Queensland

# Parliamentary Debates
[Hansard]

## Legislative Assembly

## TUESDAY, 20 AUGUST 1889

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## LEGISLATIVE ASSEMBLY.

*Tuesday*, 20 *August*, 1889.

Petitions—extension of the Mackay-Bowen railway—the timber industry.—Messages from the Governor—assent to Bills.—Motion for Adjournment—Croydon Divisional Board—overcrowding railway trains—stone in new Parliamentary buildings.—Formal Motion.—Eight Hours Bill—third reading.—Adjournment.—Companies Act Amendment Bill—committee.—Adjournment.

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

### PETITIONS.

EXTENSION OF THE MACKAY-BOWEN RAILWAY.

The MINISTER FOR LANDS (Hon. M. H. Black) presented a petition from certain landowners, selectors, and residents of the district of

Mackay, praying for an extension of the Mackay Railway towards Bowen; and moved that the petition be read.

Question put and passed; and petition read by the Clerk.

On the motion of the MINISTER FOR LANDS, the petition was received.

THE TIMBER INDUSTRY.

Mr. POWERS presented a petition from certain timber-getters and others interested in the timber industry, praying for an amendment of the Land Act with a view of giving licensed timber-getters the right to camp and depasture their working stock on pastoral leases and waste Crown lands while engaged in cutting and removing timber therefrom; and moved that the petition be read.

Question put and passed; and petition read by the Clerk.

On the motion of Mr. POWERS, the petition was received.

## MESSAGES FROM THE GOVERNOR.

ASSENT TO BILLS.

The SPEAKER announced the receipt of messages from the Governor, intimating that His Excellency had, in the name and on behalf of Her Majesty, assented to the Quinquennial Census Act of 1875 Amendment Bill, the Health Act Amendment Bill, and the Mines Regulation Bill.

## MOTION FOR ADJOURNMENT.

CROYDON DIVISIONAL BOARD.—OVERCROWDING RAILWAY TRAINS.—STONE IN NEW PARLIAMENTARY BUILDINGS.

Mr. HUNTER said: Mr. Speaker,—I have a matter to bring before the House, and I will conclude with a motion for adjournment. I shall not refer to a debate that has taken place this session, as I understand that would not be in order, but will merely touch upon it very lightly. When speaking about boring for water at Croydon the other night we were told that the Government could not trust the Croydon Divisional Board with the expenditure of money, and a remark was then interjected that the board had materially changed since that opinion was formed by the Government. Yesterday, however, by the Northern mail I received the Croydon *Golden Age* of the 3rd August, which contains the balance-sheet of the divisional board for the last half-year, and it is of such a terrible nature that I cannot help bringing it before the House, and asking the Government if something cannot be done to remove the board or abolish it altogether. It is a very extraordinary thing to ask the Government to do, but I think when the action of the board is shown it will be seen that it is really necessary that something should be done. Under the heading of receipts for the half-year, we have —General rates, £315 1s.; registration fees, goats, £9 8s.; dogs, £37 15s.; drivers, £1 10s.; vehicles, £51; shooting gallery, £1; plant account, £42 11s.; penalties and sundries, £44s.; endowment received £1,206 8s. 7d., and balance forward £610 14s 3d. But the expenditure is the extraordinary thing. Balance brought forward, £1,407 5s. 6d. That I know nothing of; but I believe it has been very severely commented upon in the last Auditor-General's report, which I have not yet seen. Then there is, general expenses, £112 4s. 7d.; salaries, £246 13s. 6d.; stationery, £6 2s. 1d.; advertising and printing, £82 8s.; wages, £37; Normanton main road, £3. That is a road 120 miles long, for which they have asked the Government to give them £1,000, and they have spent on it £3. Then we have office furniture, £24 9s. 4d., and this is the third or fourth half-year; fodder account, £38 7s. 10d.; election expenses, £52; Tabletop road, which is the next largest road between the two districts, £1 4s. 2d.; Goldsborough well, £4; chairman's allowance, £65 17s. 6d.; and I believe the chairman also gets £150 a year as salary; law expenses, £61 17s. 8d.; dishonoured cheques, £3; cemetery road, £6 16s.—that is the largest amount spent on any road; Brown street bridge, £23 12s.; petty cash, £15; auditors' fees, £31 10s.; interest on overdraft, £57 3s. 8d. Now, Mr. Speaker, if it is not time that this board was dissolved, I do not know when a board should be, seeing this balance-sheet. I wired to a man I could thoroughly rely on at Croydon to ask the state of public opinion about the board, and the reply I got says:—

"Characterised by idleness negligence and impertinence Shameful lot."

In the same paper that I have quoted from there is a paragraph which states that the last meeting of the board lapsed for want of a quorum. This was the first meeting after the election of the last member, and the lapsed meeting was caused through the absence of that member. The paper, however, says that it did not matter, as the board is in such a hopeless state of insolvency that it can do nothing, and that the only business of any importance to come before the board was a letter from the Government saying that they would get no more money. I quite agree with the action of the Government, and I can assure you that I was very much surprised to find that the board was in such a state, because I thought things had been remedied. I am sorry also that I have not the same advantage as some hon. members have, of being familiar with the Auditor-General's report. Now, at Croydon the other day, they made application to the Government for their endowment to be paid in advance, and it is unnecessary to say that the Government refused the request. If the Government can legally withhold the endowment I think they have every right to do so, until at least the money is spent in a more judicious way. On all goldfields the main work for the board to do is to attend to the roads, so that the quartz can be carried from the mines to the batteries, and yet in this case under £10 has been spent on the roads during the whole half-year. The greatest reason why something should be done is that the standard salaries exceed the rates collected. They only amounted to £315, so that I really think this is a very serious matter, and should not be allowed to go on. Why should people at Croydon or anywhere else be taxed to pay salaries and electioneering expenses? I have been told by a gentleman who is in a position to know, that one of the expenses that the chairman was in the habit of charging was £10 10s. for presiding at local elections, and if that is allowed to go on it will be something terrible.

The COLONIAL TREASURER (Hon. W. Pattison): £20.

Mr. HUNTER said: The only thing the board seems to do is to hold elections. Now, I want to know if the Government have power to dissolve this board and allow a new one to be appointed? If not, could they not call for the papers and vouchers and see exactly how the money has been spent? Let the matter be investigated. It would be far better for the Government to abolish the divisional board altogether than that we should have such a board as this. I dare say I am doing myself a great deal of harm among certain people by drawing attention to this

matter; but I cannot help calling attention to it when such an amount of money is being wasted. I think it is a disgrace to the community that such a thing should go on, and I do not think I am going too far when I say that money should not be given to the board to be misappropriated in this way. I bring the matter before the House in the hope that the Government will see their way to look into the matter, and see if it cannot be remedied. I shall not detain the House any longer. Something should be done to remedy this state of affairs, as we are at present asking Parliament to have artesian bores put down at Croydon, and the principal reason given for refusing the request is that the local board is not fit to be entrusted with the expenditure of money which the Government would be prepared to give to any reasonable board for such a purpose. While things remain in this state the whole goldfield has to suffer, and I hope some remedy may be found for it by the Government. I beg to move the adjournment of the House.

The COLONIAL TREASURER said: Mr. Speaker,—The hon. senior member for Burke referred to this matter in connection with the Croydon bores the other afternoon, and I then drew his attention, and the attention of the House generally, to the Auditor-General's report upon the proceedings of the Croydon Divisional Board. There, I think, a very disgraceful state of affairs is disclosed. The Auditor-General states that one-half of the rates and endowment has been voted for salaries between the chairman and clerk and other expenses, and that nearly the whole of the balance has been embezzled. When I spoke before on the subject it was said that I was unnecessarily harsh upon the clerk, because he had been acquitted on the charge of embezzlement. There is no doubt he was acquitted, but there has been a gross miscarriage of justice upon the case, and on the report coming to me I referred the matter to the Minister of Justice. The matter is now under consideration, with a view to preventing any such miscarriage of justice in the future. Whether the Government have the power to abolish divisional boards or not I am not in a position to say, but attention having been called to this matter it will receive the consideration of the Government. I can certainly promise that no more endowment shall be paid to the board upon any returns until I have been satisfied as to the way the money has been expended in the past, and a proper explanation is given. That I think is in the power of the Government, and I can promise that no more endowment will be granted until I am satisfied that the money will be properly expended. The question of the abolition of the board will receive the consideration of the Government, because the report of the Auditor-General shows that the present board is entirely unfit to be entrusted either with the collection or expenditure of the rates and Government endowment. I think what I have said will satisfy the hon. member for Burke. I may say that I think the hon. member should have given notice of his intention to bring up this matter, as I could then have been prepared with the papers for submission to the House, and should not have to rely entirely upon my memory in dealing with the subject. This is the second time this matter has been brought forward without my having the opportunity to provide myself with a scrap of paper to refer to. These surprise motions are not fair, and I think it is only fair that the hon. members for Burke, or any other hon. members having such motions to discuss, should give reasonable notice of their intention to discuss them.

Mr. ARCHER said: Mr. Speaker,—I shall not detain the House long, but I wish to say that the last remarks of the Colonial Treasurer are quite correct; but the hon. member for Burke has not been long in the House and that is probably the reason why the hon. member neglected to give notice of this matter. I think he has done well in bringing this matter before the House. It is, of course, a very disgraceful affair, and though it was impossible to avoid laughing at it, it was a most miserable statement to have to make—to think that people of our own race and generation should not have sufficient sense to manage their own local affairs in a proper manner. The disgraceful part of it is that men of such character should be elected. We have always thought that the people would be able to manage their own local affairs when they had charge of them, and yet these proceedings occur in a place where I am satisfied seven-eighths of the population are of the same race as we are. It is a melancholy thing, and I hope the Government will do what they can to rectify it. I have not looked the matter up, and am not aware that the Government can do anything at all, but I hope the Government will see if it is possible to do anything to mete out justice to these men who have disgraced themselves—but who are not more disgraceful than the people who elected them. It must have been a majority of the people who put those men in, and it is time it was explained to these people that if they conduct their local affairs in that way, and put in rogues and scoundrels to manage them, they shall not be entrusted with the expenditure of Government money for any purpose whatever. This will teach them to take the trouble to look after their own local affairs in a proper manner. I hope there is not another such board in the colony, and I hope that such action will be taken in this case as will serve as a warning to all boards to conduct their affairs in a proper manner.

The MINISTER FOR MINES AND WORKS (Hon. J. M. Macrossan) said: Mr. Speaker,—I believe every right-minded man will appreciate the action of the hon. member for Burke in bringing forward this matter. The statement of the Colonial Treasurer on the subject is perfectly correct, and his memory of the facts has been perfectly true. The statement of the Auditor-General is that the principal part of the funds collected by the Croydon board by way of rates and endowment went in salaries, expenses, and embezzlement. There is no mistake about that. The chairman charged ten guineas for presiding at elections, and in addition to that he was allowed £150 as salary, and I do not know how much as allowances. I think the state of things disclosed by the last balance-sheet is the most disgraceful that has ever been disclosed in the history of divisional boards in Queensland. Hon. members must not think there are any other divisional boards in Queensland like the Croydon board; I believe it is exceptional, and I know of none other such as that board. The hon. member for Burke has done the proper thing in holding the members of that board up to ridicule and contempt. I do not think there is any other remedy for their action, as the Government cannot abolish any board for such action. The disgrace of the affair rests not only on the members of the board, who, as the hon. member for Rockhampton has said, are every man of them of our race, but upon those who put them into their present positions. The first election of the board was held upon the basis of the electoral rolls, and the later elections, I presume, have been held upon the basis of the ratepayers' rolls, so that the whole of the people of Croydon are concerned in the

disgrace as well as the members of the board. I think the hon. member for Burke has taken the best course to bring the members of the board and the people of Croydon to their senses. The House may rest assured that the Government will not throw money away simply to carry out the Local Government Act in Croydon. They will prevent that state of affairs, though they may not carry out the letter of the law. I may say that the hon. member for Burke is deserving of no censure for having brought this motion forward as a surprise motion. The hon. member gave me the information yesterday, and I should have told the Colonial Treasurer. The hon. member showed me the balance-sheet to which he referred, and stated that he was prepared to move the adjournment of the House to deal with it. So that so far as the hon. member is concerned, it is not a surprise motion. I should have told the Colonial Treasurer if I had known he wished to submit the Auditor-General's report, but I did not think it necessary to do so as I knew the hon. gentleman's memory would be correct on the subject.

The HON. SIR S. W. GRIFFITH said: Mr. Speaker,—I am not going to speak upon the merits of the case, which is apparently a disgraceful one enough; but I want to point out that the Government can if they choose, under section 9 of the Act, abolish the Croydon Division, but I do not think that would be of any particular use. If they could turn out the present members and have a fresh election, that would be the best way to deal with them.

The PREMIER (Hon. B. D. Morehead): They could be prosecuted under the 283rd section.

The HON. SIR S. W. GRIFFITH: They might be prosecuted for misappropriation, but that is a very difficult, expensive, and tedious process. The only way to get rid of them would be to abolish the board, and then the place would have no local government at all. That might possibly be better than such local government as they have now, and a voluntary board might be an improvement. If there is no other way of getting rid of such a lot of people, it is worthy of serious consideration whether the division should not be abolished. I only rise to point out that the remedy is in the hands of the Government, by abolishing a board which so shamefully misconduct themselves.

Mr. HUNTER, in reply, said: Mr. Speaker,—I am very glad to hear the expression of opinion from members of the Government, and I think, after what has been said, that the matter will receive the attention of the Government. If such steps were taken as to abolish the board altogether, and the people forced to do without any local government for eighteen months or two years, it might bring them to their senses. Possibly though, the same difficulty might arise when a new board was being constituted, as the present ratepayers' roll could not be used in the election. I am thoroughly satisfied that the Government will give the matter their consideration, and, with the permission of the House, I beg to withdraw the motion.

### OVERCROWDING OF RAILWAY TRAINS.

Mr. GROOM said: Mr. Speaker,—Before this motion is withdrawn, I wish to draw the attention of the Minister for Railways to a matter of some importance. I do not do it by way of complaint, but simply for the purpose of having it attended to on another occasion. I suppose, considering the very recent appointment of the Railway Commissioners, they are not to be blamed for it. Special inducements have been offered by the Railway Department for people visiting the metropolis during the present show, and for school children. I think the inducement is that 100 miles may be travelled for 2s., and over 100 miles for 3s. The result is that parents are bringing their children to Brisbane to see the show in large numbers. The train from Warwick at half-past 4 yesterday afternoon was crowded to excess with the inhabitants of Warwick and other places along the line, and the consequence was that when the train arrived at Toowoomba a large contingent from that town had to be forced into the carriages, and the people were packed like sardines. At ten minutes to 5 the train had to be divided into two parts, and the stationmaster sent the Warwick train out very much overcrowded, and in my opinion it was almost dangerously so. Then half-an-hour afterwards the train from Dalby came down crowded with people, every place from Charleville east contributing its quota, and when it arrived at Toowoomba it was sufficiently heavily laden to have been sent on at once; but in addition to the passengers already in the train, there was another large contingent of Toowoomba passengers, consisting of ladies and children, who also were crushed into those carriages. The result was that it was after 11 o'clock before that train arrived in Brisbane last night. I was informed by a gentleman who came down in this morning's train that the Warwick train was again crowded to excess, and was an hour behind time in arriving in Toowoomba, where it again received a large number of additional passengers. I think on occasions like the present, where the Railway Department are offering special inducements for visitors to visit the metropolis, that some arrangements ought to be made so that all the large centres of population might be enabled to send down their own people in special trains. Then the people from Charleville, Roma, Dalby, Warwick and other places a long distance from Brisbane may arrive in Brisbane at an early hour. I feel sure that if attention is once directed to this matter the probability is that the same difficulty will not occur again. I do not say that this is a matter for complaint at all, as perhaps it was not anticipated that so many people would travel to Brisbane; but an unusually large number have taken advantage of the opportunity offered to visit the metropolis. If special trains were run from the large centres of population it would prevent the country visitors from being subjected to the inconveniences which I saw so many subjected to on the trains coming from Wallangarra and Warwick and Dalby yesterday.

The MINISTER FOR RAILWAYS (Hon. H. M. Nelson) said: Mr. Speaker,—I shall be very happy to draw the attention of the Railway Commissioners to the matter, but I think the hon. member might simply have stated the circumstances of the case to me, and that would have been a much better stroke of business than to take up the time of the House in referring to it.

### STONE IN ADDITIONS TO PARLIAMENTARY BUILDINGS.

Mr. BARLOW said: Mr. Speaker,—I should not have moved the adjournment of the House, but as that has been done, there is a matter which I have been requested to bring forward. I must say that I do not do it in any spirit of fault-finding, nor do I pretend to be an expert in the matter I refer to. The gentleman who has entrusted me with these papers, has written out a speech for me, and I shall simply read his statement. It refers to the stone being used in the new wing of this building, and the question raised seems to be as to whether the Government has received a report on the subject. I do not desire any answer from the Minister for Mines

and Works now, as I do not want to make this a surprise motion, but I merely wish to draw his attention to it. The following is what I am desired to inquire about :—

"Have the Government received an account yet of the analysis of the stone sent by the Colonial Architect to be analysed, and if so are they favourable or not to the quality of the stone now being used in the construction of the new wing to this building? I believe a protest was made to the Minister for Works against the use of the Goodna stone, on account of its unevenness of quality, and that it would be dangerous to use it on that account. That is the substance of the Hon. A. C. Gregory's evidence before the Stone Commission.

"There is plenty of good stone at Helidon and Murphy's Creek—at least, the hon. members on the commission say so. The motion for adjournment will allow any of the hon. members that were on the commission to justify themselves in quietly allowing stone to be put into the building that is more than suspected of being of a very inferior quality—at least it is so said by many competent judges outside. This serious question of the good and bad quality of the stone should have been settled before the building was started.

"Stone delivered in Brisbane from the Helidon Quarries—average cost per cubic foot, 2s. 9d. The quantity of stone required for the building per memo. from the Colonial Architect's office was 40,000 cubic feet. This quantity of stone would cost at the prices quoted £5,019 6s. 8d. There would be freight on 3,600 tons at 7s. 6d. per ton of 13 feet to the ton, which would give £1,290 the Government would receive for carriage out of the £5,019 6s. 8d."

I do not profess to know anything about this matter, but it is a very serious one, and if there is any truth in the statement, it deserves the serious consideration of the Minister for Mines and Works.

Motion, by leave, withdrawn.

## FORMAL MOTION.

The following formal motion was agreed to :—

By Mr. MORGAN—

1. That the Warwick Gas, Light, Power, and Coal Company (Limited) Bill be referred for the consideration and report of a select committee.

2. That such committee have power to send for persons and papers, and leave to sit during any adjournment of the House, and that it consist of Messrs. Salkeld, W. Stephens, Corfield, O'Connell, and the mover.

## EIGHT HOURS BILL.

### THIRD READING.

On the motion of the HON. SIR S. W. GRIFFITH, this Bill was read a third time, passed, and ordered to be transmitted to the Legislative Council for their concurrence, by message in the usual form.

## ADJOURNMENT.

The PREMIER said : Mr. Speaker,—I rise to move that the House, at its rising, do adjourn until Thursday next.

Question put and passed

## COMPANIES ACT AMENDMENT BILL.

### COMMITTEE.

On this Order of the Day being read, the House went into Committee of the Whole to further consider this Bill in detail.

Question—That the following new clause stand part of the Bill—put :—

The provisions of the Act of the Governor and Legislative Council of New South Wales, passed in the fourth year of Her Majesty's reign, and intitled "An Act to provide for the periodical publication of the liabilities and assets of banks in New South Wales and its dependencies, and the registration of the names of the proprietors thereof," except the provisions of the fourth, fifth, sixth, seventh, eighth, and tenth sections thereof, shall extend and apply to all banking companies registered under the principal Act, which term includes any company which receives money on deposit, whether such money is repayable on demand or not, or which carries on any other usual banking business, or of the name of which the term "bank" or "banking company" or any like term, forms part.

The HON. SIR S. W. GRIFFITH said he wished to move a verbal amendment in the clause, in order to make it read better. He moved that the words "which term" be omitted, with the view of inserting the following words, "In this section the term 'banking companies.'"

Amendment agreed to; and clause, as amended, put and passed.

Mr. POWERS said he had a new clause to propose, of which he had given notice, but which he had slightly altered since it had been printed. It now read as follows :—

Every company registered as a limited company shall cause to be published in some newspaper circulating in or near the town in which the registered office is situated, within one month from the date of its incorporation, and thereafter within one month after each annual meeting of the members of the company, a statement showing the registered title, name, and the nominal capital of the company, the amount of the capital paid up, and the amount of the subscribed capital uncalled on the shares held by members of the company at the date of such incorporation, or at the date of the statement submitted to such meeting of members, and shall also, within the time aforesaid, cause a copy of such statement to be sent to the Registrar of Joint Stock Companies.

If any company makes default in complying with the provisions of this section it shall incur a penalty not exceeding £50, and every director, secretary, and manager of the company who knowingly or wilfully authorises or permits such default shall incur the like penalty.

He thought it would be a very good thing to give the public that information every year, and also immediately after the formation of the company. They all knew that companies were formed and got credit, when if their real condition was known they would not get credit. For that reason he proposed the clause.

Mr. MELLOR said he hoped the Committee would not allow the new clause to be inserted. It would harass and hamper companies a great deal too much. There were over 100 companies in Gympie which held half-yearly meetings, and to require them to publish all those particulars in the local newspapers would involve very great trouble, expense, and hardship. He did not see what gain it would be to the public, and thought it would be quite sufficient if the company sent its list of members and balance-sheet to its shareholders.

The POSTMASTER-GENERAL (Hon. J. Donaldson) said he thought the clause was a very good one. They had to consider not only present shareholders of companies, but also their creditors and future shareholders. It would cost very little trouble or expense to get the information specified published in a newspaper, and every good company ought to do so. In fact, it was the practice of many companies to do so at the present time, but he thought it should be made compulsory that the position of all public companies should be made as public as possible. For that reason he had consented to the insertion of the clause. He was sure that it would not harass any company, as the trouble and expense would be very slight. Companies which wanted to keep themselves before the public always gave that information, and he contended that it should be compulsory on all companies to publish it for the benefit and protection not only of the public who had to confide in them, but also of creditors and intending shareholders. For that purpose too much publicity could not be given.

Mr. TOZER said he intended to support the new clause, because he wanted to throw as much light as he possibly could into the general

working of the public companies of the colony. He was satisfied, however, with the hon. member for Gympie, that the system would not work in connection with mines, but he assumed that the promise the Government had made that they would introduce a separate measure applicable to mining companies would be carried out. He could only say that if they did not early next session, take the necessary steps for that purpose, he and some other private members would take action in the matter. Within the last few days he had tried to see whether it was possible that the provisions of the Bill could be made applicable to mining companies, and the more he had gone into it the more he was satisfied that there must be, as there was in Victoria, New South Wales, and South Australia, a separate enactment for the peculiar class of companies working the mines of Queensland. Having that knowledge, and applying it to the proposal of the hon. member for Burrum, he saw at once the necessity and the wisdom of having the utmost publicity in such matters. In fact, he hoped the time would come when the hon. member would go further, and require companies to publish not merely a statement of their nominal capital, but a balance-sheet, so that the public might get some true information as to the state of affairs. He could very easily understand the objection of the hon. member for Gympie. Suppose the particulars required by the clause were published in connection with No. 1 North Phœnix. The nominal capital would be put down as £24,000 and the paid-up capital as nothing; and that might deceive outsiders, though the company was one of the most prosperous mining companies in the colony.

Mr. UNMACK said he approved of the proposed new clause; in fact, he had on two previous occasions pointed out the necessity for such a clause. The hon. member for Wide Bay had alluded to one company that had no paid-up capital and yet was prosperous, and he should think that company occupied a unique position. The object in making companies advertise the amount of paid-up capital was not only to warn shareholders, but to give information to those likely to become investors. If a mining company issued £1 shares paid up to 19s. 6d. it was just as well for investors to know that before buying scrip, because after the other sixpence was called up the shares might be worthless. As far as mercantile companies were concerned such a clause was absolutely indispensable, because there were companies in existence in Queensland trading on a large nominal capital and a small paid-up capital. Those companies obtained credit wherever they could, largely in excess of their paid-up capital, and were, in fact, trading under false pretences. The clause would do away with that, because people would at all times know what amount of capital had been paid up. He should support the clause.

The POSTMASTER-GENERAL said that since the Bill was last under consideration, the question of bringing forward a Mining Companies Bill had received the consideration of the Government, and though he could not give any pledge, he might inform the Committee that the Government hoped they might next year be in a position to bring such a measure forward. With regard to the measure now under consideration, and any amendments that might be proposed, he hoped that hon. members more particularly interested in mining would not look merely on one side of the question, but would endeavour to make the Bill as perfect as possible, irrespective of mining companies.

Mr. AGNEW said he approved of the clause, but thought it might be evaded. A limited liability company carrying on business in Brisbane, for instance, might have its registered office in Normanton, and might evade the intention of the clause by publishing the particulars in a newspaper circulating at Normanton. He thought it would be better to provide that the particulars should be published in a newspaper circulating in the town in which the business of the company was conducted.

Mr. POWERS said that if any company did not publish the required statement in the place where it was carrying on business, people could get it from the Registrar of Joint Stock Companies. Many companies carrying on business at Charters Towers, Croydon, and other places had their registered offices in Brisbane. Those things were necessary, and the clause was introduced for the benefit of people who could not get the information otherwise. With regard to the argument of the hon. member for Gympie, Mr. Mellor, he was in a position to say that the statement sent to shareholders was not sufficient. He knew of a company formed in Brisbane to carry on operations somewhere in the Wide Bay and Burnett district. The names of the directors were deemed sufficient by the parties who supplied the machinery to work the property, and they gave it to the company on credit, but when they asked for payment it was said that the company had turned out a failure, and when he (Mr. Powers) made a search, he found out that the company had issued all their shares as paid-up shares, so that there was no capital at all, and the parties had given credit, presuming that the company had a certain amount of uncalled capital. He had a prior amendment to the one that had been suggested, which was to omit the word "title" on line 8, and insert the word "name."

Mr. AGNEW said he had only suggested and not moved his amendment. He would illustrate what he meant again. Suppose a limited liability company found itself in difficulties, they would naturally be desirous of hiding their true position, and it would be very easy for them to appoint as their registered office some place for which they paid 2s. 6d. a week, which was remote from their business operations. He knew of limited liability companies the shareholders of which did not number more than the registered names on the list. It was necessary in many cases to get bogus names in order to make up the company. Those people being the most interested might be desirous of fixing some remote place as their registered office, and could thus evade the law. It was not very probable such a thing would be done, but it was just as well to look possibilities in the face, and legislate for them.

Mr. HUNTER said he would suggest that the number of shares be published. It was more desirable that that should be known than the amount called up on the shares.

Mr. MELLOR said he was glad to have the assurance of the Postmaster-General that the Government intended to bring in a Mining Companies Bill, as the Bill before them would not be applicable to gold-mining companies. He did not think the Bill would assist those persons mentioned by the hon. member for Burrum who supplied machinery to companies on credit. If they were foolish enough to give credit under the conditions mentioned they must bear the loss. What he had stated previously was in reference to mining companies principally. He did not refer to other companies, but if they thought that more publicity should be given to the outside world so much the better.

Mr. SAYERS said he would have opposed the clause but for the assurance given by the Postmaster-General that steps would be taken to bring in a Bill dealing with mining companies. It had been said before that there were about 197 mining companies in the colony, and about forty-seven other companies. The Bill dealt more with limited liability companies outside of mining than it did with mining companies. In the district he came from he was happy to say they did not go in for the sharp practice mentioned by the hon. member for Burrum. The Maryborough people might be very slow, but he hardly thought they would let Brisbane people get over them in that way. Mining companies circulated a balance-sheet to every shareholder, and he was perfectly satisfied that they did not wish to prevent light being thrown on their operations.

The POSTMASTER-GENERAL: Those are legitimate companies.

Mr. SAYERS said he did not think they had any companies in the North that were not legitimate. He rose for the purpose of expressing that opinion, because he did not wish it to go forth that mining companies were as bad as limited liability companies in the other shape, which had all their capital paid up and which put in a few bogus men to make up the number of their shareholders. As a rule, mining companies advertised very largely, and were perfectly willing to show the public the whole of their proceedings.

Amendment agreed to.

Mr. POWERS said it had been pointed out to him that the date of the meeting was not the date at which the statement was made out, and therefore the company would have to make out another statement. He moved, after the word "incorporation," the insertion of the words, "at the date of the statement submitted to the meeting of members."

Mr. SAYERS said he must object to those amendments being moved, after a printed clause had been circulated, with a view of amending it again. He did not know what was before the Committee, although he had listened to the amendments being read. Members were not in a position to know the question before them. It might be all very clear to the legal mind of the hon. member for Burrum, but he (Mr. Sayers) objected to such amendments being brought forward.

The POSTMASTER-GENERAL said he had a good deal of sympathy with the hon. member who made that objection, as he had himself to watch the effects of the amendments proposed. The amendments were he thought pardonable in the present case, because the clause as first submitted did not go far enough, and was not sufficiently comprehensive. The accounts of a company might be made up, showing its actual position on the 30th June, but the meeting of shareholders might not be held for two or three weeks later, and the object of the last amendment proposed by the hon. member for Burrum, was to provide that the position of the company should be taken as on the date of the statement, and not as on the date of the meeting, so as to obviate the necessity of a second statement being made up to the date of the meeting. That was a proper amendment to make.

Mr. SAYERS said he quite understood what the Postmaster-General said, and he agreed with the hon. gentleman; but what he complained of was that the hon. member for Burrum took it upon himself to draft an amendment, and put it before the Committee in print, and then proceeded to amend it in various ways until he (Mr. Sayers) believed there was not a mining member present who really knew what was being discussed. The hon. member's amendment as now read by the Chairman, was as different as day from night from the amendment circulated to hon. members. Words were now used in the amendment, which had not been printed, and he could not follow them. The Postmaster-General should not accept any amendment until it was put before the Committee in a way that hon. members could understand. He had been told that if a member wished to introduce an amendment he should have it printed.

The POSTMASTER-GENERAL said he understood the full effect of the amendments proposed in the clause, as he had an opportunity of considering them before they were read by the Chairman. The clause, as printed, did not provide for any penalty, and of course an amendment was necessary in that direction. The wording of the clause had been slightly altered, and it had been made a little more comprehensive. He had already explained the meaning of the amendment at present before the Committee. He was watching the amendments and their effect very closely, but, at the same time, he sympathised with the hon. member for Charters Towers on the difficulty of following amendments which had not previously been submitted.

Mr. POWERS said the Committee had full notice of the principle of the amendment the other evening when the matter was brought forward. He had then hastily written out the amendment, and surely any member could improve upon the draft of an amendment put before the Committee? He saw that he had not provided for any penalty in the clause, and that had to be remedied. The clause said that:—

> "Every company registered as a limited company shall cause to be published in a newspaper circulating in or near the town in which the registered office is situated, within one month after each annual meeting of the members of the company, a statement showing the nominal capital of the company, the amount of the capital paid up, and the amount of the subscribed capital uncalled on the shares held by members of the company."

In the amendments he had made he had used the word "circulated" for the word "published." He had inserted the words "within one month from the date of its incorporation" after the word "situated" in the 3rd line, and the words "the registered name of the company" after the word "showing" in the 4th line. The clause as printed did not state that the name of the company should be given. Then there was the reference to the statement to be supplied to the Registrar of Joint Stock Companies, and that would enable such returns as had been called for by the hon. member for Burke to be supplied, and the second part of the clause explained that itself. His only object in moving the clause was to have the position of a company fully disclosed. The last amendment was that referring to the date of the statement.

Mr. HODGKINSON: How would that be affected in the case of an adjourned meeting.

Mr. POWERS said the statement would bear the same date whether the meeting was adjourned or not.

Mr. TOZER said that some hon. members appeared to think that a custom which had arisen out of courtesy had become a right, and that the Committee were supposed to be supplied with printed copies of every amendment made. It was only recently the custom of printing amendments had arisen, and he did not think it was the practice in any other House. Supposing in the course of a debate an idea cropped up, it was the duty of the hon. member to whom it occurred to put it before the Committee and to frame an amendment dealing with it if

necessary, as it was their duty to make the best laws they could. It was not always possible to have amendments printed, and all that it was necessary that an hon. member should do in proposing an amendment was to make his proposition intelligible. No doubt it was an advantage to have the amendment in print, but where that was not done hon. members had no right to get up and complain of want of courtesy. His reason for speaking was that he had himself drafted two or three amendments, and if he was to be attacked for not having them printed, in the way the hon. member for Burrum had been attacked, the probability was that he would not bring them forward at all, and as a consequence the Bill might suffer.

Mr. SAYERS said he still contended that no hon. member should bring forward amendments in that way without first having them printed. Time after time hon. members, who might not have the mental capabilities of the hon. members for Wide Bay and Burrum, but who had common sense, were confused with amendments being proposed, and when a clause was passed they did not know what it provided. It was advisable that the Committee should know what they were passing. Often when an amendment was read by the Chairman it might bear a different construction from what hon. members had at first thought, and he simply rose to call the attention of the Committee to that method of bringing in amendments. He did not object to the amendment of the hon. member for Burrum, as he believed it would be an improvement in the clause, but if they wished to have good legislation they should know clearly what was the question before them.

Mr. MELLOR said he would like to find out with regard to the first portion of the amendment, if it would be necessary for every company to publish their balance-sheets. He had understood the Postmaster-General to say that it was necessary. In reference to the latter portion of the amendment, and the amount of subscribed capital uncalled, that could not be shown by the list of shareholders at the time, as sometimes a number of forfeited shares were in the hands of the company. That was often the case, and they could not be correctly included in the amount of uncalled capital.

The POSTMASTER-GENERAL said that he had stated that any good company did publish its balance-sheet. It would not be compulsory to do so under that clause, which clearly set out what they had to publish—the nominal capital, the amount of paid-up capital, and the uncalled capital held by the members of the company. With regard to the point raised by the hon. member for Gympie, who said that a number of shares might be held by the company —that was forfeited shares—that return would show the investing public the number of forfeited shares. Such a clause as that was not for the benefit of the shareholders who were in the secret, but for the information of the general investing public.

Mr. SMYTH said that in Gympie there were 100 gold-mining companies, and they did not require a clause like that. Any person wishing to get the information could go to the office, and any secretary of a respectable mining company would supply him with the half-yearly balance-sheet. That clause was not asked for by the mining community, as they did not want people to meddle with their affairs, and the miners would all object to the proposal. Let hon. members just fancy every mining company on Gympie having to publish their balance-sheets. That was what the proposal was equivalent to. The mining community were quite satisfied with the present Companies Act, with a few slight amendments, and they did not want any tinkering with the Act, so as to make it expensive for mining companies which wished to work as economically as possible. That clause would put mining companies to a lot of expense, and he would certainly vote against it.

Mr. HUNTER said that he did not think the clause would involve any great expense, as the information could be inserted in a newspaper at a very trifling cost. He had asked on the second reading of the Bill that the Government should introduce a Mining Companies Bill, and he had pointed out that if that were done it would greatly facilitate the passing of the Bill now under discussion. He had anticipated the objections which would arise. He had been told that it would interfere with mining companies, and it had now been shown that it would interfere with them. He hoped the Government would state their intention to introduce a Mining Companies Bill at an early date, or early next session, as by doing so they would facilitate the passing of the Bill. He must confess that he could not see how they could tell the number of shares held by the company. Supposing a call were made of £5,000, and that certain shareholders paid that call, while the balance of shares paid nothing, would the amount of the call paid up be averaged among all the shares, although some had paid nothing at all?

The POSTMASTER-GENERAL said the hon. member had supplied a very strong argument in favour of the clause. It was very desirable that people who desired to invest in public companies should know the amount that had been paid upon calls, and the amount that had not been paid. An investor might not wish to buy shares in a company whose calls were not paid up. He hoped the Bill, which was intended to apply not so much to mining companies as to companies generally, would be allowed to pass, more especially as he hoped to introduce a Mining Companies Bill into the House next session. He knew that the two things could not work very well together, but the present Bill could not have any damaging effects on mining companies, while it was extremely desirable for public companies generally.

Mr. SAYERS said he could see that the clause might very properly apply to ordinary limited liability companies, but mining companies were very different. Shares in mining companies were held all over the colonies, and calls were made in small sums, ranging from ½d. to 6d. per share; and it might often happen that when calls were made people living in the southern part of Australia, although they had not paid the call at the time the balance-sheet was issued, yet intended to do so, and, in fact, might do so shortly afterwards, so that the balance-sheet would give an inaccurate statement of the real figures. If a company wanted to do a swindle, a clause like that would not prevent them. If there were 5,000 shares lying with the company, it was at the discretion of the directors at any moment to forfeit them; and if they wished to swindle the public they would not forfeit them until after the balance-sheet was prepared, and the public would have nothing before them to show whether they were forfeited or not. The fact that they had been forfeited would not appear until twelve months afterwards. The clause would in no way prevent that. He had been a director of different companies, but they had not forfeited shares, simply because they knew that the people who held those shares would pay, and were quite able to pay, but that through error or neglect on their part they had not paid the money.

The POSTMASTER-GENERAL said that supposing a company had 50,000 shares, and the amount to be paid up on them was 10s. per share, or £25,000; and supposing the unpaid calls amounted to £2,000, by the clause the return would show that only £23,000 had been paid up, and that calls to the extent of £2,000 had not been paid. Were it otherwise, a confiding public might be under the impression that because 50,000 shares had been issued at 10s. each, £25,000 had been actually paid in, whereas, as a matter of fact, £2,000, or it might be £5,000, still remained unpaid. The directors, in their discretion, might not think it desirable to forfeit the shares, but if they gave that information the investing public would know how much ought to have been paid in, and would form their judgment accordingly. At present, no information of that kind was given. He dared say they all knew of companies where thousands of pounds of calls had not been paid; it was known to the directors and the secretary, but not to any intending purchasers of shares.

Mr. HUNTER said it did sometimes happen that shares held by a company suddenly became worth some thousands of pounds, and in a case of that kind, even if the articles of association gave the directors discretionary power to forfeit them, they would not do so until they had called a general meeting and put it to the shareholders whether the shares should be sold or divided amongst the shareholders now that they had suddenly become valuable. In cases of that kind the information sought to be obtained by the clause would be totally incorrect; it would give a wrong impression to the public, and would damage the company.

Mr. POWERS said that no doubt a company in that happy position would add a footnote, or give some explanation, showing the actual position of the company. He knew of a company which had a capital nominally of £150,000. There were eight persons in the company. Seven of them had only a £1 share each; the other took 26,000 shares fully paid up, so that they had £26,007 fully paid up. And yet, without a penny of uncalled capital, they issued debentures—having properties under offer—and asked the public to give them £120,000 on loan. They got £60,000 on loan, and that loan money was used to purchase the lands they had under offer and to begin work. If those facts had been made known within one month after incorporation, the company would have occupied a very different position. That was a thing actually done, and when hon. members knew those things had been done elsewhere, how did they know that they would not be done here, unless they took proper precautions to prevent them. He had no personal interest to serve; he had brought the clause forward in the interests of the public, and it was rather discouraging when an hon. member tried to improve a measure to be attacked for doing so. The expense that a company would have to incur would not be more than 1s. 6d. or 2s. 6d., and surely it could stand that.

Mr. SAYERS said he could not see how the clause would protect the public. If the object was to protect the public against rogues, they must lock the door very securely, because otherwise any number of loopholes would be found by those persons. It was therefore the duty of hon. members to call attention to loopholes in the Bill. As had been pointed out, it would be very hard on every mining company to publish a balance-sheet, or a resumé of its position, as required by the clause. It would have to show the amount of capital paid up, the amount not called up, and the amount called up and not paid. He had known a company with a capital of only £24,000, in which there were unpaid calls out from three to four months, amounting to nearly a twentieth of the whole capital. If the Postmaster-General said the Bill did not apply to mining companies, he (Mr. Sayers) would say no more.

The POSTMASTER-GENERAL said what he had pointed out was that if a large amount of capital was paid up it would be shown by the return, as well as the capital not paid up. If the company had 50,000 shares with 10s. paid up, it would show £25,000 paid up capital. If, on the other hand, £2,000 or £3,000 had not been paid up, the paid up capital in the return would show £23,000 instead of £25,000. When calls had been unpaid for months he thought it was only right that intending investors should know it. At present it was only the directors, the secretary, and the shareholders who had not paid who would know it, and the object of the clause was to give the greatest possible publicity to the public.

Mr. BUCKLAND said if the clause did not apply to mining companies he thought it was a very good clause indeed. It was only right that ordinary companies should publish annually the information mentioned; but it would be wrong and unwise to compel mining companies to publish a balance-sheet half-yearly. With regard to forfeited shares, in the companies he was connected with the directors had power to dispose of them under the provisions of the articles of association. If the hon. gentleman assured him that the clause would not apply to mining companies, and that it was likely a Mining Companies Bill would be introduced, he did not see the objection to the clause that some hon. members appeared to entertain.

The POSTMASTER-GENERAL said the clause would apply to mining companies until they passed a Mining Companies Act.

Mr. BUCKLAND said he would like to know if the Government intended to introduce a Mining Companies Bill?

The POSTMASTER-GENERAL said: Not that session; but, as he had already assured the Committee, he hoped to have the pleasure of carrying through a Bill on the subject next session.

Question—That the words proposed to be inserted be so inserted—put and passed.

On the motion of Mr. POWERS, the clause was further amended verbally, and agreed to.

Clauses 23 to 25, inclusive, postponed.

Mr. SMYTH moved the following new clause to follow the clause last passed:—

Any mining company may, after the final call has been made, or for the purpose of amalgamating with or purchasing adjoining claims, at any time prior to the making of the final call, with the sanction given at an extraordinary meeting thereof of a majority consisting of not less than two-thirds in number and value of shareholders in such company, in person or by proxy, from time to time increase its capital by increasing the amount payable in respect of each share, or by the issue of new shares, or by both of these means, every such increase to be, in the case of new shares, of such amount, and to be divided into shares of such respective amounts as such majority shall direct.

Notice of the resolution for the increase of capital, setting forth the mode and particulars of the increase and headed with the name of the company, shall immediately after such meeting be inserted in the *Government Gazette* and in a newspaper published in the district, or, if there is no newspaper published in the district, to be advertised in the nearest newspaper to the office of the said company.

The clause was taken from the South Australian Act, and he moved it for the benefit of mining companies. Sometimes companies started with the shares paid up to 10s., which was a very foolish thing to do, because that 10s. per share

paid up was not represented in any way. What he wanted to provide was, that any company having called up all its capital should be allowed to increase its capital without going into liquidation. The provision worked very well in other colonies where a similar provision existed, and he did not think the Committee would see anything wrong in it.

The POSTMASTER-GENERAL said he did not exactly like the clause. It might be a very good one to have in a Mining Companies Act, but not in a Public Companies Act. The proposed clause was taken from an Act in force where mining companies were no-liability companies; and he could understand such a clause being adopted there, because if two-thirds of the shareholders desired to increase the capital they could do so without putting any liability on the shareholders. But it was quite different in Queensland. If a company increased its capital by £20,000 the shareholders who were not satisfied might, against their will, be made liable for another £1 per share; and they would have no remedy, though they might have opposed the increase. It was quite different under a no-liability Act, because there the shareholders who were not satisfied with the action taken by the majority could stand out and not pay the calls asked for. He thought the introduction of such a clause into the Bill now before the Committee would be objectionable; but he would like to hear it discussed because he might be wrong in the views he had just expressed.

Mr. SMYTH said he anticipated the argument used by the hon. gentleman in charge of the Bill. In the South Australian Act the term "any company" was used, but in the proposed new clause he used the term "any mining company," so that if it became law it would relate only to mining companies. He might point out that there would be a clause in the articles of association limiting the borrowing powers of the directors, and there was no likelihood of any shareholder being stuck for £2,000 or £3,000, as the hon. gentleman seemed to fear. The articles of association had to be registered; and the officer who registered them would see that no excessive borrowing powers were put in, so that there would be no fear of unfortunate shareholders with a little money having to pay for those who were too dishonest to pay their calls.

The HON. SIR S. W. GRIFFITH said he was sorry he could not support the clause. It proposed that in the case of mining companies under certain circumstances—that was after all the money had been called up on the shares, or for the purpose of amalgamation with an adjoining claim, an extraordinary meeting might authorise the increase of the capital of the company by the issue of new shares or by the increase of the nominal amount of each share. The majority of the members of a company might increase the liability of all the others and impose new liabilities on the minority. That was taking away limited liability altogether. When a man took up shares he knew what he was liable for, but under the clause as proposed, he was liable for what others might choose to impose upon him. He should not care to buy shares under those conditions. If a company had nothing, then the shareholders did not lose anything if their shares were forfeited, and they could take up other shares or not as they chose. If they had lost money it was their own business if they sent more good money after it. Such a provision would very justly apply to no-liability companies. Under the proposed clause the shareholders would have no option whatever. They would have gone into a company on certain terms, and those terms might be altered. He did not think a majority should be able to impose upon the minority new liabilities of that sort. A man said to himself, "I am prepared to lose £100;" and many people went into mining companies on that understanding—that it was so much money which they expected to lose. His (Sir S. W. Griffith's) expectations in that respect had never been disappointed; but he should certainly object to having a liability of £500 or £600 imposed upon him when he only intended to lose £100 or £200. He could not support the clause.

Mr. SAYERS said he was somewhat of the same opinion as the Postmaster-General and the leader of the Opposition. It would be very hard indeed if there were 24,000 shares in a company that two-thirds of the shareholders could compel the minority to pay up another £1 per share. The hon. member for Gympie, no doubt, wished to make provision for small mining companies increasing their capital without being compelled to liquidate, but that would be better dealt with in a Mining Companies Bill. If the clause was carried, it would have the effect of preventing many people from going into mining companies, because everyone liked to know the amount of money he was liable for. He would not like to think that a certain number of shareholders could make him liable for sums that he had no intention of making himself liable for.

Mr. WATSON said when a shareholder had paid up his calls no directors could make him pay more. He had been connected with companies that had been reorganised more than once, but the old shareholders could never be compelled to come in when the companies were reformed. The leader of the Opposition would know that shareholders who had paid up all calls could not be compelled to pay more.

The HON. SIR S. W. GRIFFITH: Under this clause they could.

Mr. HUNTER said what the hon. gentleman wanted was an amendment of the 133rd clause of the Companies Act. The clause which had been brought forward was passed in Victoria in 1866, and it applied not only to limited liability companies but to all mining companies. A great deal of the difficulty could be got over by increasing the majority of persons who had to give sanction. In Victoria it was only in the case of limited companies that the clause could operate. In no-liability companies they did not need any such power to call up a certain amount. He thought if it was four-fifths of the shareholders who passed the resolution there was no reason why the clause should not be accepted. That was a very fair number of shareholders to guide the business of the company. Only recently the Day Dawn Freehold Mining Company of Charters Towers had had to go into liquidation and reorganise. He should advise the hon. member not to make the clause apply after the final call but at any time. After the final call he would find he would not have time to carry the thing through, and the company might have to suspend operations for want of funds.

Mr. UNMACK said it required very little consideration to convince even the hon. gentleman who had introduced the proposal that it was utterly unworkable, and was calculated to inflict a very gross injustice upon certain shareholders. Under the existing law a shareholder was liable to the amount of his shares twelve months after he had parted with them. After he had parted with them in all good faith, under the clause now proposed, he might be called upon to pay another £1 per share. That would be a gross injustice. A person might go into a company knowing that he had a certain liability, and might suddenly receive notice that two-thirds of the shareholders had passed a

resolution that he should pay another £1 per share, and he might have to pay that even after he had parted with his interest. He (Mr. Unmack) was quite sure everyone would say that that was utterly unworkable.

Mr. SMYTH said he could not see how it could be said to be unworkable when it was working in Victoria where they had the largest experience of quartz-mining companies in any of the colonies. They had "no-liability" and "limited" companies, and in Victoria they had a great number of companies working as "no-liability" companies, but they knew that that meant no credit. They could not get an advance from a bank or storekeeper on personal security only. That was the difference between the two kinds of companies. They had tried the "no-liability" companies in Gympie, where they had been introduced by the hon. member for Wide Bay, and they had been perfect failures, and none of them existed now.

Mr. TOZER: Why?

Mr. SMYTH said it was because they could get no credit. They could not get anything. If persons wanted to carry on any kind of business, whether that of a stock and station agent or a miners' business, they must have a certain amount of credit, and though a man was getting credit, it did not show he was in a bad position financially. In all commercial transactions those things happened, and so far as mining companies in Queensland were concerned, the "no-liability" companies had proved failures and had gone to the wall. In mining, a company would go to a bank for an overdraft to put up crushing machinery or a winding plant, and no bank would advance them money unless the directors were men of stamina, who could pay up if the company went wrong. They never trusted a company at all, only the men in charge of it. Take the case of any company outside of mining altogether, such as the Brisbane land and mortgage companies, and say they went to a bank and said they wanted £40,000 or £50,000. The managers of the bank would say, "Who are your directors?" It might be said that the Postmaster-General was one, and that the Hon. B. D. Morehead was another, and the bank would give credit upon that fact and not to the company itself. Limited liability companies had been proved a success in Queensland, and the clause he proposed to introduce had been passed in Victoria, and had proved successful or it would not be in the Victorian Act now. He could not see the weakness of it. As to the liquidation of companies, some of them had had practical experience of it, and his hon. colleague, Mr. Mellor, had been a liquidator in several companies. They had to go to a lawyer, and draw up articles of association, and go through all the processes of forming a new company. Could any member of the Committee point out in what way the clause he proposed would do any harm. He was prepared to sit down if they did. It was a clause which existed in the largest quartz-mining place in the colonies, and he did not think they would be doing wrong in adopting it here. He had not heard a reasonable argument against the clause; the only argument used against it being the limit as to the number of shareholders. Say there was a company with 30,000 shares, at £1 a share, and they had 10s. paid up, that would be £15,000. That was a wrong thing to do to begin with, but suppose they spent the £15,000 in getting machinery, what position would they be in then? The banks would say, "All your capital is called up, and we cannot do anything with you unless you reconstruct." What harm would there be done if the company instead of making their shares £1 shares made them 30s. shares?

The HON. SIR S. W. GRIFFITH: No harm, if everybody agreed with it.

Mr. SMYTH said the hon. member for Burke said that there should be four-fifths of the shareholders agreeing to it, but it would be impossible to get four-fifths of them at a meeting. They knew very well that people holding shares in mines lived in all parts of the colonies and in England, and when a company was carrying on respectably with a good board of directors and everything was going on smoothly, it was very hard to get even a quorum of shareholders at a meeting. When shareholders were satisfied they would not attend meetings. It would be impossible to get a resolution passed by four-fifths, and he thought the Victorian clause providing for a two-thirds resolution was a very reasonable one.

Mr. TOZER said that if the hon. member would take the trouble to go deeper into the matter, he would see that the clause would ruin himself and many other members of the Committee. The hon. member had asked if any member could raise an argument against the clause, and he might state for the information of the hon. member that he had recently taken 1,500 shares in a mine up North, and he knew he was going to lose £1,500 in it. A large owner in the mine had a mortgage of £5,000 on the property, and he (Mr. Tozer) did not know that when he went into it. All that man need do under the clause would be to call a meeting of the shareholders, constitute the majority himself and increase his (Mr. Tozer's) £1,500 to £3,000, and he would be in a nice mess then. That man could go and get his mortgage out of him by making calls upon him. He only mentioned that to show how the clause would work, and he did not think any person taking shares in companies should be placed in such a position as that. The difficulty about those companies was really imaginary. He was in the Day Dawn Freehold at Charters Towers the other day, and that was a company whose capital was exhausted by reason of their having spent it in sinking a shaft. Within a few days after they called the necessary meeting for re-construction they were started again, and it did not give a scintilla of trouble to any one of the shareholders.

Mr. SMYTH: I did not know about the number of shareholders.

Mr. TOZER said the hon. member went into it after the re-construction. In increasing the capital there was always a certain amount of stamp duty to pay; but he had better knowledge than some on the subject, and he could say that to re-construct a company with £24,000 capital it generally cost from £40 to £50, and £10 or £15 of that went in expenses. However, as he had heard during the adjournment for tea that the hon. member had stated that he would not press his proposed clause, he would now discontinue his observations. His only desire was to assist in getting the Bill through.

Mr. SMYTH said that as he saw it was not possible to carry the clause, he would not press it, although he had done his duty in proposing it. He hoped the Postmaster-General, when he brought in the Bill dealing with mining companies that he had promised, would insert a clause dealing with that question, so that the same difficulties would not arise in the future which had arisen in the past. He begged leave to withdraw his proposed clause.

The POSTMASTER-GENERAL said that when the Bill was introduced dealing with mining companies that matter would be taken into consideration.

Clause, by leave, withdrawn.

Clauses 26—"Special provisions as to associations formed for purposes not of gain"—and 27—"Companies may have some shares fully paid and others not"—put and passed.

On clause 28, as follows:—

"Every share in any company shall be deemed and taken to have been issued and to be held subject to the payment of the whole amount thereof in cash, unless the same shall have been otherwise determined by a contract duly made in writing, and filed with the Registrar of Joint Stock Companies at or before the issue of such shares."

Mr. SMYTH said that was what he called the "irrigation" clause, as it enabled people floating mines on the home market to get some influential persons to take up a certain number of shares at a discount. A company might, for example, be floated with a capital of £40,000, and the promoters would get some persons to take, say, 20,000 £1 shares at a discount of 10s., and put them on the directorate to help the promoters in putting the mine on the market. That sort of thing, however, was not confined to mines, as it might be done in floating any other company. He hoped that when the Postmaster-General brought in the Bill he had promised, dealing with mining companies, he would leave that clause out.

The POSTMASTER-GENERAL said he was not prepared to say how such a clause would affect mining companies, but it would be a very useful clause where it stood.

Mr. TOZER said that more litigation had been caused by that clause than by all the other clauses in the Companies Act put together. He held in his hand a copy of the *Money Market Review*, containing a very recent decision on that matter. The last and true definition of the clause was that all shares must be paid up in cash. The last part of the clause, unless by a contract duly made in writing and registered, referred to cases where property had been given as part of the consideration. The difficulty was, supposing a share was issued, and it was not paid up, and it got into the hands of another person, should that person be settled on the list of contributories of a company in liquidation. In the case he referred to, a company which was incorporated in 1881 entered into an agreement with another company in France, by which it was agreed to issue 1,000 fully paid up shares to the French company, or their nominees, and, in fact, certain of those shares were allotted to a nominee in consideration, as it was stated, of services rendered. The agreement under which that issue took place was not registered, as required by section 25 of the Companies Act, 1867, and, consequently, the present holders of those shares, who were the transferees of the original holder and directors of the original company, were settled on the list of contributories for the full amount of the shares. It was sought, on their behalf, to prove that the alleged services were a valuable consideration, equivalent to a payment in cash, and that there was, in fact, a purchase from the French company by their nominee, who had no notice that the contract had not been registered. That was the main point to which he wished to direct the attention of the Committee. With reference to the extent of the liability imposed by section 25, Lord Justice Cotton, in his judgment, said that—

"Section 25 of the Act of 1867 in effect provides that the enforcement of the liability under which the holder of shares is can only be got rid of by a contract in writing, duly registered. If there be an admission made by the company, the liquidator would be bound by that admission, and if the company had made a representation that they had registered the contract, it might be that the shareholder might ask to be relieved of his contract, But that cannot be done now after the company has gone into liquidation, for in that respect the liquidator does not stand in the same position as the company. In my opinion, even if the company had entered into a contract with the shareholder not to enforce against him the liability imposed by statute, the company would not be precluded from bringing an action for calls against the shareholder, as the contract would be *ultra vires*."

He might inform the Postmaster-General that of all the clauses of the Companies Act in England there was not one that gave such trouble—such infinite trouble—as that which provided for a contract being in writing and duly registered. He did not say that the clause was not a good one, but it was one that had caused immense litigation, and his object was that if a man bought shares *bonâ fide* in the market, without any knowledge whatever that a contract had not been entered into—which he could not know until he got his shares—it ought to be cleared up by some such addenda as this to the clause:—"But the title of a third person who has given valuable consideration for a share without knowing the fact that the payment in cash has not actually taken place, shall not be invalidated by reason of the fact that the agreement by which the original issue took place was not registered, nor shall such *bonâ fide* holder for value, without notice, be settled on the list of contributors." The practical result of the decision he had read was that every share must be paid up in cash. That being so, supposing shares were not paid for in cash, and were issued at 10s. discount, or supposing they were issued as paid up to 20s., and circulated as paid-up shares without the contract being registered, the vendor in that instance would certainly be liable for the 20s., because the contract was not registered. He could give an instance in his own case, in which he had had something to do with selling property. Part of the consideration issued to him was 5,000 shares out of 210,000, and if he had not been wide-awake and saw that the contract in writing was registered, by which the shares were handed over to him as fully paid up, he would have been liable afterwards, although he had given consideration. In that instance, if he had transferred those shares to another man who did not know anything about the original transaction, that man would be liable; therefore the clause was fraught with some danger to innocent persons who might be settled on the list of contributors, although they had given full value for their shares.

The HON. SIR S. W. GRIFFITH said he could not understand the authority the hon. gentleman referred to, because it had been settled by the House of Lords ten years ago that the transferee of shares represented by the company as fully paid up was perfectly safe, notwithstanding that section. That was to say that if the purchaser bought from the original allottee shares represented as fully paid up, he was not liable to pay any more upon them. That was the decision of the House of Lords, which could not be set aside, except by the action of the legislature. Of course, if a man bought shares which he knew were not fully paid up, there could be no particular hardship in saying that he should pay up the balance. He thought the clause should be amended so as to make the subject clear. Before sitting down he must express his regret that he was not present when clause 27 was passed, and he would, with the permission of the Committee, say a few words upon it. The clause provided that the company should not be prevented from—

"Accepting from any member of the company who assents thereto the whole or a part of the amount remaining unpaid on any share or shares held by him either in discharge of the amount of a call payable in respect of any other share or shares held by him, or without any call having been made."

That was absolute nonsense. He knew it was taken from the English statute, but that did not alter the fact. It simply meant that if a man had two shares in a company and owed money on both, the company could accept payment of the debt due on one as a discharge of the debt due on the other. How could a man who owed two debts pay one as a discharge of the other? One must still remain unpaid. The paragraph was perfect nonsense, and he hoped the hon. gentleman in charge of the Bill would consent to the clause being re-committed.

The POSTMASTER-GENERAL said he could assure the hon. gentleman he had no wish to take advantage of his absence, and he had not the slightest objection to re-commit the clause.

Mr. TOZER said he would like to explain further that the House of Lords case, mentioned by the leader of the Opposition, was quoted in the particular case to which he (Mr. Tozer) had referred. In the House of Lords case it was decided that—

"If a receipt is given for the money by the company and the share passes into the hands of a person who has given valuable consideration for it, and knows nothing about the fact that payment has not really taken place, there is nothing whatever in this section which would in any way invalidate his title."

But in the case to which he had referred—

"Mr. Justice Kay, before whom the case was first heard, held that in order to bring the case within this authority, it was necessary for the applicants to show that the nominee of the French Company acquired the shares without notice that the contract under which they were issued had not been registered, and that as they failed to show this they were liable for the amount of the shares."

Then came the concluding words he had already quoted in reference to liquidation. He really thought that if the clause passed many persons in Queensland would find themselves in the position of those shareholders in that French company who *bonâ fide* bought shares; and he had simply done his duty in drawing attention to the evil consequences that had happened at home from the insertion of that clause.

The POSTMASTER-GENERAL said that, notwithstanding the arguments that had been brought forward, he still thought the clause was necessary. Some companies were floated in a very irregular manner, certain circumstances being concealed from the shareholders—and it was necessary not only that there should be a written contract showing exactly the position of the company, but that the contract should be registered. With regard to the suggestion that the clause should be amended so as to make it only apply to the allottee, it was very certain that if a company of a doubtful character were floated, the allottee would at once transfer his interest to someone else. It would be far better to pass the clause in its present form, and let shareholders make the necessary inquiries to see that their position was secure.

Clause put and passed.

On clause 29, as follows:—

"Whereas in many cases before the commencement of this Act shares in companies have been allotted on the condition that a smaller sum of money than the whole amount thereof should be payable by the holders to the company: And whereas doubts have arisen whether, notwithstanding such allotment, the holders of such shares are not liable to pay the whole amount thereof in cash:

"Be it enacted and declared that any contract made *bonâ fide* before the passing of this Act between any company which at the time of such contract had been carrying on business for at least twelve months, and any allottee of shares therein, that such allottee shall not be liable to pay more than a portion of the whole amount of such shares, and that on payment of such agreed amount the shares shall be deemed to be fully paid up, was and is valid, so that such allottee shall not be liable to pay more than the amount specified in such contract in respect of the shares so allotted to him, and that on payment of such amount the shares shall be deemed to be fully paid up."

The POSTMASTER-GENERAL moved the omission of the words "which at the time of such contract had been carrying on business for at least twelve months."

Mr. UNMACK said he looked upon the clause as the most dangerous clause in the Bill. It proposed to legalise past transactions of which they had no knowledge. They knew that a great many companies had issued shares at a discount supposed to be paid up or partly paid up. In many instances that had been done against the wishes of some of the shareholders, and in some instances without their knowledge. He did not understand how such a clause could be allowed in the Bill, and on the second reading of the Bill he had mentioned a case which he would again refer to. There was at present a company in Queensland which had allotted a number of shares at a considerable discount; and the issue of those shares had actually made the company insolvent. He was one of the unfortunate shareholders, and was present at the meeting; but there was no more chance of his preventing such a transaction, than there was of the Opposition side carrying any measure against the Government side, when the Government chose to put their foot down. The fact of the matter was that the meeting was packed with proxies from absent shareholders who were to get those shares which were issued at a discount. He thought the Committee should not be called upon to legalise such transactions in the dark. If any particular company wanted redress they ought to seek it in the proper way; but he did not think the Committee ought to be asked to legalise all contracts made for years past. It was an unheard of proposition, and he hoped the clause would not be carried.

The POSTMASTER-GENERAL said the hon. member for Toowong was quite right in the statement he had made, with regard to a certain company issuing shares at a discount; but the hon. gentleman ought to know that the company acted under legal advice in doing so, and that the gentleman who gave that advice had the decision of an English judge to guide him. Prior to that time, there was a doubt as to whether it was legal to issue shares at a discount, but from the date of the decision given by Mr. Justice Chitty, until some time last year, when that decision was upset, it was considered legal to issue them at a discount. A great many companies had issued shares at a discount in good faith, being fortified by the decision given by Mr. Justice Chitty, and the clause was intended to legalise those transactions which had been made in good faith. It was not now legal to issue discount shares—that had been decided by the highest courts at home—and the clause would only legalise transactions which had taken place up to the present time. A number of companies had—acting in good faith and under legal advice—issued shares at a discount, and under those circumstances he thought the clause was a good one. He knew the gentleman who had given the advice that it was legal to issue shares at a discount. He had some doubts about it, but the decision of Mr. Justice Chitty had guided him, and he was perfectly justified in giving that advice. A similar clause was proposed in the English Act. He (Mr. Donaldson) thought there was great necessity for such a clause, and he hoped it would be passed.

Mr. TOZER said he was going to support the clause, because he did not see why shares should not be issued at a discount. The clause should have gone further. Very often companies might be in great straits, and it was impossible to issue their shares at par. Why should there be any obstacle in the way of their issuing £1 shares at 10s. If the Bill passed as it stood, it would not be legal to issue shares at a discount, but after passing the clause why should the Committee not go further and legalise the issue of shares at a discount? There seemed to him to be no reason against it. In support of the argument of the Postmaster-General that the clause was necessary, he might say that the House of Lords, which was the most conservative body in the world, had passed a similar condoning clause for the same reason as that given by the Postmaster-General. In 1882 a decision was given in England by which people inferred that it was legal to issue shares at a discount, but recently that decision had been corrected under the Act they were now passing. At the present moment in England it was not legal to issue shares at a discount, but what was that done there? There was brought before the House of Lords a Companies Relief Bill, which went to its second reading. The principle of that relief was considered to be just. Why should they visit on those people who had acted in obedience to the law a penalty for not knowing the law. In the present instance the Government would have the support of every mining member, for, from his knowledge, extending over twenty years, every mining share that had been issued was issued at a discount. The companies had said, "Our shares are worth 10s., and we will issue them at 10s. paid up." If it was the law at present that they were liable to pay that 10s. back again, the mining members would come to the rescue in that matter and assist other companies in similar difficulties by passing a law to remedy that state of affairs. After consideration of the matter he believed the clause was a very wise one, but he went further. The House of Lords had considered that after condoning the offences of the past, it was a very wise provision to make for the future, and one of the clauses they had already passed was that in future there should be shares issued at a discount. Could anyone give any reason why a public company carrying on business should not be allowed, by special resolution carried by three-fourths of the shareholders, to issue £1 shares at 15s.? Who did it harm? It was a matter of internal regulation. He should support the clause, and would go further and allow companies in the future to issue shares at a discount.

Mr. SAYERS said the hon. member for Wide Bay had argued that the 29th clause would not apply to all mining companies formed up to the present time, if the shares were issued as paid up, and no cash had been paid for them. He would like to know from the Postmaster-General whether, if a company was formed with 24,000 shares and the owners accepted 12,000 shares for the property, machinery, and plant, they would be responsible for £12,000 after receiving 12,000 shares in payment of their property? That was the argument of the hon. member for Wide Bay.

The POSTMASTER-GENERAL said what the clause was intended to mean was that if shares had been issued at a discount, and in good faith, it was a legal transaction. Supposing a company issued shares at 15s. as paid up, that might have been part of the bargain for floating the company, and, therefore, consideration had been given for those shares. At the present time he believed the law was that the holders of those shares would be responsible for the difference between what they had paid and the amount of the shares.

The HON. SIR S. W. GRIFFITH said the questions raised by that clause and the previous one were different subjects altogether. There was an artificial rule of law that an obligation to pay a certain sum of money could not be discharged by the payment of a smaller sum. When a man took a share in a company, he assumed a liability to pay the sum of money represented by that share. That could not be discharged by the payment of a smaller sum. But an obligation to pay a sum of money could be discharged by giving something else. Take the case referred to by the hon. member for Charters Towers—a case in which the holders of the machinery transferred it as a consideration. They gave that and they got shares in return. That was not the payment of a smaller sum of money. It was a satisfaction of the debt due on the shares by giving over the property. That was dealt with by the section just passed. Transactions of that sort were not to be valid unless a written contract to that effect was registered. Issuing shares at a discount was a different matter altogether. It was not lawful to issue a 20s. share as fully paid up at 10s., and that had been decided in England. The clause proposed to enact that a great number of those transactions that had taken place in the past should be legalised. Up to the beginning of last year people were under the impression that shares could be issued at a discount, and a case in point came under his experience in Queensland. He had always been of opinion that shares could not be issued at a discount, on the ground that where a man owed a sum of money, he could not discharge that obligation by the payment of a smaller sum. But in England, in the year 1882, a case was decided to the contrary, and some time afterwards he was asked his opinion. Seeing the decision that had been given in England in 1882, and that that decision had been acted upon ever since without any dissent or appeal, he thought it might safely be acted upon in Queensland, and so advised; but shortly afterwards that decision was overruled in England, and it was decided that the law was as he had always supposed it to be. He did not think it would be fair that those people who had been acting on the assumption that the law had been what it was decided to be by the learned judge in England, should be in the position of having to pay money upon contracts which, had they known the law, they would not have entered into. That was the amendment of the law the Bill proposed to make. The subject was very much considered in another place whether it should apply to all companies, or only to companies which had been carrying on business for twelve months. The issue of shares at a discount would not, as the clause stood, be legalised until the company had been carrying on business for twelve months. He did not know what transactions might have taken place; but he thought if the clause were passed at all, it should be passed without any limitation. The hon. member for Wide Bay did not see any objection to issuing shares at a discount; but he (Sir S. W. Griffith) did. The nominal capital ought to be realised. If a company were started with a capital of £100,000, and the shareholders only paid £50,000, that would be a fictitious transaction, and such transactions should always be discouraged.

Mr. TOZER said the point he had mentioned about issuing shares at a discount was one that had been very widely considered. It was not a matter that had arisen out of his own mind. It had exercised the mind of the London Chamber of Commerce and other important mercantile

bodies in London. It was brought before the House of Lords by Lord Thurlow, no doubt a great authority on companies law—he noticed that the Lord Chancellor referred to him as such. His lordship moved this clause :—

"On and after the passing of this Act it shall be lawful for any company to issue any portion of its capital at such a premium, or at such a discount as may have been sanctioned at a general meeting of the shareholders of the company by a majority of not less than two-thirds of the number present and voting, or duly represented by proxy"—

and said it was a matter of vital importance. It had exercised the minds of the London Chamber of Commerce, and he thought their lordships should deal with it. Lord Selborne said his objection was that the clause was not confined to the issue of new capital, and he would give it his sanction if it were, so that there was no doubt that the idea was that it was advisable to issue shares at a premium or at a discount. Of course he must bow to the legal opinion of the leader of the Opposition ; but he knew that when that Bill was brought in in England the very same clause was introduced. It was founded upon the fact that the original decision which was given by the judge in 1882 was based upon the clause they had just passed, and when Lord Bramwell was referring to the Bill brought forward by Earl Crawford, he said the 25th section of the Companies Act provided that shares in any company could be issued at a discount. The judgment which was given in the year 1882 was no doubt founded upon the law of 1867, because the law of 1867 was in force in that year, and Justice Chitty decided that shares issued at a discount should be considered to be fully paid up. It seemed that Justice Chitty was wrong in that interpretation of the clause, and that the issue of such shares was illegal, irrespective of the Act of 1867. He rose to point out that the basis of the illegality was that there was a clause in the English Act to the effect that all shares should be paid up in cash. That was not in the Bill before them, and there was no authority to say that shares should not be issued at a discount. By the section they had passed, unless they gave authority, shares certainly could not be issued at a discount. The leader of the Opposition had said that shares ought not to be issued at a discount ; but the London Chamber of Commerce thought there was wisdom in sometimes giving companies an opportunity, not only of selling shares at a premium, as they did in gas companies, but sometimes also at a discount. He knew in regard to mining companies that it had been found of immense advantage to sell shares at a discount to provide capital.

Mr. UNMACK said he thought there was a good deal of wisdom in giving the privilege of sometimes selling shares at a discount. Circumstances might arise when such a course became absolutely necessary. His objection did not lie in that direction of preventing such things being done in future. His objection was to legalising past transactions of which they knew nothing. Many transactions had taken place in the past which would not bear the light of day, and yet they were called upon in one short sentence to legalise whatever might have been done for years past. If the clause was intended solely for the purpose of legalising transactions in future, due notice having been given to the shareholders, and their consent obtained, he should be very glad to support it. But he objected to legalising transactions of which they knew nothing, and which might have been to the prejudice or detriment of many unfortunate shareholders in different companies. That was too much to ask, and on that ground he would oppose the clause.

The POSTMASTER-GENERAL said that with regard to legalising past actions, they assumed that they had been done in good faith.

Mr. UNMACK : You assume too much.

The POSTMASTER-GENERAL said he did not think they assumed too much. There had been a decision given by a learned judge, and upon that a great number of legal opinions had been based, and it would therefore be very unfair now to refuse to legalise actions done in good faith, though they had since been proved to be illegal. With regard to the issue of shares at a discount, if it was permitted at all, it should only be by companies that had been a certain fixed time in existence. If the necessity arose for issuing fresh shares, and they could only be issued at a discount, it might be desirable to make such a concession to companies that had been some time in existence. As to the inadvisability of issuing £1 shares, as had frequently been done, for 15s. paid up, sometimes more and sometimes less, he agreed with the leader of the Opposition on that point. A deserving company might get into such a position that they would have to liquidate if they did not get fresh capital, and they might not be able to get it without issuing their shares at a discount, and he was inclined to think there would be no harm in permitting that, provided it was hemmed in by the restriction that the company must have been in existence for a certain reasonable time—one, two, or five years. It would not do to permit the issue of shares at a discount immediately after the incorporation of a company, as a few might first be issued, and then in a month or two the remainder might be issued at a discount. That would not do at all. They might have a gold-mining company that had been working for four or five years and their capital might be exhausted. If they issued fresh shares they would not be likely to be taken at their par value, and it might be desirable that they should be allowed to issue shares at a discount to prevent liquidation.

Mr. TOZER said he had just been informed that one of the best companies, as regarded industry, in the colony, the Ipswich Woollen Company had sold their 20s. shares at a discount of 10s., and those shares were now selling at 22s. 6d. If they had not issued their shares at a discount, they would probably not be in their present good position.

The POSTMASTER-GENERAL said the fact of the matter was that they did that illegally. If it was not for such a clause as the Committee were then discussing, the unfortunate shareholders would be liable for the other 10s.

Mr. TOZER : How ?

The POSTMASTER-GENERAL : Because the company issued shares at a discount illegally. As he had already said, in 1882 a decision had been given by Mr. Justice Chitty, and from that time up to last year that decision had held good.

Mr. TOZER : That decision was given on the basis of the Act of 1867.

The HON. SIR S. W. GRIFFITH said the hon. member for Wide Bay had misunderstood the decision of Mr. Justice Chitty. Mr. Justice Chitty decided in fact that clause 25 which they had just passed—that shares should be held subject to the payment of the whole amount in cash in the absence of a registered agreement to the contrary—justified the issue of shares at a discount. That that clause authorised it was what he held. Our law at present did not contain that clause, and Justice Chitty thought the insertion of that clause in the Act of 1867 made it lawful. The Court of Appeal held that it did not. The hon.

member for Wide Bay seemed to think that without that clause, it was lawful, and that the insertion of the clause made it unlawful, but that was not the decision that had been given. There was a good deal in what the Postmaster-General had said about authorising companies of considerable standing to issue shares at a discount, and the instance quoted by the hon. member for Wide Bay of a company that could only carry on business in that way, was certainly worthy of consideration. He was disposed to think the clause might be extended to shares issued at a discount in the future in the case of contracts made after the passing of the Act, where the companies had been carrying on business for a certain time. It might as a matter of expediency be desirable to amend the clause in that way. It might be provided "that any contract made *bonâ fide* before the passing of this Act between any company which, at the time of such contract, had been carrying on business for at least twelve months, and any allottee of shares therein" as provided in the clause; and further—"and any contract made *bonâ fide* after the passing of this Act between any company which, at the time of such contract, has been carrying on business for at least twelve months, and any allottee of shares therein," and so on with the rest of the clause. That might be desirable as a matter of expediency.

The POSTMASTER-GENERAL said he would agree to that, and would withdraw his amendment.

Amendment, by leave, withdrawn.

The HON. SIR S. W. GRIFFITH said the matter was worthy of serious consideration. He was not very certain whether it was a good provision, but on the whole he thought it was. He proposed the insertion of the following words after the word "therein" in the 46th line:—

> And any contract made *bonâ fide* after the passing of this Act between any company which at the time of such contract has been carrying on business for at least twelve months, and any allottee of shares therein, to the effect in either case.

Mr. HUNTER said he wanted to know what constituted a contract in that clause. In floating companies it was often the case that fully paid up shares were issued to persons for services received, and he wanted to know whether such an issue of shares constituted a contract.

The POSTMASTER-GENERAL: Clause 28 provides for that.

Mr. HUNTER said he was referring to a great number of paid up shares issued to persons for all sorts of things. A gentleman putting his name on the prospectus was presented with, perhaps, 500 or 1,000 fully paid up shares for which there was no contract filed, and no contract in writing between the company and that particular shareholder. He did not want to protect the individual who had lent his name to the prospectus, but he wished to protect the man who bought those shares not knowing how they had been issued in the first instance. Such a thing as that appeared like the provision in the Companies Act which provided that any person who had agreed to take shares in a company should be declared a shareholder. It had been tested and decided that a man had agreed to take shares by many acts he might have performed.

The HON. SIR S. W. GRIFFITH: There must be some agreement in writing between the company and the individual.

Mr. HUNTER said that he had had the question tested in the District Court on appeal, and it had cost him nearly £200 to find it out. He had never made any contract in writing, nor had he held any scrip of the company. He had attended a meeting held several weeks before the company was registered, and that constituted a contract according to the decision of the district court. He wanted to know what constituted a contract under the clause—whether the mere issuing of those shares to the holder constituted a contract, or whether it was to be in writing between the company and the individual.

The POSTMASTER-GENERAL said that, of course, there would be no liability on shares issued at a discount. Clause 28 provided that in future all shares should be fully paid up shares, and it was necessary to provide that agreements should be properly made, showing how the property of the company had been disposed of. They should be able to show there was a certain value for the shares—so much in paid up shares, so many shares paid up, say, to the amount of 10s. on £1 shares, and so many shares issued, and so much paid up on them. All payments upon shares would have to be in cash. He was not prepared to answer the hon. gentleman with regard to the past transactions, whether they were legal or illegal.

Mr. HUNTER said that he was referring to a majority of the paid up shares in this colony, and he wanted to know whether the innocent man, who might hold those shares at the present time, held them legally or not. Of course that man could not hold them illegally. The illegality would be between the person to whom the shares had originally been issued and the company. They were drawing public attention to the legality or otherwise of such issue of shares, and they must know whether it was to be considered legal or illegal. Many companies were in liquidation at the present time, and many of the liquidators would be only too pleased to find that they could come on the shareholders and fleece them, although they might be perfectly innocent, having bought their shares in open market. If the Committee were going to protect anyone, let them protect them all. He was quite in accord with the Postmaster-General in providing that for the future all companies issuing paid up shares should file the contract in writing, as at the present time many companies issued paid up shares to influential men to get the companies floated. He wanted to know how the clause would apply to past transactions. He maintained that he was entitled to an answer to his question.

The POSTMASTER-GENERAL said he was explaining the Bill now before the Committee to the best of his ability, but with regard to questions that had arisen out of the existing Companies Act he was not prepared to answer.

Mr. HUNTER said there were other members of the Committee who could perhaps answer his question. He was not saying whether it was right or wrong to legalise past actions, but whether it was right as regarded only a certain portion of them—to legalise the actions of certain companies in Brisbane which had issued shares on a system that was thoroughly illegal. If it was intended to protect anybody, he maintained that the persons he referred to should be protected. A very great number of paid up shares in the mining companies of the colony had been issued to persons for the use of their names on prospectuses, and for their influence in getting the shares taken up by the public. Some had been issued as paid up shares, others as partly paid up. He wanted to know whether the whole of those shares, whether they belonged to the original holder or had been transferred to other persons, were to be accounted as legally paid up to the amount stated upon them.

The HON. SIR S. W. GRIFFITH said he understood the hon. member to ask—first, Supposing shares were issued on the formation of

a company to someone for the use of his name, or for anything other than money's worth, would such a transaction be protected? The clause would not protect them in any way; it had nothing to do with shares issued on the formation of a company. If a man took shares on the formation of a company, he would be liable to pay up the full amount on those shares unless he could show that he had given something for them which was equivalent to money. That, of course, meant something in the nature of a solid value. It had often been decided that people who had shares allotted to them for the use of their names must pay the full amount in case of a winding up. The present clause would not save them. The hon. member then asked, secondly, what would happen to the transferees of those shares. If they could prove that they honestly bought them as paid up shares on scrip issued under the company's seal, they were perfectly safe.

Mr. HUNTER said that as long as they were safe he was perfectly satisfied.

Amendment agreed to; and clause, with a further verbal amendment, put and passed.

On clause 30, as follows:—

"A company shall, on the application of the transferror of any share or interest in the company, enter in its register of members the name of the transferee of such share or interest, in the same manner and subject to the same conditions as if the application for such entry were made by the transferee."

The POSTMASTER-GENERAL said he was in some doubt as to the clause. No one seemed to know what was the meaning of it, and there had been no decision given under it yet. Vendors of shares ought to have some protection; but it must be given in some other way. A man who sold shares should have some voice in getting those shares transferred. If a substantial man wanted to transfer his shares to a man of straw a company would be perfectly justified in refusing the transfer.

The HON. SIR S. W. GRIFFITH: This clause would not cover that.

The POSTMASTER-GENERAL said he did not like the clause, but he should like to hear the leader of the Opposition express an opinion upon it before he decided whether to proceed with it or not.

Mr. REES R. JONES said the clause as it stood conferred a very dangerous power upon a transferror to compel a company to register a transfer without any evidence whatever that the transferee had accepted the shares; and he would advise the Postmaster-General to withdraw it.

The POSTMASTER-GENERAL said for the sake of discussion he would move that the clause stand part of the Bill.

The HON. SIR S. W. GRIFFITH said the clause as it stood was, as he pointed out on the second reading of the Bill, either illusory or very dangerous. He believed the objection to it would be got over by amending it so as to read "A company shall, on the application of the transferror of any share or interest in the company and on the production of the transfer duly signed by the transferee," and so on. Once the transfer was executed by the transferror and transferee it would depend upon circumstances which would have the greater interest in getting the transfer registered; but once the transfer was executed the transferror should be able to get it registered. The transferror might be selling to get rid of his liability, and he might stipulate that the transfer should be placed in the hands of other persons who might be the agents of the transferee, the transferror, or both. When a person had really entered into a contract by which he was to be relieved of responsibility, he should be able to give effect to that contract by getting the transfer registered. He thought the way he had suggested was the best way to meet the difficulty.

The POSTMASTER-GENERAL said the suggestion of the hon. gentleman seemed a very good solution of the difficulty. The transferror might be anxious to get relieved of responsibility, and therefore transferred his share, but the transfer should not be compulsory upon the company unless they accepted the transferee. The clause was valueless unless amended in the way suggested by the hon. member. At present transferees signed their names on the back of transfers, but it might be years before the shares were actually transferred, or they might never be transferred. He knew a case in Brisbane where shares were sold twelve or eighteen months ago, and yet only a few days since the persons who sold them, and who were really the holders because they were never transferred, were called upon to pay calls. The suggestion of the hon. the leader of the Opposition appeared to be what was intended when the clause was first drafted.

Mr. UNMACK said the amendment of the hon. the leader of the Opposition would not be of the slightest use, because the clause was entirely contrary to the usages of trade and commerce in connection with those transactions. When a transferror sold scrip and received the money he generally delivered the scrip to a third party—an agent or broker; it was sent off to Sydney, or elsewhere, and he might never see it again. The clause was bad from every point of view. It actually enabled anyone who held bad scrip to transfer it to another person by simply sending it to the company and saying that person was the purchaser of it. The amendment was also quite unworkable, because the transferror could not get the signature of the transferee; and the best thing to do would be to strike the clause out altogether.

Mr. HUNTER said the question contained in that clause had caused more trouble among mining companies than all the others put together. Two years ago a conference was held at Charters Towers between the Chamber of Commerce, the Stock Exchange, and the Miners' Association; they had received letters from persons in all parts of the colonies on the subject, and the united opinion of those persons, who were intimately connected with mining companies, was that there was no way of getting over the difficulty. In New Zealand a law had been passed imposing a penalty on any person who held a share that had been transferred over a month without getting it registered. That was the only case he knew in which a remedy had been attempted; and practically there was no remedy. At the present time the persons who wished to register were transferrors because they wanted to get rid of their liability, inasmuch as the great majority of companies in all countries were those which were making calls, but they had no remedy whatever. A very common practice was to accept shares in portion of a name, instead of the whole of the name; and a great amount of dummyism was done in that way. Nothing could be done to deal with those matters until the Government brought in a Mining Companies Bill.

The HON. SIR S. W. GRIFFITH said that what the hon. member for Toowong said with regard to the transferee was perfectly correct. He took it that the intention of the clause was to give the transferror a legal right to demand the registration of a transfer, which right he probably did not possess at the present time. Applications had been made to the courts in England

from time to time by transferees to register transfers, and probably the clause was intended —he spoke conjecturally—to remove a doubt as to whether the transferror was entitled to get the transfer registered. To that extent the clause would be useful, but it would not deal with the other cases at all.

Mr. SMYTH said the intention of the clause was good, but he did not think it would have the effect of relieving the transferror of liability. That could not be done until a system such as that suggested by the hon. member for Burke, Mr. Hunter, was adopted. In England when an agreement was made for the transfer of shares it had to be taken to Somerset House within a certain time to get a stamp impressed upon it; and it was registered there. If that system were adopted in the colony—if transfers were stamped and registered in the wardens' offices on goldfields and in Government offices in the large towns—an impressed stamp being used—the revenue from stamp duty would be largely increased. At present the Government was being robbed in the matter of stamp duty. An immense amount of mining business had been done during the last twelve months, but the amount of stamp duty received had not been nearly so large as it ought to have been. As he said before, the intention of the clause was good, but it would be of no effect, and he thought it would be wise on the part of the Postmaster-General to withdraw it.

Mr. MELLOR said he thought the principal reason why the registration of transfers was evaded was on account of the excessive stamp duty; and he believed that if the stamp duty were taken off or considerably reduced, there would be very little cause for complaint. Nothing less than 2s. 6d. was charged on any transfer, no matter how small the value of the scrip might be, and the consequence was that scrip was transferred over and over again without the transfer being sent in for registration. He believed the revenue from stamp duty would be quite as much if an ordinary penny receipt stamp could be used. The evasion of registration was a great grievance. If a man sold scrip to get rid of his liability, the shares floated about, and so long as his name was in the share register, he was responsible for the calls. He would probably have to pay only one call, because the shares were as a rule forfeited in such cases. In large commercial transactions it was only necessary to use a penny receipt stamp, and he thought that ought to be the rule with regard to the transfer of shares.

The HON. A. RUTLEDGE said he knew that in the district he represented the payment of stamp duty on the transfer of scrip was felt to be an intolerable hardship. Representations had been made to him from time to time on the subject, and he brought the matter under the notice of his colleagues when in office, but he believed the reason why nothing was done then was because the state of the Treasury would not allow any source of revenue to be dispensed with. He was satisfied, however, that the revenue would benefit rather than lose if the present excessive transfer duty were abolished. He thought good reason had been shown why the clause should remain, with the modification suggested by the leader of the Opposition. The circumstances pointed out by the hon. member for Toowong did not militate against the advantages suggested by the leader of the Opposition. It was one thing to say that the transferror should have a certain right, and another thing to say that if he had that right it would not be to his advantage. To a large number of persons the clause might be of no advantage; but to a large number who desired to take advantage of its provisions, the clause might be of advantage. He thought the seat of the evil in regard to registration was the desire of persons who trafficked in shares to evade the payment of the exorbitant stamp duty. The Stamp Act was a very old Act, and the high duty was fixed at a time when the amount of business done in the colony in the way of transferring shares was infinitesimal compared with the amount of business done now. Everything that tended to fetter business of that sort was an evil that ought to be abolished.

Mr. FOXTON said he did not think the present was an opportune time to discuss the Stamp Act; but he had no doubt that a good deal could be said on the other side of the question. With regard to the clause under consideration, he agreed that if the clause remained as printed, it would be highly objectionable, and ought to be negatived; but with the amendment proposed to be inserted by the leader of the Opposition, he thought, with the hon. member for Charters Towers, Hon. A. Rutledge, that it would be a valuable clause. The hon. member for Burke, Mr. Hunter, mentioned the fact that it was customary now for companies to register the transfer of shares whether the transfer was brought to them either by the transferror or transferee, provided, of course, that both signatures were on the transfer. The leader of the Opposition had expressed a doubt as to whether the transferror had a legal right to demand transfer. They knew that the transferee could do so according to the articles of association, but it was certainly desirable that if the transferror had not that right he should have it, provided he was in a position to produce the scrip and transfer. If the law was at present that the transferror had that right, the clause as proposed to be amended would simply emphasise the law. It would set all doubt at rest. On the other hand, if the law was that the transferror had not that right, it would be very reasonable to give him the right, provided he could produce the scrip and transfer signed by the transferee. A very parallel case might be mentioned—the method by which landed property was transferred under the Real Property Act. In 999 cases out of 1,000 it was usual, where land was under the Real Property Act, for the vendor to sign his transfer on the form provided, in which the purchaser's name was inserted, and the purchaser paid according to arrangement the purchase money for the land. It was very well recognised that when he received his transfer he would be at liberty to go to the Real Property Office, and by signing it correct for registration, would be entitled to have it registered. In some cases it so happened that there possibly was some difficulty. The purchaser was not quite satisfied that the transfer was in perfect order, and he could not ascertain that with perfect certainty until it had been placed before the Master or Registrar of Titles. In those cases, which were certainly a very small proportion of the whole, it was by no means an unusual thing for both the transfer and purchase money to be held by a third party—a solicitor or a banker—until the transfer had been passed by the Master of Titles. In that case, of course, it was the purchaser who invariably made the objection to something in connection with the vendor's title. The case before them was somewhat the converse of that, because it gave the transferror of the shares the same right to see that everything was in perfect order before the matter was finally completed between the parties. With the addition of the few words suggested by the leader of the Opposition the clause would be a very valuable one.

The HON. SIR S. W. GRIFFITH said he had been endeavouring to trace the history of the clause in the English Act. The 35th section of the English Act provided that :—

"If the name of any person has without any sufficient cause been omitted from the register of members, or any default is made, or unnecessary delay is made in entering on the register the name of any person having ceased to be a member of the company, then the person aggrieved may apply to the court."

That was the only *locus standi* that the transferror had to apply to the court. There must be an omission without sufficient cause, a default, or unnecessary delay ; and any number of cases had been brought to decide whether the delay had been unnecessary or whether there had been default. One of those conditions must be established. There must be omission of the name without sufficient cause, or there must be default or unnecessary delay. The company might act at their leisure, and in some cases two or three months was held not to be unnecessary delay. The clause was intended to give the transferror the right to call for an immediate entry. If he had a right to do that, and the entry was not made, his rights against the company would be treated as if it had been made. That was the history of the clause. There had not been a great deal of litigation over it, but he thought the clause was intended to serve a useful purpose, now that they had discovered what it really meant. He advised the Postmaster-General to accept it with the modification he had suggested. It would certainly save a great deal of the same trouble that had arisen in England.

Mr. TOZER said he would like to fortify the arguments of the leader of the Opposition by the statement of facts as they had happened in England, in reference to those transfers, as hon. members seemed to be confused in their minds as to the system under which the clause was originally drawn and the system in force here. There was no transfer where the clause was drawn by endorsement on the back of the scrip, but there was transfer by a separate document. The transferror left his scrip in the company's office. He did not hand it over to the purchaser. Then by the broker he executed the transfer. Directly the transfer went through the stock exchange it went to the broker of the buyer. He got the signature of the purchaser. It then went back to the selling broker, and then to the company's office. So that there was no outcry in England about a person selling his interest without selling his liability. He had had a great deal of experience of mining companies, and whenever he sold scrip he went straight to the company's office, and there executed a transfer. The clause would operate by giving a right to his broker to protect him by the rules of the Exchange, and enable him to go to the company's office and say, "Here is a transfer from A the shareholder to B the buyer." But they had in England what was not known here, an interim certificate from the company stating that they had received the document to be registered, subject to the ordinary conditions, and that was a sufficient title until the registered transfer was signed. The meaning of the clause would be seen by the light of custom, and on the whole he thought that, with a proviso such as had been suggested, it would be a very good clause.

Mr. AGNEW said as he understood the clause and the proposed amendment, if the transferror obtained the signature of the transferee that made it at once a legal transfer. By that simple process some person might be introduced into a company for the express purpose of pulling it to pieces, because he was himself engaged in that particular line of business. The danger he (Mr. Agnew) foresaw in connection with that matter was that the transferror would in a case where scrip was held in a company that was not sound, safe, or solid, be very apt to transfer his liability to someone who was not worth his salt; and therefore he contended that the directors of the company had a perfect right not to allow three-fourths of the shareholders to shirk their liabilities at a time when the company was in trouble unless they handed it over to some responsible person who was as good a security as those who transferred the shares. Another point he wished to refer to was, that at the present time there was a difficulty in ascertaining from whom they purchased scrip, or to whom they sold it. Oftentimes they were simply buying from or selling to the broker. It would be very acceptable to the purchaser or seller to know with whom they were really dealing. He thought that in the transfer of shares, whatever form that transfer took, the person who transferred and the person who purchased should know from whom or to whom he transferred, and he would like to hear some discussion on the point. The discussion on that clause would, he was sure, be profitable, because most people who were interested in limited liability companies were very anxious to have the transfer of shares put on a very different basis from that which existed at present, and which was very unsatisfactory. He hoped that particular clause would not be rushed through in a hurry. The evening would be very well spent indeed if they settled on a satisfactory basis the matter dealt with in that clause, so that persons should know to whom they were selling, from whom they were buying, and what was the extent of their liability.

The HON. SIR S. W. GRIFFITH said he had no doubt it would be very interesting to the transferror to know to whom he was selling, just as a man who had endorsed a promissory note might like to know into whose hands it had got. He moved that after the word "company," on the 2nd line, there be inserted the words "and on the production of the transfer duly executed by the transferee."

Mr. HUNTER said they were told that the only person who could apply now was the transferee, but if the transferror was allowed to make application on the production of the transfer, signed by the transferee it might be found afterwards that the transferee was not in existence, and the directors would know nothing whatever about him. The directors could not refuse to register the transfer even though they did not know the transferee. At the present time, if a man made application for shares to be transferred to him he would either have to go to the company or write to them, and thus come into direct communication with the directors, but if they passed the clause as it was proposed to be amended any person might sell his shares to another who was not in existence, and take them to the company and demand that they should register the transfer. The directors would know nothing of the acceptor, unless they either refused to register the transfer, or the acceptor had, as at present, to come into direct communication with the company to have his shares registered.

Mr. REES R. JONES said if the company neglected to register the transfer, application could be made to the Supreme Court for an order compelling them to register it.

Mr. SAYERS said the great difficulty in regard to the transfer of mining shares was, as stated by the hon. member for Gympie, Mr. Mellor, the exorbitant charges which were made in the way of stamp duty, and he believed that if the duty was reduced, the revenue from the transfer of mining scrip would be increased rather than decreased. He referred to that matter,

because he understood that the Government would probably introduce a Mining Companies Bill next session, and he hoped they would give attention to the subject in framing such a Bill. He was speaking particularly of mining companies, and not of shares in other public companies, because he believed that clause would suit them very well.

Mr. AGNEW said he hoped the clause would not pass with the amendment which had been proposed, because if it were, the directors of a company would be bound to acknowledge a transfer signed by the transferee. As amended the clause would read—

"A company shall, on the application of the transferror of any share or interest in the company, and on the production of the transfer signed by the transferee, enter in its register of members the name of the transferee of such share or interest, in the same manner and subject to the same conditions as if the application for such entry were made by the transferee."

Amendment put and passed.

Mr. SMYTH said it would be an improvement if the word "may" were substituted for the word "shall," in the 1st line.

The CHAIRMAN said the amendment could not be put, as they were past that part of the clause.

Mr. FOXTON said he thought the suggestion of the hon. member was an excellent one; and if the Bill were re-committed he hoped the Postmaster-General would bear it in mind. The duty was not obligatory upon the directors. The marginal note said the transfer might be registered at the request of the transferror, and that was the idea intended to be conveyed by the clause as he understood it. The word "shall" had been inserted by mistake. It certainly would set at rest in a great measure such doubts as existed in the minds of hon. members, who were probably not well up in the practice of companies in that respect, if the word were altered as suggested.

The HON. SIR S. W. GRIFFITH said he had pointed out that the object was to give the transferror a legal right to insist upon the registration of his transfer, so as to enable him, of course subject to the constitution of the company, to enforce his rights as against the transferee and as against the company. If the directors refused to register a transfer, and were not justified by the constitution of the company in so doing, the transferror would be protected, which was what the clause said.

Clause, as amended, put and passed.

On clause 31—"Share warrants"—

The POSTMASTER-GENERAL said he proposed to omit all the clauses relating to share warrants, as he thought the issue of such was premature in the colony, more particularly as an amendment would be required to protect the revenue. In England there was about three times the amount of stamp duty to be affixed to a share warrant as there was to an ordinary share. He would propose other clauses and negative them.

Clause put and negatived.

Clauses 32 to 39, inclusive, put and negatived.

Mr. TOZER said he had given notice, which, he thought, all hon. members had seen, of a new clause in lieu of clause 40. He thought the new clause, as written, was so clear in its language that it required very little explanation. The present clause had been described by the Lord Chancellor of England as absolutely incapable of any correct interpretation, and he was a man of evident ability. Lord Malmsbury never could give any proper legal construction of the clause—the one he (Mr. Tozer) intended the new clause to replace. The question was: Was the one he intended to propose such a one as the Committee would think suitable to the circumstances of the colony? It was clearly a moral obligation. It was the duty of every honest man to put forward a prospectus asking for money in a straightforward manner, and the question was: Could they convert that moral obligation into a legal obligation? He was quite prepared to accept any suggestion which would convince him that there was anything in the circumstances of the colony different from those under which the clause was drawn up in England. He did not claim one single bit of originality except in reference to the last portion of the clause; but the idea had received the sanction of the House of Lords in England. In point of fact, it had received the sanction of all persons before whom the proposed Bill had come for consideration. His object was to compel everybody who sought to obtain other persons' money to disclose the "plunder," so that they might be dealt with at arm's length. It was the duty of every man to be straightforward, and the question was, in doing what he was, was he likely to hamper the working of limited liability companies? He did not think so, and he had considered the matter in every way. Private companies might be converted into limited liability companies, and he did not see that anything in the clause he proposed would have the effect of hampering what he wished to foster. He did not think so. Subsections 1, 2, 3, and 4 dealt with a state of affairs it had been found necessary to remedy. Subsection 5, he must inform the Committee, dealt with a state of affairs that he very much regretted to say had only been revealed to them since yesterday. It had always been the idea that persons who issued a prospectus, and did not take ordinary precautions to see that the statements they made use of in that prospectus were true, were liable to persons who paid money on the strength of the statements made in the prospectus. Hon. members would say that was a fair liability, and lawyers, until two or three days ago, were under the impression that that was the law; but unfortunately it had now been declared not to be the law by the House of Lords, and in that judgment they had indicated plainly that it was the duty of Parliament to take the matter into serious consideration at once, with a view to amending the law on the matter, and making it agree with the moral responsibility more than it did at present. He had before him the *Economist* for the 6th July, 1889, in which he found the following under—

"THE RESPONSIBILITY OF DIRECTORS FOR MISSTATEMENTS IN PROSPECTUSES.

"Company promoters of the baser sort and 'guinea-pig' directors will rejoice over the decision of the House of Lords, in the action brought by Sir Henry Peek against the directors of the Plymouth, Devonport, and Districts Tramways Company. The prospectus of the company spoke of the advantages which would accrue to the undertaking from the use of steam instead of horse power, while as a matter of fact, the company was not authorised, to use steam and Sir Henry Peek, who had applied for and been allotted £4,000 worth of shares, brought an action to recover the amount from the directors, on the ground that their statement on the prospectus, as to the use of steam was untrue and fraudulent. The action first came before Mr. Justice Stirling, who gave judgment in favour of the directors, but his decision was subsequently reversed by the Court of Appeal. And now in its turn the House of Lords has reversed the decision of the Court of Appeal, and exonerated the directors. In delivering the judgment of the House, Lord Herchell held that nothing less than fraud will render directors liable to an action for deceit, and that they are not responsible for statements that may be false in fact, but which were made ignorantly or without due inquiry. This conclusion, he said, he had arrived at with some

reluctance, as he thought those who put before the public a prospectus to advise them to embark their money in a commercial enterprise ought to be vigilant to see that it contains such representations only as are in strict accordance with fact, and he should be very unwilling to give countenance to the contrary idea. He thought there was much to be said for the view that this moral duty ought to be converted into a legal obligation, and that the want of reasonable care to see that statements made under such circumstances are true should be made an actionable wrong. This, however, he went on to say, is not how the law stands at present, and the only way to bring it about is for the legislature to intervene, and expressly give a right of action in respect of such a departure from duty. Of course the decision of the House of Lords is final in regard to the interpretation of existing law, and it will be welcomed by unscrupulous promoters, and will encourage complacent directors to think that, provided they did not take the trouble to inquire closely into the truth of the statement in the prospectuses to which their names are appended, they may make themselves instrumental in fleecing unwary investors without risk of being called to account. The sooner, however, a law which operates in this way is altered the better, and there is more call than ever for the Government to redeem their too long neglected promise to legislate for the amendment of the Companies Acts."

With that before him, he thought it right to try and insert a clause imposing a legal duty upon persons issuing a prospectus to take reasonable precautions, and he did not think any honest man would be prejudiced by the clause he had drawn. He had introduced the section proposed in the Bill to some extent in the words, "and shall specify the dates and the names of the parties to," and he had added the words, "and shortly describe the substance of." In his experience at home that was always avoided in a prospectus, and they simply put in the names of the parties to a contract. He need not go into that matter at length, and if any hon. member wished to know how a prospectus was evaded, he had with him a copy of *The Statist*, in which the history of how it was done was given, how persons put in a statement of a contract between A and B and C and D, and the "plunder" contract was not stated, and the subscribers were deemed to waive all question of the "swindle" contracts. There had been cases in this colony of prospectuses framed expressly to catch the unwary, and those were the people they were legislating for, and as he had only added the words, "and shortly describe the substance of," there was not much to find fault with in that. The only question he directed attention to was as to whether any man, in addition to having a remedy against the company, as in subsection 3, should also have a remedy against the person making default under the clause. Looking at subsection 5, it would be for the Committee to consider whether there was any ambiguity in the statement he made there that—

"Every such prospectus or notice shall contain such representations only as are in strict accordance with fact, and every promoter, director, or other officer issuing the same, without taking reasonable care and proper precaution to verify the statements made in such prospectus or notice, shall be liable to make compensation to any person taking shares in the company on the faith of such prospectus, for any loss or damage sustained by him."

He had endeavoured to keep the clause of the text, and he might state for the information of the Committee that he had the advantage of the Companies Bill as printed in the *Times*, though he had not been able to get the exact words, and taking *Hansard*, the discussions in the daily papers, and taking also a number of periodicals in which the same words were used, he thought that in the clause he had hit upon the words as nearly as possible that had been introduced in the Bill in the House of Lords. He believed the clause would work well in this colony, and it would do no harm to limited liability companies. He would therefore move the following new clause as clause 40 of the Bill :—

1. Every prospectus of a company, and every notice inviting persons to subscribe for shares or debentures in any joint stock company, shall disclose truly all such particulars as are within the knowledge of the promoters, directors, and officers issuing the same, and are material to be made known to any person invited to take shares or debentures in order to enable him to form a judgment as to the expediency of so doing with respect to—

(*a*) The property acquired or to be acquired;

(*b*) The consideration paid or to be paid;

(*c*) The mode in which that consideration has been or is to be applied; and

(*d*) Any arrangement by which the promoter, or any person on his behalf, or by his aid or connivance, derives any benefit or advantage from or conditional on the payment of purchase or other money by the company, or out of or conditional on the issue of any shares or debentures by the company;

and shall specify the dates and the names of the parties to, and shortly describe the substance of, any contract entered into by the company or by the promoters, directors, or trustees thereof, before the issue of such prospectus or notice, whether subject to adoption by the directors, or the company, or otherwise.

2. Any prospectus or notice not complying with the above provision shall be deemed fraudulent on the part of the promoters, directors, and officers of the company knowingly issuing the same, as regards any person taking shares or debentures in the company on the faith of such prospectus.

3. If any person makes default in the performance of the duty thus imposed on him, he shall be liable to make compensation for any loss or damage sustained by reason of the default, and shall also, if he knowingly and wilfully makes such default, be guilty of a misdemeanour.

4. Any agreement purporting to waive or dispense with the performance of any of the duties imposed by this section shall be void.

5. Every such prospectus or notice shall contain such representations only as are in strict accordance with fact, and every promoter, director, or other officer issuing the same, without taking reasonable care and proper precautions to verify the statements made in such prospectus or notice, shall be liable to make compensation to any person taking shares or debentures in the company on the faith of such prospectus, for any loss or damage sustained by him.

Mr. FOXTON said there was no doubt that was an admirable clause, but he would suggest to the hon. member for Wide Bay that after the word "same," in the 4th line, the words "or any of them" be inserted. Of course hon. members could see the necessity for that.

Mr. TOZER said he would accept the suggestion of the hon. member for Carnarvon, and move the insertion of the words "or any of them" after the word "same" in the 4th line.

Amendment agreed to.

Mr. TOZER moved that at the end of the 2nd paragraph the words "or notice" be added to the word "prospectus."

Amendment agreed to.

Mr. FOXTON said that he agreed with the principles of the clause, but the 3rd paragraph ought not to be passed hurriedly, because it made provision that any person making default knowingly and wilfully should be guilty of a misdemeanour. That was going a great deal further than Companies Acts had yet gone. He thought it would be quite sufficient to throw upon a man the general liability which attached to a person guilty of making default, and make him liable for damages. Of course it might be perfectly justifiable, but it was worthy of consideration as to whether a man should be deemed guilty of a misdemeanour.

The HON. SIR S. W. GRIFFITH said that he considered that such persons were some of the worst criminals, and he thought the

provision a very good one. It would have a very beneficial effect, though it might diminish the number of companies; but that might be a good thing.

Clause, as amended, put and passed.

Clause 40 put and negatived.

On clause 41—"Branch registers beyond the limits of Queensland"—

Mr. HUNTER said that during the second reading of the Bill he pointed out the necessity there was for establishing branch registers within the colony as well as beyond it. He could mention several companies whose registered office was on a Northern goldfield, the majority of whose shares was held in Brisbane. It would be a great convenience if the Postmaster-General could see his way to give a certain number of shareholders of a company residing at a great distance from the registered office of the company the right to have a branch register within the colony.

The POSTMASTER-GENERAL said that as far as the Croydon Gold Field, to which the hon. member referred on the second reading, was concerned, it would no doubt be a great convenience to have branch registers there, but there would be a considerable amount of difficulty in the way of amending the clause to meet the objection of the hon. member for Burke.

The HON. SIR S. W. GRIFFITH said he did not offer any opinion as to the advisability of agreeing to the suggestion of the hon. member for Burke, but if it was thought desirable to do so it could easily be done by inserting in the 1st paragraph the words, "or in any part of Queensland remote from the registered office of the company." There was no doubt that Croydon was more remote from the registered office of many companies than either Sydney or Melbourne.

The POSTMASTER-GENERAL said the amendment the hon. member for Burke desired merely applied to mining companies, and as it was intended by the Government to introduce a Mining Companies Bill there was no necessity to make any alteration in the clause.

The HON. SIR S. W. GRIFFITH said he had not much faith in the passing of a Mining Companies Bill. On one occasion, a great many years ago, a Mining Companies Bill was introduced, and after wasting two or three evenings over it, it was withdrawn, and another introduced. That also made no progress, and they had never seen it since. Indeed, he was invited by the Minister in charge of that Bill to do all he could to prevent it becoming law.

Mr. HUNTER said he hoped the hon. gentleman would not take up that position when another Mining Companies Bill was introduced. A great deal of experience had been gained since that time, and measures of that nature were working well in other colonies. With regard to branch registers, they would be very convenient in many cases outside mining companies. But of course it applied with the greatest force to mining companies, and he trusted the Postmaster-General would see his way to amend the clause in the way suggested by the leader of the Opposition.

Mr. TOZER said his experience of branch registers had been very unsatisfactory. It was tried—although it might have been against the law—in the early days at Gympie, when they had branch registers in New South Wales and Queensland; but they found that the clashing was very great. In view of the recent defalcations at Gympie, and the discoveries he had recently seen made in connection with scrip, he had come to the conclusion that the more they concentrated their forces the better protection it gave the public. There was no doubt whatever that when the miners of Queensland got a little common sense about those companies, they would adopt the same course that had been adopted in Victoria, New South Wales, Tasmania, and South Australia, and register their companies as "no-liability companies." When they did that they would not find so much trouble about branch registers and the transfer of scrip.

The POSTMASTER-GENERAL said he hoped the hon. member for Burke would not press the amendment. He thought it would interfere to some extent in dealing with shares, and that the chief objection raised would be met by another clause.

Clause agreed to with verbal amendments.

The POSTMASTER-GENERAL moved the following new clause:—

The members of a company may, by special resolution, alter the memorandum of association in regard to the place in which the registered office of the company is situated, by removing their registered office from such place to some other place within the colony. Notice of any such alteration shall be forthwith given by the company to the Registrar, and registered by him.

New clause put and passed.

On clause 42, as follows:—

"Every company formed under the principal Act after the commencement of this Act shall hold a general meeting within six months after its memorandum of association is registered; and if such meeting is not held the company shall be liable to a penalty not exceeding five pounds a day for every day after the expiration of such six months until the meeting is held; and every director or manager of the company, and every subscriber of the memorandum of association, who knowingly authorises or permits such default shall be liable to the same penalty."

Mr. TOZER said the clause would be complete nonsense without an addition providing that some business should be done. He knew what statutory meetings were. In England they were held with the object of bringing together the promoters, the directors, and the shareholders, and they did more harm than good. There was nothing to discuss, and the time was spent in wrangling, and the meeting was used as a means by which the stock exchange was bulled or beared according to the preponderance of people that might attend. He suggested that an amendment should be made providing that the business which might be transacted at the meeting should be the business included in the notice convening the meeting and any other business of which notice was given by the shareholders.

The POSTMASTER-GENERAL said he had no objection to such an amendment. It was necessary that a meeting should be held within a certain time, otherwise it was possible that promoters might get hold of the shareholders' money and not have a meeting at all; but he thought that six months was too long a time to allow. It would be quite competent for the meeting to transact its business without the amendment suggested by the hon. member for Wide Bay; but it would probably make the clause more perfect, and if the hon. member moved the amendment he (the Postmaster-General) would offer no opposition. He wished to move first, however, the omission of the word "six" in the 2nd line with the view of inserting the word "three."

Amendment agreed to.

The HON. SIR S. W. GRIFFITH moved the omission of the words "its memorandum of association" with the view of inserting the word "it." It was the company that was registered, not the memorandum of association.

Amendment agreed to.

The POSTMASTER-GENERAL moved the omission of the word "six" in the 7th line, with the view of inserting the word "three."

Amendment agreed to.

Mr. TOZER said he did not like making the subscribers liable to a penalty for that with which they probably had nothing to do. It would be sufficient to make the directors, the manager, and the secretary liable. The subscribers could have no control over the company.

The POSTMASTER-GENERAL said he had no objection to the suggested amendment. He moved the insertion of the word "secretary" after the word "director."

Amendment agreed to.

The POSTMASTER-GENERAL moved the omission of the words "and every subscriber of the memorandum of association."

Amendment agreed to.

Mr. TOZER moved the following addition to the end of the clause :—

Such meeting shall have power to transact all such business as shall be specified in the notice convening the meeting, or of which previous notice shall have been given in manner required by the articles of association.

Amendment agreed to; and clause, as amended, put and passed.

Clause 43 passed with verbal amendments.

On clause 44, as follows :—

"Any company whose objects require or comprise the transaction of business in countries, places, or territories beyond the limits of the colony of Queensland may cause to be prepared an official seal for and to be used in any such place, district, or territory in which the business of the company shall be carried on, and every such official seal may and shall be a fac-simile of, or as nearly as practicable a fac-simile of, the common seal of the company, with the exception that on the face thereof shall be inscribed the name of each and every place, district, or territory in and for which it is to be used : Provided that it shall be lawful for any such company as aforesaid from time to time to break up and renew any official seal or seals, and to vary the limits within which it is intended to be used."

Mr. TOZER said there was a custom which now prevailed in the colony of dispensing with that formula of the company's seal, and substituting a rubber stamp. It ought to be made known that that was not the intention of the legislature, and that an impressed seal was required by the Act. It was by means of the rubber stamp that a forgery was committed at Gympie recently, and he thought there ought to be some expression of opinion on the subject.

Clause put and passed.

Clauses 46 to 49, inclusive, passed as printed.

On clause 50—"Defunct companies"—

The HON. SIR S. W. GRIFFITH said there was a great deal to be said about the clause. It was a very curious clause, and contained contradictory provisions. It provided that a company should be dissolved, and nevertheless should exist.

On the motion of the POSTMASTER-GENERAL, the CHAIRMAN left the chair, reported progress, and obtained leave to sit again on Thursday next.

## ADJOURNMENT.

The PREMIER said : Mr. Speaker,—I beg to move that this House do now adjourn. In doing so, I may say that the Government business to be taken on Thursday next will be the Companies Act Amendment Bill and the Land Act Amendment Bill in committee. I will take this opportunity of saying that I intend to give notice on Thursday that, after this week, the House shall sit on Monday, and that Monday shall be a Government day.

Question put and passed.

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