersheim, a member of the syndicate, advanced £500 to the defendant Ronald John Macdonald, with which he paid for his shares, and that the said Louis Floersheim debited me with the amount.' I must say, however painful and unpleasant it may be to me to say it, that I lament to see a British Admiral in this position. I am very sorry to see that he should allow himself to be made what I cannot call otherwise than the mere tool of the financier; and I cannot consider him anything else than an agent for the Baron for all purposes, and not an independent person entitled to act as a director or to enter into contracts on the part of the company. As regards both him and Mr. Evans I entirely concur with the remarks of the Vice-Chancellor in his judgment. Now, having got three directors, it was thought desirable to have two more. There was a prospectus of the company to be issued to the public; and, of course, the more good names or attractive names could be obtained the more likely the company was to be floated. They therefore put two other names. When I say 'they' I must throughout be understood to mean Baron Emile Erlanger and his agents, Messrs. Evans and Westall, and, to some extent perhaps, Mr. Pincoffs, who seems to have taken some—although a subordinate—part in the matter. They had in as a director a well-known French statesman (M. Drouyn de l'Huys), who was at that time resident in France. His name was well known in this country from the part he had taken in French politics, and partly from the fact of his having been ambassador to this country. But he was resident in France; and I am satisfied that it was neither expected nor desired that he should take an active part in the management of this company. There is still one other name in the list of directors that is also a well-known name—the name of Mr. E. B. Eastwick, C. B. and M. P.—no doubt a name which it was supposed would commend the company to public notice. I think it was neither expected nor desired that Mr. Eastwick should take an active part in the affairs of the company. He was in Canada—and known to be in Canada—and not likely to return to this country for some time. Therefore, we have a selection of five directors, two of whom are abroad, one is the actual agent of the promoter for conducting the sale, another is the mere puppet of the promoter, and the last is the Lord Mayor of London, who was not likely to take an active part in investigating the preliminary history of the contract which he is asked to confirm. That may

or may not be called 'craft and subtle device,'—that is a mere matter of opinion, but I think the mode of nominating the directors was at least singularly well adapted to obtain a body which would sanction this contract."

The island having been purchased for £55,000 and the syndicate having nominated five directors, they proceeded to arrange for the sale of the island, and Mr. Evans—who had no more to do with the island than he had—sold it to a Mr. Pavy, who was also a shadow, for £110,000. The contract for the sale was at once accepted and the £110,000 distributed among the syndicate. He would quote the remainder of the case from the judgment of Lord Penzance, in the House of Lords, when the matter went there. The suit was brought by the company against Erlanger to get back the £110,000 and to let him keep his island, which was the relief the court granted, for he had to take back the property. Lord Penzance said—

"What happened was this:—The syndicate had bought the property in question, and it is probable that they bought it with the intention of getting up a company which should buy it of them at an increased price. Baron Erlanger, who acted for the syndicate, took steps for that purpose within a few days of the purchase, and there is no proof that any steps were now considered, much less adopted, for dealing with the property in any other way. No time was lost in carrying this intention into effect. The solicitor of the syndicate is set to work—he prepares articles of association and a prospectus. The articles provide that five gentlemen by name shall be the first directors of the company, and that any two of them shall be a quorum to bind the company. They also provide that, without any further authority from the shareholders, these five directors, or any two of them, may sanction and accept on the part of the company, a certain contract bearing even date with the articles for the purchase by the company of the property in question. This contract had been prepared by the syndicate themselves, and was on the face of it a contract between Evans as the vendor, and Pavy, on behalf of the future company, as vendee. Both Evans and Pavy were persons who had no interest in the property, and were the nominees of the syndicate, and remunerated by them for their trouble. In this contract the syndicate fixed their own price at which the future company was to buy, this price being in round numbers double what they had given for it some days before. * * * * The agents, then, who were to have the power of binding the company to the purchase in question having been selected by the syndicate, and the articles of association having been signed by seven persons, all of whom it was admitted were connected with Baron Erlanger or other members of the syndicate, some of them being clerks of these persons, the next step was to hold a meeting of the directors. This was done on the 29th September, 1871. It was attended by Sir Thomas Dakin, Admiral Macdonald, and Evans. It was also attended by Mr. Westall, the solicitor of the syndicate, and himself (on his own part or that of his friends) as member of the syndicate. His interest in and services for the syndicate had been farther secured by the promise of a special fee of £500. These three directors without examination of Mr. Chatteris' accounts, without any report from any competent person as to the then condition of the island or the cost of raising and shipping the phosphate of lime, and without any inquiry into facts and figures, proceeded at once under the auspices of the vendor's solicitor to adopt and ratify the proposed purchase of the island on behalf of the company which had been completely formed and registered only eight days previously, and which became thereby bound to pay for the property double the sum which had been settled shortly before by the Vice-Chancellor at its true and marketable value.

"Can a contract so obtained be allowed to stand? The bare statement of the facts is, I think, sufficient to condemn it."

The result of that transaction was this, that the appeal to the House of Lords was sustained, and that Baron Erlanger had to pay back the £110,000. Those were two transactions in which that gentleman had been concerned, and he (Mr. Griffith) would now refer to another one—to one of the biggest swindles ever known in England, in which that gentleman, Baron Erlanger, was also concerned. That was the Bolivian loan, which he (Mr. Griffith) had referred to before in that House during the present session, and which was one of the most remarkable swindles ever got up, and was another proof of how syndicates were worked. What he was about to read was an extract from a judgment delivered in the Court of Chancery last year in the case of "Wilson *v.* Church." It was a suit in which certain persons who had subscribed to the Bolivian loan moved to get back their money before it left England, and succeeded in doing so. It was a more complicated matter than those he had previously quoted, as there were two or three companies concerned which worked into each others' hands. Lord Justice James, in giving judgment, said:—

"Colonel Church in the year 1868 or thereabouts was reasonably satisfied that it would be a very good thing for the State of Bolivia if instead of having access to the world only by means of the Pacific on which it has a small strip of coast, it were able to claim access to the world—especially to the eastern world—through the Amazon and the affluents of the Amazon, one of which runs for a considerable extent through the territory of Bolivia, and it was suggested by him to the Bolivian Government that if the falls upon the river Madeira, of which there are a considerable number, could be got rid of, there would be the means of making a complete navigation extending from the interior of Bolivia down the Amazon and so into the Atlantic Ocean, which navigation, if coupled with internal roads to the great centres of communication, would open up all that part of Bolivia which lies eastward of the great chain of the Andes, which is, in fact, the greatest part of the State of Bolivia. That scheme was probably a feasible one, and it immediately took with the Bolivian Government. Then Colonel Church entered into an agreement with the Bolivian Government that he would form a company with a nominal capital of 1,000,000 dollars in gold. The Bolivian Government said in substance 'If you form a company of that kind we will give, not to you, Mr. Church, but to that company, rights of a very extensive character over Bolivian waters, and in and over Bolivian soil.' This is what is called the Bolivian Concession. The original intention of the Bolivian Government was that this communication should be perfected by means of canals around the rapids. But it was suggested, and the suggestion was thought to be a good one, that instead of canalising around the rapids a railway should be made there. Colonel Church went to the United States of America and there obtained an Act of Congress incorporating himself and some other gentlemen, and such other persons as should be associated with them, into a company, and on the paper on which the Act of Congress was written it was said that that company was to be a company with a capital of 1,000,000 dollars in gold, with power to increase it. What was done upon that was this. The moment the company was formed, with a capital of 2,500,000 dollars, Mr. Church took upon himself to sell the Government's concession (the company's own concession) to the company for four-fifths of the whole capital in paid-up shares, leaving one-fifth—500,000 dollars to be free. The 2,000,000 dollars which Colonel Church thus received in paid-up shares was immediately divided between himself and the other gentlemen, his fellow-conspirators who, by the Act of Congress, were, with him, the first directors. Out of the remaining 500,000 dollars 50,000 dollars were given to a broker as his commission, and 430,000 dollars were sold, or somehow or another were parted with, to a Mr. Irwin Davis for the sum of £12,500, to meet, of course, the pressing engagements of the company. With that exception, not a farthing has ever been subscribed, not a farthing has ever been paid, and the company has not a single person now upon whom it is entitled, according to its constitution, to call for one single farthing. This being the state of that company, the Navigation Company were represented to the Bolivian Government and Legislature as being the company which was to do all the great works contemplated by the concession. Mr. Church, besides, when he made up his mind, and apparently with the assent of the Bolivian authorities, to substitute a railway, found it necessary to get the power to make that railway, which had to be made on Brazilian, not on Bolivian, soil. Accordingly, he obtained a concession from the Brazilian Government—that is to say, he was authorised by the Brazilian Government to form a company, and the Brazilian Government conceded, not to him, but to the company which he should so form, the right of making a railway on Brazilian soil, and a great number of powers and privileges usual, I suppose, in concessions of that kind. Having got this concession

to the company, he formed another company, or at least another company was formed, called the Madeira and Mamore Railway Company. That was formed, of all places in the world, in the city of London, under the Joint Stock Companies Act, and incorporated under that Act as a limited company, and that limited company had a very large nominal capital, of which we find that there were only 131 shares subscribed for, upon which until very recently not a farthing was paid. To that company, again, Mr. Church sells its own concession for £20,000. Then, that company being so formed, a bargain is made between the Navigation Company with the capital which I have mentioned and the Madeira and Mamore Company with the capital which I have mentioned, by which in truth every share of the company was sold to the Navigation Company, the Navigation Company undertaking to do whatever was required to be done or had to be done by the railway company. These two companies having been so got up, it appeared to Colonel Church, and apparently also to some persons connected with the Bolivian Government, that it would be a very good thing to get a loan from the European public, especially from the English public, and accordingly bases of a loan were submitted by him to the Bolivian authorities, which bases of loan were approved of by the Bolivian Legislature, and resulted in an agreement, ultimately approved of by the Bolivian Legislature, by which a loan was to be raised in Europe, and out of the proceeds of that loan 83 per cent. was to be given to the Navigation Company for the purposes mentioned in the Act of the Bolivian Legislature—that is to say, for the works, improvements, &c., that were required to be made."

He would not trouble the House by reading more of the judgment from which he had been quoting, but would merely say that as soon as that transaction was completed Colonel Church went to London, where he allied himself with Baron Erlanger for the purpose of floating the loan. Fortunately, before the money left England, the shareholders applied to the Court of Chancery, and their money was restored to them. Having seen reports of all these cases in the *Home News*, he had looked for and found further particulars about the gentlemen whose names appeared in connection with this syndicate, as it was most important to the colony to be assured that in entering into an agreement with persons to carry out a gigantic work like that of a railway to the Gulf of Carpentaria, they had respectable people to deal with. He confessed, himself, that he should not like to see such an undertaking associated in any way with men like Baron Erlanger, and he would ask what guarantee the House had as to the respectability and stability of other names on the list submitted by Kimber and Company. Not only were they bound to insist upon such a guarantee as was insisted upon by the State of Massachusetts before they entered into any arrangement with a company, but they were bound to see that the colony was not put into the hands of a bogus company. He should not, as a Queenslander, like to feel that a company had been got up in Great Britain by which the English public was to be victimised; and he really thought that under all the circumstances the country should pause before entering into a scheme of such magnitude as that proposed. The Premier had told them that if the Bill was passed tenders would flow in from numerous companies, who would compete for this work; but he (Mr. Griffith) thought that no contract should be made except with some firm of undoubted respectability. Just fancy, for instance, the Government bringing down a contract made with a company such as he had mentioned, binding down the Government for some years and allowing the company to deal in shares before they were allotted. In a matter of such importance they were bound only to deal with a firm able to carry out the work, and not with men like Mr. Church, who merely floated companies as a speculation and to make money out of them. As he had already stated that evening, if they were to enter into a contract for the construction of a railway no guarantee could be too strong, and no precautions could be too great to prevent their getting into the hands of those harpies in London. He trusted the House would weigh well all the details in connection with the proposed scheme, and that, should the Bill go into the Committee, hon. members would take care to protect the Government against the frauds which had bean perpetrated elsewhere where Governments had dealt with syndicates composed of such men as Baron Erlanger. He was of opinion that this was a transaction of such magnitude that the consideration of it might very well be left over till next session, and unless the Government then had better names to submit he should not regret seeing the matter postponed for ever.

The MINISTER FOR WORKS (Mr. Macrossan) said he hoped he should not occupy the time of the House so long as the hon. gentleman who had just spoken had done, and he trusted also that he should deal with the question more fairly than the hon. gentleman had done. That hon. gentleman had indulged in a very weak criticism of the Bill for a few minutes only, and had occupied some hours of the time of the House in reading about Baron Erlanger and about railway schemes in South America which had not been carried out. He should like to know what they had to do with the people to whom the hon. gentleman had referred simply because Mr. Schiff, one of the gentlemen mentioned by Henry Kimber and Company, belonged to the firm of Baron Erlanger and Company. Baron Erlanger was a smart, and wealthy, and clever man, who dealt in foreign loans, and had, no doubt, got the best of the Paraguay and Costa Rica Republics, but was that a reason why the colony should come to the conclusion not to borrow any more money because there were Baron Erlangers in the world. That was the legitimate conclusion of the hon. gentleman's speech. He (Mr. Macrossan) was sure that the Premier knew as little about Baron Erlanger, except by reading, as the hon. member himself; and if they passed this Bill through committee, as he hoped they would, it would be open to Baron Erlanger or anyone else to make a proposal under the provisions it contained. They were not bound to Baron Erlanger or to any individual whose name was mentioned in the correspondence before the House. Of course it was very well to be on their guard against such individuals. They knew there were such individuals in the colonies as well as at home—that there were smart men in every grade and walk of life—and they were bound to take precautions against them. He agreed with the hon. gentleman that they should take precautions—that in entering into an agreement with any company or any number of contractors they should adopt every safeguard that they were able to hedge round about them. The hon. gentleman might as well begin and try to frighten them against mining as against railways, because there was scarcely any profession in the world in which more swindles were perpetrated than in mining. He (Mr. Griffith) might as well say there should be no legitimate mining; but all the legitimate miner had to do was to pursue his course and take all necessary precautions against the illegitimate miner. The hon. gentleman also quoted a great many things from America; he quoted the report of the Committee of Congress upon the taking back of certain lands called "the forfeiture of certain land grants." The committee was named "Forfeiture of Land Grants to certain Railroad Companies." Mr. Fuller was the chairman, and the sum and substance of the report of the committee was this:—It seemed, according to the terms of this report, that certain railway corporations in America obtained grants of land from

the Federal Government upon the condition of making certain railways; these railways were not made within the time specified, and therefore this committee recommended that the land should revert to the State, or that the time should be extended for the making of the railways. In reading the extract the hon. member carefully read that which suited his own purposes, but he failed entirely to read that which was the real report of Mr. Fuller, the Chairman of the Committee, and the intention of the Committee, which he (Mr. Macrossan) would now read to the House. After the paragraph the hon. gentleman read this one followed :—

"Most, if not all grants contain clauses limiting the time within which the work of building the roads shall be performed, and recite that in the event of failure on the part of the companies to comply with the condition imposed, the 'lands shall revert to the Government.'"

In the case of the Bill now before the House the condition was that the railway should first be made before the land was given to the company; but in this case, in America, the land was granted before the railway was made; the railway was not made, and the condition under which the land was granted not having been complied with, this committee recommended :—

"That some action should be taken by Congress, looking either to the enforcement of the forfeiture of the grants, or extending the time for the completion of the roads."

Why did not the hon. gentleman read that, instead of trying to frighten the House with a bogie of his own creation?

"If the latter course should be pursued the claims of *bona fide* settlers, who have gone upon the lapsed lands in large numbers, and whose entries thereof have, in many instances, been permitted by the district officers, should be recognised, protected, and confirmed."

That was that the claims of those freeholders who went upon the land without permission of the company, and put the land under cultivation, should be recognised and confirmed. He had expected to hear something much better and much fairer from the hon. gentleman than reading from the report of that committee and leaving the House under the impression that the committee had reported distinctly that these lands had been fraudulently obtained and should be taken back by the State. They were not fraudulently obtained. The fact was simply that when the companies got the land they were not able, through financial troubles, to carry out their portion of the contract, and one of the recommendations of the committee was that time should be given to them to raise the money, carry out the roads, and then get the land. He (Mr. Macrossan) should now read something from the proceedings of a committee of Congress, which showed the benefits that had been derived in America from the making of railways by land grants. He might tell the House that there were three transcontinental lines in America either projected or completed. Two of them were completed, and one was in course of completion, and two of them suffered so considerably from financial difficulties that they had to come to Congress for aid, even after having had grants of land and large bonuses in money. One of these, the Northern Pacific, started from a town called Bismarck, in the territory of Dakota, went to the Columbia River, and from there to a place called Tacoma, on Puget Sound. That railway company obtained a grant of 47,000,000 acres of land for the making of that road, and still they were obliged to apply to Congress for help; and here was what the committee reported on the 17th April, 1878, little more than two years ago :—

"In pursuance of this policy —"

meaning the policy of the State, in constructing so many lines of railway communicating with the sea on each side—

"In pursuance of this policy, 13 years ago, 47,000,000 acres of the public lands were granted for the construction of the northern road. Its route lies through a fertile country, rich in all the physical characteristics necessary for the support of a vast and prosperous population. Its grades are easier than on most of the roads in the Eastern States, and where the line diverges from a straight course, to avoid impassable mountain ranges, it opens to settlement the fertile valleys of the rivers whose banks it follows."

Now mark the consequence which followed from the granting of the land and the encouragement given to the making of railways by land grants :—

"Settlers have preceded it in the faith of its construction, and prosperous territories all along its route are only waiting for the additional population which its completion would speedily bring to claim their places among the States.

"The committee are of opinion that a due regard to the interests of these territories, and of the hardy pioneers who have settled them, demands liberal action on the part of Congress to complete the road, to which, in a measure, the public faith is pledged; that the lands originally granted for it are held, as it were, in trust for the benefit of those settlers; and that, even if, *strictissimi juris*, advantage might be taken of the failure to meet the requirements of the charter in point of time, still good policy, if not good faith, requires the waiver of that advantage and a reasonable extension of time to secure the accomplishment of this great national work."

That, in direct contradiction of what the hon. gentleman tried to leave on the minds of the House, was the opinion of Congress in regard to making railways by land grants. Two years ago this committee recommended that the grant, as given thirteen years before, should be faithfully carried out; and it was not a mere 7,000,000 acres of land such as this Bill would give the Government power to enter into an agreement for—supposing that it should be a railway to the Gulf of Carpentaria, as spoken of by the hon. gentleman—but 47,000,000 acres. The Central Pacific line obtained 50,000,000 and bonds amounting to 64,000,000 dollars. The Texas Pacific, which was the other transcontinental line, obtained 18,000,000. These three lines combined obtained more than 100,000,000 acres between them for the purpose of making three railways from the eastern to the western side of America. In addition to that they received grants of land from the different States they went through; the States also gave them bonuses; the cities through which they passed gave them donations of real estate and bonuses in money; and the corporations bought all their bonds. And what had been the consequence of the encouragement given in America to the construction of railways by land grants? That, although only a little more than one hundred years in existence, America had 50,000,000 of population, nearly 91,000 miles of railway; and since 1865—since the Civil war, fifteen years ago —no less than 50,000 miles of railway had been made in the United States, chiefly by the encouragement given to the making of railways by land grants and bonuses. Before leaving that subject to speak to the Bill itself, he should read one or two extracts from one of the latest numbers of the *Fortnightly Review*, in which there was an article on the railways of the United States, written by an American named Atkinson. The writer treated of the great progress that had taken place in America, and said :—

"The secret of these changes in the sources of our agricultural supplies is that the railroad has eliminated distance. A barrel of flour and a barrel of pork, or its equivalent, constituted the substance of western farm products needed by each adult in the east. The two barrels are equal to 500 lbs., or a quarter of the net ton in which our railway traffic is computed. This quantity is now brought from Chicago to Boston, one thousand

miles, at an average of 1¼ dollars—sometimes for less—or at the rate of 5 dollars or £1 sterling per ton of 2,000 lbs."

He went on to say :—

"Let us, however, return to the main purpose of this paper. It has been proved that cheap transportation has been accomplished to a degree that the wildest advocate of a State or National railway system never dreamed of. In 1869 the average charge on a ton of merchandise, all kinds included, from Chicago to the seaboard, was 2¼ dollars. In 1870 it was a little less than 8 dollars, and has been at times much lower. This is the average on all merchandise. Grain and meat are carried at much lower rates — at times as low as 3 dollars 60 cents per ton to New York, and I believe 2 dollars 50 cents per ton to Baltimore."

The point, however, to which he particularly wished to call the attention of the House was the following :—

"There is much contention in this country in regard to the railroad corporation as a factor in our own politics, and much complaint is made in respect to alleged monopolies."

This was what that hon. gentleman had been warning the House against—the power of these corporations and the supposed danger of their interfering with politics. And then :—

"But it will be observed that the great lines against which this charge is made—to wit, the systems, consolidated and designated as the New York Central, the Erie, the Pennsylvania, and the Baltimore and Ohio, may also be named and designated as comprising the specific miles of railroad on which the largest service is done for the community at the lowest relative cost."

The writer went on to show that, in spite of all the mistakes that had been made in railway construction both by the State and the different corporations, in spite of occasional fraud and swindling, such as had been described by the hon. gentleman opposite, still the average progress had been satisfactory ; and that, if it had not been for the immense development of the railroad system the present population of America could not possibly exist, and the resources of the country could not have been developed. In speaking of Mr. Vanderbilt, who had consolidated these boards, the writer of the article said—

"When Mr. Vanderbilt planned the consolidation of the corporations that now constitute the New York Central Railway system, and instituted the measures by which the cost of moving a barrel of flour from Chicago to New York has been reduced from 1 dollar and a-half to half a dollar, and by such measures laid the foundation of the greatest fortune ever gained by rightful measures in a single lifetime, what would have been the estimation in which he would have been held had he then said, 'I am laying plans to save England from great distress, from riot and bloodshed, perhaps from violent revolution.' Have not he and others accomplished all this and more?"

And all this had been done under the system which the Government of Queensland now wished to introduce. He could go on reading other quotations to the House, both from that article and from another article in the *Victorian Review*, all to the same effect, but hon. members would no doubt think that sufficient had been brought before them. They were all liable to make mistakes even in making railways. They had made mistakes in Queensland ; but, surely, because they had done so they should not stop and not try to remedy the mistakes of the past by introducing a better system? They had a system years ago of making lines that cost £12,000, £15,000, and even £18,000 per mile—lines he had no hesitation in saying that could have been made for one-third of the money. Had those lines been made under some such system as that now proposed, the colony would be in a better position than it was at the present time, and instead of being burdened with debt to an extent for which they were all sorry, and which the hon. gentleman had said had brought them to the end of their tether in the money market, they would have been unfettered and the population would have been much greater than it now was. The three transcontinental lines of which he had just been reading an account started from different points in the interior to which railways had been made by private enterprise without land grants in most cases, the same as our railways would start from the different points in the interior to which the colony had carried, or were carrying the trunk lines at present. If the Government were successful in receiving a favourable proposal from any company which chose to take advantage of this Bill when it passed, the different lines would start from certain points, say from Roma on the one line, from some point about the Drummond Ranges on the other, and from Charters Towers or somewhere beyond on the third ; and they would be carried on to completion, no doubt, in much the same way as railways had been carried on in America. One thing they must admit, Queensland had not a good population. If they had population sufficient to make their lines pay, it would be a most absurd thing to give away the land ; but this had become an absolute necessity, because of want of population, and there was nothing for it but to make the lines as was proposed or stop the development of the country altogether. He was quite certain there was no member in the House, whether he was opposed to this system of making railways or not, who would like to see the railways entirely stopped, and the result of refusing to utilise the resources at hand, namely—the large quantities of land, must certainly be that railway enterprise to a considerable extent would be stopped, and more especially railway enterprise into the interior of the country. If they examined the condition of America twenty years ago, and examined the condition of it to-day, even after the terrible convulsion of Civil war which it went through, they would see that it was now in a position which men at that time could scarcely have expected to see it occupy. It was the foremost nation in the world. It was the first in all producing interests, and this had been brought about chiefly by the connection effected by railways between the east and west. It was admitted by the most intelligent Americans that the construction of these lines, which brought the eastern and western seaboard into connection, had revolutionised the trade and manufactures of America, and had given an impetus to the progress of the country which very likely, before the end of this century, would cause it to bepeopled by 100 millions of people. Were it not for the vast system of railways they had there it would be impossible for the Americans to absorb immigration from Europe at the rate at which they were absorbing it. They were receiving immigration at a rate scarcely ever equalled before even in that country, which had been unexampled in the number of immigrants landed on its shores. These railways, which ramified the country in every direction, distributed the population north, south, east, and west, wherever they were required, and brought them into immediate communication with the States which were in want of population, and with the lands which required cultivation; and any person thoroughly acquainted with the history of America during the last fifteen or twenty years must admit that this great ramification of railways had been brought about by the system of making railways by land grants. One thing certain was, that in Queensland they could not afford to stand still ; standing still with them meant, not an increase of population, nor a retention of the population already in the country, but it meant an

actual decrease. If they did not continue making railways, and making them on a more extended scale than had hitherto been attempted, the great bulk of the floating population—and there was always a large floating population in Queensland—would go to the neighbouring colonies where the Governments were making railways, and where they intended to make them more extensively than ever. As a matter of self preservation, therefore, it was incumbent upon the House to adopt the system proposed in the Bill, for all parties must be thoroughly agreed that they could not go on borrowing for the purpose of keeping and increasing the population. The Bill before the House was called a Bill to provide for and encourage the construction of railways by private enterprise ; and its short title was "Railway Companies Preliminary Act." The hon. member for North Brisbane scarcely discussed the principles of the Bill at all, but, in what he did say, he had treated it as if it was a final measure—as if the whole system of making railways by land grants depended entirely, solely and ultimately upon this Bill. Indeed, everyone who had discussed this Bill either publicly or privately, had completely ignored the fact that it was simply a preliminary measure which gave the Government power to receive proposals from gentlemen or companies of individuals willing to make railways. When that proposal was accepted there was not an end of the matter. This was a point which the hon. gentleman carefully avoided. Whether he did it wilfully or not he would not pretend to say; but never once did he refer to this feature of the Bill? Never once did he point out that the Bill provided that after an agreement had been entered into by the Government with any company the Government would then issue a provisional order for the purpose of making the necessary surveys for the railway, preparing plans, sections, and books of reference for the approval of Parliament, and taking other necessary measures for construction. Not once did the hon. gentleman point out that when all this was done the Minister was to prepare a Bill embodying the agreement made between the Government and the company; and that that Bill was to be laid upon the table of the House for approval. It was strange but true that every speaker and writer who had attempted to criticise the Bill had carefully avoided this feature of it. The agreement was simply provisional.

Mr. DICKSON : But it is ratified.

The MINISTER FOR WORKS said so it might be, but it was still a provisional agreement ; and clause 35 stated—

> "Nothing contained in this Act, or in any agreement or provisional order entered into or made under the authority of this Act, shall be held to abridge the right of Parliament to abrogate, amend, alter, or vary any provision or condition of such agreement or order in such manner as seems fit and proper, or necessary for the protection of the public interest."

That was surely very conclusive, and yet every public writer who had adversely criticised the Bill, and the only member of the Opposition who had yet spoken on the subject—Mr. Griffith—had carefully concealed that provision from the public. Full power was given to the Parliament after the provisional agreement had been entered into to amend or vary any portion of that agreement in the public interest. The hon. gentleman had not only carefully avoided reference to this particular clause, but he had even assailed the Premier as a despot who did not wish to be trammelled by the action of Parliament, thereby leaving an impression on the minds of nearly every member of the House that no such clause as the 35th clause existed, and that the agreement made would be final and conclusive. Instead of that being the case, the fact was tha any agreement which might be entered into by the Government of the day—it might be by the hon. gentleman himself—would be subject to revision afterwards by this House and by the other House as well. The Government were to some extent adopting the principle which at the present time existed in Great Britain, only that there the principle was carried still further. Not only did they make provisional agreements with companies under the authority of the Board of Trade, but they actually allowed the works to be carried out under the agreement and afterwards came to Parliament for ratification. The provisions of this Bill did not go nearly so far. Only the survey and the preparation of plans and sections was proceeded with, and then, before any commencement of the works was made, the Government of the day prepared a Bill embodying the agreement and submitted it to Parliament. The hon. gentleman also dwelt very much on the absence of a clause to compel contractors or companies to maintain and work the railway after it had been made ; but surely it bordered upon absurdity to suppose that men of common-sense would go to the expense of making a railway if they had no intention of working it when made ?

Mr. DICKSON : They will be paid.

The MINISTER FOR WORKS said they would not be paid. What was the present value of the land which was to be given ?

Mr. MACFARLANE : £1 an acre.

The COLONIAL SECRETARY : You could have any amount at half the price.

Mr. GARRICK : The Premier says it will be worth £10 an acre 50 years hence ?

The PREMIER : No ; I did not say that.

The MINISTER FOR WORKS said the value of the land in 50 years' time would be created by the construction of a railway and the introduction of population. The present value must be estimated according to present circumstances, and he believed if ten millions of acres were offered to-morrow at a reserve of 1s. per acre the whole lot would go at less than 2s. per acre—in fact, it had hardly any present value, because no one would buy land while it could be leased at a farthing to a halfpenny an acre, as the case might be. The only value of such land was the prospective value on the supposition that a railway would run near it. Was it reasonable. then, under such circumstances, to suppose that any company having money to expend would go to the expense of constructing 50 miles of railway with the intention of getting 8,000 acres of land per mile, and then leaving the railway inoperative ? The thing was so utterly absurd that the very mention of it should be sufficient to condemn it to the mind of any reasonable man. The hon. gentleman also found considerable fault with clauses 4 and 5, which provided that the railway should be constructed, maintained, and managed by the contractors, or others on their behalf, and that it should be faithfully constructed of sound materials according to plans and sections approved by Parliament, and be equal in strength and durability to the existing Government railways. The hon. gentleman found fault because those clauses did not contain more definite and stringent conditions as to the stability and character of the railway ; but what more could be expected than that the railway should be equal to those in the colony at the present time ? Supposing that an agreement were entered into for the construction of a line from Roma, what more could the colony expect than that the line should be made equal to that from Dalby to Roma ?—or if the railway were from a point on the Central line, that it should be more

durable, more stable, or composed of better materials than that from Westwood to Emerald, or westward from Emerald? No better judge of the strength and durability of the line could be found than the engineers now, or likely to be, in the service of the Government; and their judgment should be sufficient guarantee that the line would be equal to those now in existence. But the hon. gentleman, whilst not entirely denying the efficacy of this proposed system of making railways, tried to throw a haze over the whole Bill and conceal its main principle under the cover of long extracts about Baron Erlanger and American railways; and he also said something about the colony having come to the end of its tether. He did not, however, state what other plan of making railways he had to propose. If the hon. gentleman was opposed to the adoption of this system, and was of opinion that the colony had come to the end of its borrowing tether, he must propose some other plan by which railways were to be carried out. He had not done so, however, and he would, no doubt, find it very difficult to devise any intermediate plan between borrowing money to make railways and making railways by means of land grants. One of the two systems must be adopted. The means at the command of the colony for carrying out railways by the former system were admitted by the common consent of almost every member of the House to be nearly exhausted. Therefore, the other system must be tried; and if the Bill was not everything that hon. members thought it ought to be, it could be amended in committee. The Government were not wedded to every clause in the Bill as it at present stood, and they would accept any rational amendment if shown to be in the interest of the public. The hon. gentleman, in speaking against the Bill, had left scarcely anything to be answered, the whole of his argument being directed, not against the Bill itself, but against men who he supposed were going to be contractors under it. When the Bill became law, the Government would, as he had before said, be open to receive proposals from any company or individual, no matter who they might be. This was no new system; it was mooted, as the hon. gentleman himself said, in 1870 by Mr. Macalister. A proposal was made many years ago by a private individual to construct a railway from Bundaberg to Mount Perry; and a proposal to construct a line from the Burrum coalfields to the Mary River was now before the House. This Bill was only carrying out, in an easier and, as far as the public interest was concerned, less objectionable form, a system which was initiated by the Speaker. That gentleman and other hon. members wished to make railways by means of land grants, but their plan was to sell the land for money to the people of the colony; the Government, on the other hand, wish to make the railways by means of the land and bring the money in from outside. The difference was very great. In the one case, the capital of the colony was locked up in the purchase of land; in the other, capital was brought from outside and expended in the colony, thereby developing the resources of the colony and introducing population. Without having occupied the attention of the House at such length as had the hon. gentleman who preceded him, he had, he believed, placed the Bill in a very different light from that in which it appeared when the hon. gentleman sat down. He regretted the hon. gentleman was not in the House when he stated that the hon. gentleman had concealed the fact that according to the Bill the agreement was simply a preliminary one which must afterwards be submitted to the House in a Bill.

Mr. GRIFFITH: That is inconsistent with the 31st section.

The MINISTER FOR WORKS said there was no inconsistency at all; the 31st section provided for a provisional agreement.

Mr. DOUGLAS: The Bill says it shall be binding.

The MINISTER FOR WORKS said if hon. members read the Bill carefully they would see that a provisional agreement was to be entered into upon which plans and sections would be prepared and all necessary measures taken for making a railway, and that then the agreement would be embodied in a Bill and submitted to Parliament by the Government of the day; and the 35th clause provided that Parliament might abrogate, amend, alter, or vary any provision of the agreement if it thought fit in the interest of the public to do so. Full protection was given to the public interest and the authority of the House. The Government desired no new authority, but simply the power to enter into a provisional agreement. They had that power to a certain extent under the Act of 1872, but that did not go quite far enough, and they now asked for power to make an agreement which should be a little more binding, but not so binding as to infringe upon the interests of the public or the authority of the House. He hoped the Bill would be agreed to, and that the result would be, that instead of thirty to forty miles of railway being opened in a year as at present, the annual increase of mileage would be 200 or 300 miles; that the population would be increased, as every hon. member desired, and the resources of the colony developed in such a way that the present charges upon the existing lines of railway might be very considerably reduced. With regard to the railways in America, the Congressional report from which he had quoted stated that although many of the lines in America paid handsome dividends, the average did not exceed 2 per cent.; and he might inform the House that small as was the present population of this colony, the Government railways were yielding, after paying working expenses, something over 2 per cent. The colony had therefore everything to hope from the new form of enterprise which the Government wished to introduce into the country.

Mr. DICKSON said there was no doubt that a measure proposing the construction of railways by means of land grants instead of by loans demanded very serious consideration, and ought to be fully and dispassionately discussed by the House. He fully believed that the principle was one which must be accepted in the future, and whilst agreeing with the Premier that when they had such a large quantity of land capital to dispose of it would be more convenient and more economical for them to construct railways by disposing of it than by borrowing money for the purpose, he contended that it was incumbent on them, in considering a preliminary scheme in that direction, to see that it was one which would lay down a sound basis of operations for the future. He did not accept the position that because they had a large amount of land capital they must therefore rush into schemes in a manner which he could not help terming prodigal. They must exercise the same amount of supervision and economy in expending their land capital as they would exercise if they were expending money from their land revenue, or money borrowed from the public creditor for the purpose of railway construction. In entering on the principle of constructing railways by means of land grants, they should be particularly careful to see that their first venture was surrounded by ordinary safeguards—by safeguards which business men would adopt, and which it was more incumbent on them as the controllers of the affairs of the whole colony to secure. Whilst accepting the principle

of the construction of railways by means of land grants, he contended that they had a right to discuss details as to the manner in which such construction should be carried out—as to the extent of land which they were inclined to alienate, and also to consider whether this extraordinary measure was forced on them justifiably at the present time. He was inclined to think that whilst discussion and ventilation of the matter would do a great deal of good, and would prepare the public mind for what was inevitable, he did not think they were justified in immediately rushing into such a large extent of construction, especially when he considered the extravagant proposals contained in the Bill. He thought that for the next year or so they had made sufficient provision for the construction of railways on the old principle. They had authorised the construction of 130 miles west in each of the three trunk lines, and they had obtained a considerable amount of money from the public creditor on representations that such lines were to be extended. The extensions authorised would occupy at least two or three years, and after the expiration of that time they might reasonably be asked to put into operation as an experiment the principles which were enunciated in the Bill. He did not think that the proposals contained in the Bill, and the explanations of them given in the published correspondence, were of such a satisfactory character as to make the proposition favourable to the public; indeed, he was inclined to think that the proposals would do a great deal to create distrust and apprehension as to the manner in which railways would be constructed on the new principle. He should have liked to have seen the measure introduced as a tentative one, and in such a form that the public could have confidence in it. The preliminary objection which he raised to the Bill was, that it would be really forcing railway construction at an inopportune period, and in such a form as would not be deemed to be beneficial to the interests of the colony. Beyond carrying out the trunk lines and the branch lines already authorised, he did not think there was any great necessity for contemplating extensions into the interior at the rate of 100 miles per annum. The Premier seemed to think that that would be too slow a rate of construction. It would be a very great acceleration of speed on the rate at which they had been proceeding hitherto, but he certainly did not think that that extreme increase of construction could be justified unless it could be shown that the increased extension would be conducted on more economical principles than there seemed likely to be. The Minister for Works boasted of the cheap rate at which he could now construct railways, and he (Mr. Dickson) considered that when they were called upon to consider proposals to construct railways by means of land grants they would not be justified in surrendering land representing greater value than the cost of construction at the present rate amounted to. He should show, further on, that the Bill did not approach the fundamental principle of the construction of railways by means of land grants. The Bill might be said to mean an undue forcing—an unnecessary development of their railway construction which the circumstances of the colony in regard to increasing population, to increasing settlement, or to fiscal position, did not justify. The Minister for Works had laid great stress on what railways had done for America. He freely admitted that railways tended to the development of any country, but an essential requirement was population. It must be borne in mind that the United States of America were within ten days' sail of the mother-country, and that during the last fifty years or more large numbers of people were being continually attracted from the mother-country to America. With the large increase of population there increased internal accommodation was an absolute necessity, and the requirements of the population were so great that the lines must be remunerative; if they were not the extension of lines would soon cease. Here, population was settled intermittently along the coast, and until they had something like a population which could be counted by several hundreds of thousands or by millions, they could not lay claim to the necessity of railway extension to the extent to which it had been proceeded with in the United States. There was no analogy between their position and that of the United States. The Bill was intended undoubtedly to construct a railway from Roma to Carpentaria. The Premier stated that its provisions would be general in their application; but it must be evident to anyone who perused the correspondence that the idea fixed in the minds of the writers, on which the proposal had originated, was that it was desirable to extend the railway from Roma to Carpentaria. When he considered, also, that the present Government—and he regretted to have to say it—had not seen fit to accept contracts for the extension of the railway westward from Roma, and that whenever the construction of railways by land grants had been mentioned in the House it had always been associated with the idea of an extension to Carpentaria, he was led to the conclusion that the object of the Bill was to facilitate such a work. The Premier had not indicated any other locality through which it was likely railways would be constructed on the land-grant principle. He doubted very much whether any body of capitalists could be found to undertake the construction of railways of 50 or 100 miles in length on that principle. Viewed from the aspect that the Bill was intended to facilitate the construction of a line to Carpentaria, he would ask whether the proposal was not premature? They actually knew nothing about the coast of Carpentaria. Point Parker, where it was supposed the terminus of the line would be, was a *terra incognita*. They had no survey of the approach to that port on the land side, and their information as to facilities for shipping was of the vaguest description. The whole country was entirely unknown to them; there was an absence of anything like coast settlement; therefore he would ask what justification there was in this year of grace 1880 for them to contemplate the construction of 800 miles of railway to such a terminus? The Government themselves were not in possession of full information, and although it might be alleged that if Point Parker was not a proper terminus it would be easy to find some other terminus on the shores of the Gulf, yet if they entered into an agreement with a body of capitalists to construct a line of railway to a given point, any departure from such direction would give the contractors the right to claim some compensation or consideration; therefore, he contended that before the colony was committed to such an important work they ought to fully consider where it was most desirable to run the line to. That it should run to the Gulf he did not dispute, but they ought to know that there was a good port to which it would lead, that there was a good approach to such port from the land side, and that the route was such that close settlement would probably follow it. Whether close settlement could follow along a line built on the conditions proposed in the Bill was a matter for consideration. The Bill in no way invited close settlement, but, on the contrary, debarred it for many years, for certainly there could be no settlement until the expiration of the pro-

posed indefeasible leases to pastoral lessees. Having said so much, and not wishing unnecessarily to delay the consideration of the measure by other members who had devoted much consideration to the subject, he should briefly refer to some of the clauses of the Bill. The fourth clause provided that the railway should be constructed, maintained, and managed by and at the expense of the contractors, or some person or corporate body authorised to act on their behalf. Notwithstanding the argument of the Minister for Works, he could not see where the penalty for neglect to maintain the line came in. There was undoubtedly provision for a penalty, but it was only during the continuance of the guarantee of debentures by the Governor in Council, and it was to be found in clause 25, which stated that if after such guarantee had been given it was proved to the satisfaction of the Minister that the contractors failed or refused to work the traffic on the railway pursuant to the regulations, or were insolvent or neglected or failed to meet their lawful obligations to the officers or servants employed upon the line or to any other creditor of the contractors, the Governor in Council might, after one month's notice of his intention, direct the Minister for Works to take possession of the line. There was a penalty so long as the guarantee was in force; but supposing no guarantee was taken, or that it was "wiped out," he certainly saw nothing imposing a penalty upon the contractors for not working the line. Hon. members might say there was no necessity for a penalty; that having built the line it would be the contractors' interest to work it. Under ordinary circumstances that might be true, but it might also happen that the daily working of the line might entail loss, and if the syndicate received as their consideration the fee-simple of 8,000 acres of land for every mile of railway constructed, he could not see what inducements there would be for them, simply out of patriotic motives, to run trains, by which a loss would accrue. Having received their consideration of 8,000 acres they would certainly not, unless there was a penalty, work the line should it be unprofitable to them to do so. If there was close settlement or a probability of the line paying, then they might do so; but supposing it was completed in eight years, he maintained that the traffic between Roma and the Gulf would not increase to such an extent within that period as to make the enterprise a remunerative one, so far as the working of the line was concerned. It was incumbent upon the Government to show that they had taken the ordinary precautions not only to secure the construction—the land grant would be sufficient to secure that—but the working of the line also. There was, however, no obligation on the part of the contractors to run trains unless they had received two-thirds of the land grant, and had also a guarantee of 4 per cent. for twenty-one years upon their debentures. To make his meaning clearer, he would assume that the guarantee had been given, and that the contractors had received grants for 5,666 acres; they could retire the guarantee at any time and claim the fee-simple of the remaining 2,334 acres. And so soon as the guarantee was retired and they had possession of their 8,000 acres of land for every mile of line constructed, there was nothing in the Bill compelling them to run trains, should it be unprofitable to them to do so. Clause 9 was a very important one, and with regard to it he had something to say to the Premier, whose speech he could not reconcile with the meaning of the provision. The clause provided that the Governor in Council might from time to time revise and reduce the tolls prescribed by any regulation for the conveyance and the transport of passengers and goods, but such tolls should not, unless with the sanction of the contractors, be reduced below the following scale—viz., twopence per mile for each passenger, and fourpence per mile for each ton of goods. The Premier had laid great stress upon the clause, and had said that it was the result of careful consideration, and in conjunction with the next clause bound the company to submit to a certain amount of supervision over the tolls and traffic on the line. He also said that it gave the Government power to fix the tolls for passengers and goods, the maximum rate to be twopence per mile for each passenger, and fourpence per mile for each ton of goods. Where was the maximum rate? He (Mr. Dickson) asserted that the clause fixed a minimum rate below which the Governor in Council could not reduce the tolls. The contractors might charge double, or treble, or even more than the rate named in the clause if the railway would not pay, and the Governor in Council would not be so unjust as to compel them to run trains at a loss.

The MINISTER FOR WORKS: Then the contractors won't get traffic.

Mr. DICKSON said he would show that they would not get it in any case. He would repeat that the Premier's statement was not correct, and that the Governor in Council had no power to make the contractors charge less than 2d. per mile for passengers, and 4d. per mile for every ton of goods. He would further point out what the effect of this would be. The fare for passengers from Roma to the Gulf, at the minimum rate, would be £6 13s. 4d., which might not be considered such a heavy charge for passenger rates, but for a single ton of goods it would be £13 6s. 8d. Was that likely to encourage traffic? The colony would commit itself to a contract which gave a company absolute ownership of a main line of railway, and the right to charge £13 6s. 8d. for every ton of goods carried by it. That was one-sided. The Government must have the power to reduce the rates in such a way as to induce carriage, otherwise they should see the produce carried by the ocean route, tedious though it might be. He dissented from giving any body of men the power of carrying over our railways at such a tremendous tariff, and considered this alone a vital objection to the measure. In this connection he would refer to clause 20, which provided that all materials, plant, and rolling-stock required by the contractors in the construction of the railway should be carried on the Government railways at a cost to the contractors not exceeding twopence per ton per mile. The Premier himself admitted that members might see a discrepancy between this clause and clause 9. The State was to carry all material to Roma at a cost to the contractors not exceeding twopence per ton per mile; but when the contractors had one hundred or two hundred miles open on the other side of Roma, the State would have to pay fourpence per ton per mile for any material that it might have to send beyond Roma;—and he must remind hon. members that this arrangement was to be perpetual. He could quite understand it being the arrangement while the line was under construction, but the State would have to pay continuously a minimum rate of fourpence per ton per mile on anything that it sent beyond Roma. Those, or any other contractors, might claim the right of carriage over our lines at 2d. per ton. It was undoubtedly advisable to allow contractors facilities to carry at a minimum price on the State railways, but the State ought also to send its material over the completed sections of the company's railway at the same charge.

With regard to the clause referring to indefeasible leases he need say little. He thought it had been put in as a propitiation to the hon. member for Blackall (Mr. Archer), who last session tabled a motion advocating that indefeasible leases should be given to certain pastoral tenants. The Colonial Secretary was very indignant at such a proposition, and said :—

"Before the introducer of the motion was heard in reply, he would state that the reason why the Government had not spoken on the question was that it was an abstract question. He had over and over again stated that there was no such a thing as an indefeasible lease; and if there was such thing, he, as a member of the Government, would oppose it to the last. He had no idea of the country being given up to one class of persons under indefeasible leases; but, as he had said, he did not believe that there was such a thing, or that even a freehold was an indefeasible title."

He did not believe the hon. gentleman had changed his opinions since then, and it would be interesting to hear from him what was the character of those indefeasible leases which it was advocated should be given to the pastoral tenants who had to surrender a portion of their runs under the 17th section of the Bill. The Premier, in his opening speech, said on that subject—

"He thought, therefore, the fairest provision would be that, if 10,000 acres were taken from a man, the adjoining block of 10,000 acres should remain in his hands for the balance of his lease without the right of the Government to take any of it away from him. It was a very small amount of compensation, and one which he thought the House would not grumble at. Another reason why it must go into the conditions was that it was a very special consideration of the contractors that the Government should be debarred from selling the portion not selected by them for a certain number of years."

The hon. member for North Brisbane had shown that if the land were alienated as contemplated in the Bill, the alternate blocks of Crown lands would be held under indefeasible leases, and there would be no opportunity for settlement along the line. According to the published correspondence with Messrs. Henry Kimber and Company, it was recommended that—

"The Government will make to each of the artisans and labourers imported for the construction and equipment of the line, a grant of 160 acres, subject to the payment by them of 2s. 6d. per acre, at the rate of sixpence per annum for five years, subject to the conditions of the land laws of the colony."

In other words, they would require a homestead selection. How did the Premier contemplate meeting those requirements? It would be interesting to know how that important question was to be met, and opportunities given for settlement along the line of railway. The Premier had not placed the Bill fairly before the House. One of his arguments went to show that he estimated the cost of the line at £4,500 a-mile. From the correspondence, however, it appeared that the syndicate contemplated that the work could be accomplished for £3,000 a-mile. So that it came to this, that the contractors found half the money, and the Government guaranteed interest on the other half—for which the contractors were to receive 8,000 acres of land per mile. The proposition was one-sided. Supposing the line could be constructed for £3,000 a mile, and that they borrowed money at 4 per cent., the contractors had to pay £60 per annum per mile for the interest, and the Government guaranteed, or promised, the interest at £60 per annum per mile on the second moiety, and gave them the fee-simple of 5,400 acres per mile on the completion of each section. There was no need to go far to find a syndicate prepared to construct the line on that basis. The proposition was an extraordinarily liberal one, and certainly the Premier had not displayed the same amount of alacrity in looking after the interests of the colony as the contractors had displayed in looking after their own. He would point out an error that had crept into clause 27 of the Bill. The reference in it to the 19th clause was evidently meant for clause 14, for the 19th section applied to the carriage of materials. It might be wise that the Governor in Council should have the option of purchasing the railway, but many abuses would crop up under it. The Bill was entirely one-sided, and accorded more with the views of the syndicate than with those of the State. It was fair to protest against the State being handed over to private speculators; and if the Bill was passed in its present form it did not require a prophet to foretell that before the works were handed over to the Government very heavy litigation would ensue. The Bill could not be viewed apart from the proposals made by the gentlemen who had represented their ability to undertake the line. It was unpleasant to advert to anything beyond the mere details of the Government proposal, still they could not do otherwise than consider whether the gentlemen who proposed to build the railway were men in whom the country could place confidence. The hon. member for North Brisbane had shown that they were chiefly speculators on the Stock Exchange in London and on the Bourse at Paris—and speculators who had gained an unenviable notoriety. If such men were allowed to control this new departure in railway construction, the State would undoubtedly come off second best in the end. The Minister for Works had stated that they had nothing to do with the company, and that because there were speculators and sharpers in financial circles that was no reason why the work should not be gone on with. But if they had nothing to do with the syndicate what was the use of the published correspondence? Its only use was to show to the country that there were men of admitted credit and respectability to whose care the Government or the Legislature might safely entrust the work. If that were not so the publication was misleading. It would be idle to ignore the fact that that correspondence had been placed before the House to show that men of position at home were prepared to negotiate with the Government with a view of giving effect to the Bill. The whole fabric of the ability of these men to accomplish their undertaking in an able and straightforward way had been demolished by the extracts and criticism of the hon. member for North Brisbane. They were told in an *ad misericordiam* manner by the Minister for Works that whatever were the demerits of the Bill they could be remedied in committee; but they had already seen what little alteration was made in committee in the principles of Government measures. He did not know how it was, but gentlemen opposite seemed so enamoured of the Government proposals that they refused to assist in any modifications which might be urged from the Opposition side of the House, not in a party spirit but from a desire to make measures more beneficial to the country. He was satisfied that if that Bill went into committee it would suffer very little alteration in any of its vital principles, although he was also convinced that hon. members on the other side must find fault with several of them. The question of railway construction in this new form required serious deliberation. He was favourable to the principle of constructing their railways with the aid of their territorial estate; but any legislation in this direction should be surrounded by very carefully considered safeguards, in order that the colony might not become the dupe and prey of designing speculators who had their own ends to serve in becoming possessed of large tracts of

the public estate and were not interested in the ultimate prosperity of Queensland.

Mr. SHEAFFE thought every hon. member would agree with him that this was one of the most important measures which could be brought before the House, involving as it did an entirely new departure in their policy of railway construction. One of the most important considerations in connection with a line running throughout the whole length of the colony was, that in addition to settling and enhancing the value of land in the interior, it would practically give the colony a second sea-coast. He did not mean to say that land in the colony would be settled as closely as land upon the seaboard, but it seemed to him that settlement must spring up in the vicinity of a line connecting Roma with Point Parker. Another important consideration in connection with the line was, that it would make Queensland the stepping-stone to the southern colonies. The tide of immigration from all parts of Europe would flow into the Australian continent through Queensland; and it was highly probable that a great many intending settlers in the southern colonies, on seeing the natural advantages of the place, would make it the country of their adoption. Some hon. members who had spoken against the provisions of the Bill had endeavoured to show that the Government had left no room for close settlement; but the fact of the contractors possessing so much land in the vicinity of the line would be no bar to settlement, because in order to procure a return for their money they would endeavour to get the land out of their hands. It was only by settling the land that they could make their undertaking a complete success. The leases of a great deal of the land contiguous to the line would expire in the course of a few years, and he had no doubt that the enhanced value of that property would greatly encourage settlement. Thousands of miles of land on either side of the line would be rendered available for pastoral purposes. The pastoral exports from so large a tract of country ought not only to pay the working expenses of the line, but to show a fair margin for profit. The carriage of mails to the southern colonies would also be a source of considerable profit to the colony. The hon. member for Enoggera alluded to the probability of the rates for goods upon the proposed line being prohibitive. He believed the hon. member estimated that the probable cost would be £13 16s. 4d. per ton from Point Parker to Roma. Not more than six months ago he paid £20 per ton for not one-fourth of the distance. If that rate were not prohibitive for a distance of 240 miles, how could the hon. member's estimate of the probable effect of the rates upon the transcontinental line be correct? The hon. member also said that the line could never pay, and that the contractors would be obliged to hand it over to the Government. But immediately after talking about the line being a profitless concern, the hon. member talked about the Government granting large concessions to the contractors. The Government were either making a good bargain or a bad bargain. If the contractors found it a good bargain, it would be worth their while to stick to it. The hon. member, therefore, was attempting to prove too much—he was, in fact, endeavouring to prove both sides of the question. It might be found desirable to amend some of the clauses in committee; but it must be remembered that this was only a preliminary measure authorising any Government which might be in power to receive offers from a company for the construction of a line. But, as the Minister for Works had pointed out, any agreement which might be arrived at must be ratified by Parliament. They were not, then, concluding a proposal which would bind the colony for all time to come. Those were the only remarks he had to make, beyond saying that he had no doubt that the Bill was a good one and would be productive of benefit to the colony.

Mr. THORN moved the adjournment of the debate.

The PREMIER said he had no desire to see the debate concluded until there had been a fair discussion of opinion by hon. members on the Bill, which was no doubt one of the most important measures of the session; but, considering the position of the public business, he thought an effort should be made to bring the debate to a conclusion to-morrow evening. He had no objection to the proposed adjournment, and would make the resumption of the debate the first business for to-morrow.

Question put and passed; and the resumption of debate made an Order for the following day.

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